OFFER FOR SUBSCRIPTION BY
ARA Trust Management (Suntec) Limited

SUNTEC REAL ESTATE INVESTMENT TRUST

(a unit trust constituted on 1 November 2004 under the laws of the Republic of Singapore)

722,000,000 Units

Offering Price Range: S$0.97 to S$1.00 per Unit

ARA Trust Management (Suntec) Limited, as manager (the "Manager") of Suntec Real Estate Investment Trust ("Suntec REIT"), is making an offering (the "Offering") of 722,000,000 units representing undivided interests in Suntec REIT ("Units") for subscription at the Offering Price (as defined below). The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore (the "Placement Tranche") and (ii) an offering to the public in Singapore (the "Public Offer"). The minimum size of the Public Offer will be 50,000,000 Units. It is currently expected that the issue price of each Unit under the Offering (the "Offering Price") will be between S$0.97 and S$1.00. The Offering is fully underwritten at the Offering Price by Citigroup Global Markets Singapore Pte. Ltd. ("Citigroup"), DBS Bank Ltd ("DBS Bank"), Deutsche Bank AG, Singapore Branch ("Deutsche Bank" and together with Citigroup and DBS Bank, the "Joint Lead Underwriters") and BNP Paribas Peregrine (Singapore) Ltd (the "Co-Manager") (the Joint Lead Underwriters and the Co-Manager shall together be known as the "Underwriters").

Separate from the Offering, Suntec City Development Pte Ltd ("SCDPL" or the "Sponsor") will receive 565,000,000 Units (the "Consideration Units") on the Listing Date (as defined below) in part satisfaction of the purchase consideration for the properties which will form the initial property portfolio of Suntec REIT, namely Suntec City Mall (as defined herein) and Suntec City Office Towers (as defined herein) (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties").

Suntec REIT has been declared an authorised unit trust scheme under the Trustees Act, Chapter 337 of Singapore, thus qualifying as an investment permitted to be made by trustees and certain other persons with similar investment powers in Singapore. This scheme shall however cease to have effect when the Trustees (Amendment) Act 2004 comes into force on 15 December 2004.

Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore. Application has been made to Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list on the Main Board of the SGX-ST all the Units comprised in the Offering, all the Consideration Units, all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's management fees and all the Deferred Units (as defined herein) which will be issued to the Sponsor in satisfaction of the Deferred Payment Consideration (as defined herein) for the Properties. Such permission will be granted when Suntec REIT has been admitted to the Official List of the SGX-ST (the "Listing Date"). Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted to list the Units. In the event that such permission is not granted, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against Suntec REIT, the Manager, any of the Underwriters, the Sponsor or HSBC Institutional Trust Services (Singapore) Limited (as trustee of Suntec REIT) (the "Trustee").

Suntec REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. Suntec REIT's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, Suntec REIT, the Manager or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Suntec REIT, the Manager or the Units.

Investors who are members of the Central Provident Fund ("CPF") in Singapore may use their CPF Ordinary Account savings to purchase or subscribe for Units as an investment included under the CPF Investment Scheme — Ordinary Account. CPF members are allowed to invest up to 35.0% of the Investible Savings (as defined herein) in their CPF Ordinary Accounts to purchase or subscribe for Units.

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"). A copy of this Prospectus has been lodged with, and registered by, the Monetary Authority of Singapore (the "MAS") on 12 November 2004 and 29 November 2004 respectively. The MAS assumes no responsibility for the contents of this Prospectus. Lodgment with, or registration by, the MAS of this Prospectus does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme. The date of registration of this Prospectus with the MAS is 29 November 2004. This Prospectus will expire on 28 November 2005 (12 months after the date of the registration).

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisors.

See "Risk Factors" commencing on page 29 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Manager, the Trustee, the Sponsor or the Underwriters guarantees the performance of Suntec REIT, the repayment of capital or the payment of a particular return on the Units.

Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix VI, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the maximum subscription price of S$1.00 per Unit on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason, or (iii) if the Offering Price is less than the maximum subscription price for each Unit. The Offering Price of between S$0.97 and S$1.00 will be determined following a book-building process by agreement between the Underwriters and the Manager on a date currently expected to be 3 December 2004 (the "Price Determination Date"), which date is subject to change. Notice of the Offering Price will be published in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* not later than two calendar days after the Price Determination Date.

Citigroup, DBS Bank and Deutsche Bank have been granted an over-allotment option (the "Over-allotment Option") by the Sponsor, exercisable in full or in part, within 30 days after the Listing Date, to purchase from the Sponsor up to an aggregate of 108,300,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any). The total number of outstanding Units immediately after the completion of the Offering will be 1,287,000,000 Units. The exercise of the Over-allotment Option will not increase this total number of Units outstanding.

The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

Joint Financial Advisors

citigroup DBS

Joint Lead Underwriters and Bookrunners

citigroup DBS Deutsche Bank

Co-Manager

BNP PARIBAS PEREGRINE

SUNTEC REAL ESTATE INVESTMENT TRUST

- Suntec REIT comprises properties in Singapore's single largest integrated commercial development (including Singapore's largest shopping mall) which is strategically located in Singapore's Central Business District.

- The Manager aims to produce attractive returns through:
  - an active asset management strategy;
  - an acquisition growth strategy; and
  - a capital management strategy.

- The Manager's principal investment strategy is to invest in income-producing real estate which is primarily used for retail and/or office purposes.

- Distributions will be made on a quarterly basis to Unitholders, with the first distribution to be made on or before 30 May 2005 in respect of the period from the date of the issue of the Units to 31 March 2005.

THE PROPERTIES

SUNTEC CITY MALL

Suntec City Mall is Singapore's largest shopping mall and is strategically integrated with the world-class Suntec Singapore International Convention and Exhibition Centre and interlinked to the Suntec City Office Towers. Suntec City Mall enjoys a large catchment of tourists and business travellers from the eight hotels which are within walking distance as well as Suntec City's worker population of more than 13,000 people[1].

The Fountain of Wealth, listed as the world's largest fountain in the Guinness Book of World Records, is an integral part of Suntec City and attracts over 300,000 visitors a year[1].

[1] Based on surveys conducted by the Common Property Manager in 2004.

Suntec City Mall is a one-stop shopping, fashion, dining, recreation and entertainment destination that attracts about 24 million visitors a year.

Property statistics as at 30 June 2004:

Net Lettable Area	: 77,631 sq m (835,615 sq ft)
Average Gross Rent	: S$90.20 per sq m per month (S$8.38 per sq ft per month)
Committed Occupancy	: 98.9%
Appraised Value	: S$1,199.0 million (55.8% of aggregate Appraised Value of the Properties)

See "Business and Properties".

SUNTEC CITY OFFICE TOWERS

Suntec City Office Towers comprise certain strata units in the four 45-storey office towers and one 18-storey office tower, all of which are Grade A intelligent office buildings with commanding views of the city, Marina Bay and the sea. Each is served by high-speed lifts and offers column-free space as well as an intelligent building management system.

Property statistics as at 30 June 2004:

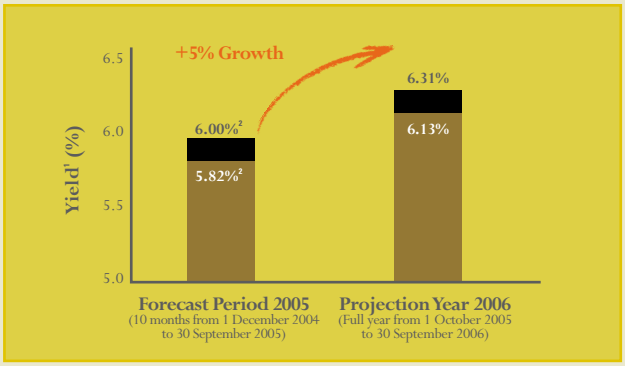
Net Lettable Area	: 113,850 sq m (1,225,472 sq ft)
Average Gross Rent	: S$49.84 per sq m per month (S$4.63 per sq ft per month)
Committed Occupancy	: 83.0%
Appraised Value	: S$951.0 million (44.2% of aggregate Appraised Value of the Properties)

The "Suntec" brand name is recognised domestically and internationally. Awards won over the years by Suntec City include two FIABCI Prix d'Excellence awards in 1999 for real estate projects that embody excellence in many of the disciplines involved in their development (Overall winner and Commercial/Retail winner) and the "Outstanding Contribution to Tourism" award in 1998 from the Singapore Tourism Board. With economies of scale due to the size of the Properties, the Properties benefit from cost efficiencies on shared promotion and maintenance expenditures.

KEY INVESTMENT HIGHLIGHTS

STABLE YIELD WITH GROWTH POTENTIAL

One of Suntec REIT's primary objectives will be to provide Unitholders with regular and stable distributions on a quarterly basis. Upside potential on Suntec REIT's distribution yield is shown below:



Distribution yield		
Offering Price	Forecast annualised distribution yield for the 10 months from 1 December 2004 to 30 September 2005[1]	Projected distribution yield for the full year from 1 October 2005 to 30 September 2006[1]
S$0.97	6.00%	6.31%
S$1.00	5.82%	6.13%

[1] Based on the assumptions set out in this Prospectus.

[2] Annualised.

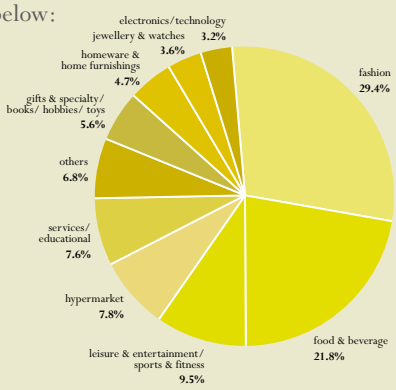
QUALITY TENANT BASE IN DIVERSIFIED SECTORS

The Properties enjoy a quality and diversified tenant base with tenants involved in a variety of businesses and trades.

SUNTEC CITY MALL

Key retail tenants include Carrefour, Courts, Royal Sporting House, Planet Fitness, G2000 and Kopitiam.

The trade sub-sectors of Suntec City Mall's more than 280 shops are shown below:

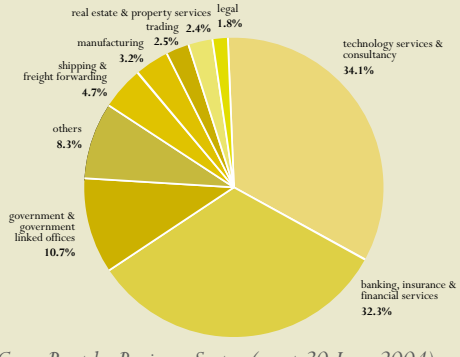


Portfolio Gross Rent by Trade Sub-sector (as at 30 June 2004)

SUNTEC CITY OFFICE TOWERS

Key tenants include multinational corporations, prominent local companies and government authorities such as UBS AG, Info-Communications Development Authority of Singapore, Deutsche Bank AG, Oracle and Hewlett-Packard.

The business sectors of Suntec City Office Towers' 88 tenants are shown below:

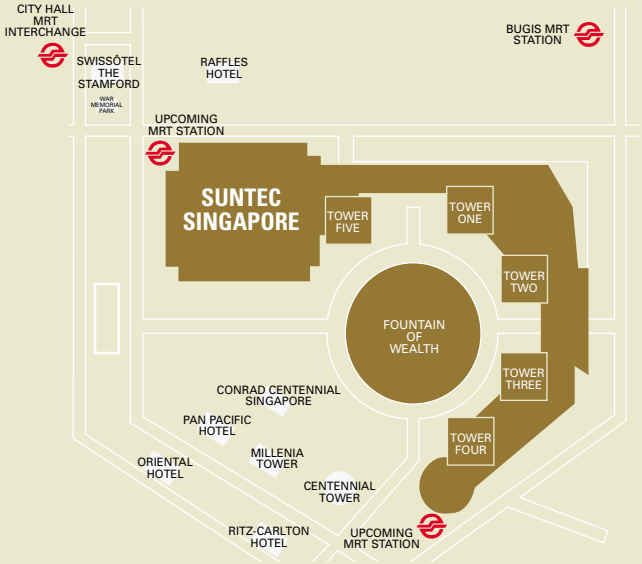


Portfolio Gross Rent by Business Sector (as at 30 June 2004)

GROWTH POTENTIAL

New MRT Circle Line will improve accessibility and provide asset enhancement opportunities

- City Hall MRT Interchange can be reached with a short walk or by the shuttle bus service provided by Suntec City.
- When the MRT Circle Line becomes operational (expected to be in or around 2007/2008), Suntec City will be the only property in Singapore with two Circle Line MRT stations (the Convention Centre Station and the Millennia Station) at its doorstep.
- The Properties are well-positioned for the retail tenant mix to be improved. There is also asset enhancement potential for the areas around the entrances at Suntec City Mall that will be linked to the two new Circle Line MRT stations.
- The new MRT Circle Line will place the Properties in a stronger competitive position and provide opportunity to boost the Properties' yield.



Optimise rental and occupancy rates

SUNTEC CITY MALL

- The Manager intends to leverage on robust demand for retail space in Suntec City Mall to improve rental rates while maintaining current occupancy rates.
- Approximately 14.0% increase was achieved in Gross Rent for retail tenancies which were renewed or newly entered into in the first half of 2004.
- The Manager believes that there is potential to improve overall average Gross Rent of S$90.20 per sq m per month (S$8.38 per sq ft per month) (as at 30 June 2004) when existing tenancies expire or become due for renewal.

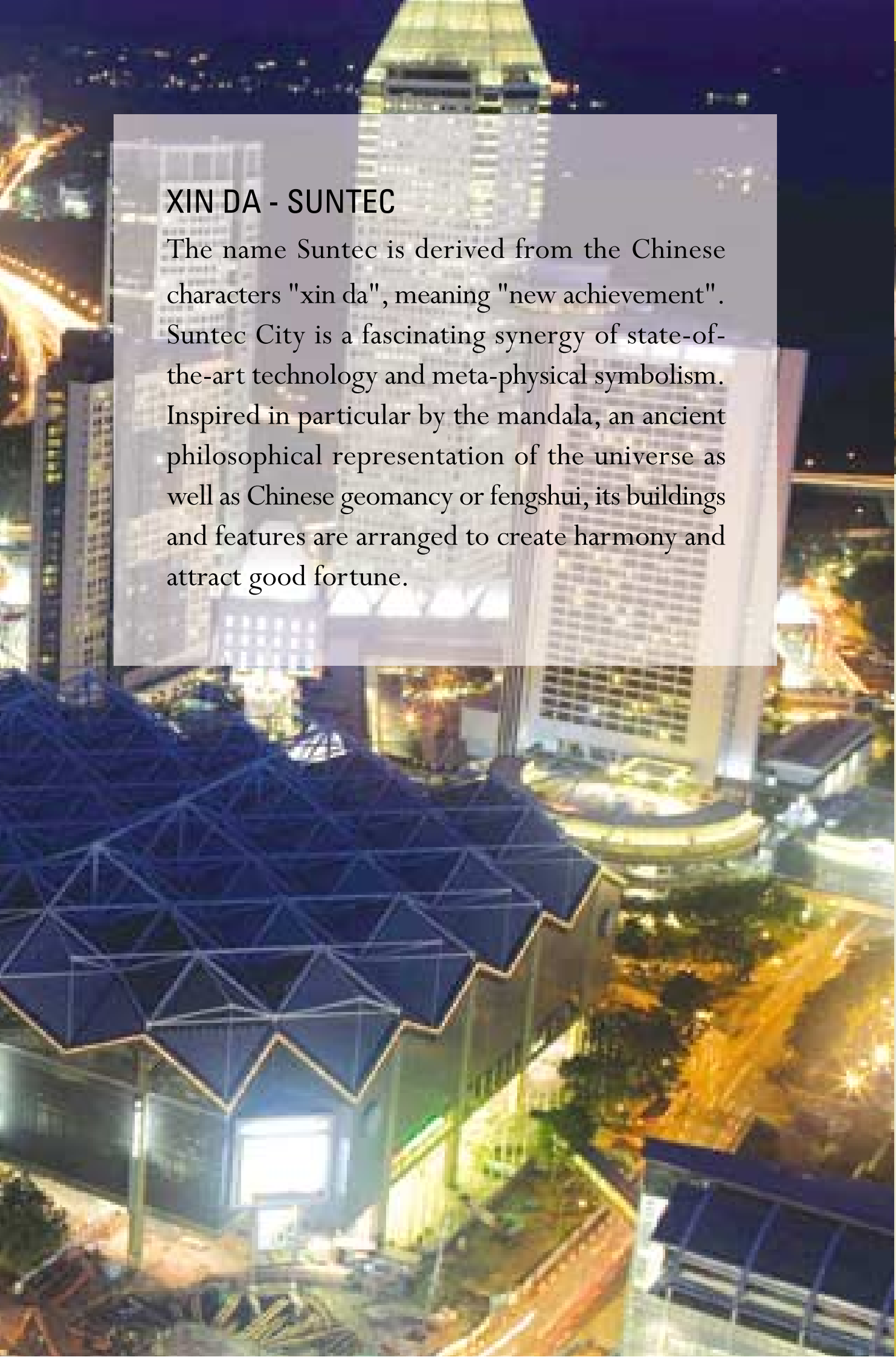
SUNTEC CITY OFFICE TOWERS

- The Manager's leasing strategy will target new office tenants for Suntec City Office Towers, while exploring the expansion needs of existing tenants.
- Currently, the Sponsor is working closely with government agencies to develop regional marketing initiatives for Suntec City Office Towers. For example, the "China @ Suntec" programme encourages PRC companies intending to set up a Singapore presence to select Suntec City Office Towers as the destination of choice. The Manager will continue with the "China @ Suntec" programme after the Listing Date, and will work closely with the Property Manager to develop and promote the Properties as the destination of choice for regional companies looking to setting up offices in Singapore.

Growth via acquisition

The Manager will pursue opportunities for property acquisitions that will provide attractive cash flows and yields together with opportunities for further growth. Suntec REIT benefits from:

- a critical mass of properties that provides sufficient diversification and scale to support additional acquisitions without materially changing its investment profile; and
- a sufficiently wide mandate to invest in income-producing properties that are used, or primarily used, for retail and/or office purposes.



XIN DA - SUNTEC

The name Suntec is derived from the Chinese characters "xin da", meaning "new achievement". Suntec City is a fascinating synergy of state-of-the-art technology and meta-physical symbolism. Inspired in particular by the mandala, an ancient philosophical representation of the universe as well as Chinese geomancy or fengshui, its buildings and features are arranged to create harmony and attract good fortune.

TAX TRANSPARENCY AND TAX EXEMPTION

Individuals who hold Units as investment assets will enjoy tax-exempt distributions, provided they do not hold the Units through a partnership. Qualifying Unitholders will receive gross distributions and pay tax at their applicable income tax rates. See "Taxation – Taxation of Suntec REIT's Unitholders" for further details.

QUARTERLY DISTRIBUTIONS

Suntec REIT's quarterly distribution of its distributable income will enable Unitholders to enjoy more frequent returns on their investment.

DISTRIBUTION OF 100.0% OF TAXABLE INCOME

Suntec REIT will distribute 100.0% of its taxable income from the Listing Date to 30 September 2006 and at least 90.0% of its taxable income thereafter.

COMPETITIVE STRENGTHS

STRATEGIC AND PRIME LOCATION

- Located in the Marina Centre area of Singapore's Central Business District.
- Well-served by public transport facilities, with access to City Hall MRT interchange.
- Connectivity to public transport facilities will be further enhanced when Suntec City is directly served by two Circle Line MRT stations (expected to be operational in or around 2007/2008). This will provide significant opportunities to increase rental yields.

LARGE IMMEDIATE CATCHMENT

- Tourists and business travellers staying in eight hotels within walking distance.
- Over two million participants[1] in events at Suntec Singapore International Convention and Exhibition Centre in 2003.
- Approximately two million visitors to Suntec City monthly[2].
- More than 13,000 people work at Suntec City[3].

1 Based on surveys conducted and records kept by the Sponsor in 2003.
2 Based on a traffic count survey commissioned by the Common Property Manager in June 2004.
3 Based on surveys conducted by the Common Property Manager in 2004.

STRONG BRANDING OF THE "SUNTEC" NAME AND FOUNTAIN OF WEALTH

- Recognised domestically and internationally.
- Fountain of Wealth attracts over 300,000 visitors a year[1].

1 Based on surveys conducted by the Common Property Manager in 2004.

ECONOMIES OF SCALE AND SCOPE

- Cost efficiencies on shared promotion and maintenance expenditures.
- Scope to provide large variety of attractions within the Properties.

QUALITY TENANT BASE

- Foreign institutions, multinational corporations and prominent local corporations.
- Enhanced stability of rental income.

QUALITY PROPERTIES WITH EXCELLENT TECHNOLOGICAL INFRASTRUCTURE

- 1999 FIABCI Prix d'Excellence awards (Overall winner and Commercial/Retail winner).
- Partnerships and alliances with technology and telecommunications companies provide strong technological infrastructure support.

Indicative Timetable

An indicative timetable for the Offering and for trading in the Units is set out below:

Date & time	Event
30 November 2004, 8.00 a.m.	Opening date and time for the Offering
3 December 2004, 8.00 a.m.	Closing date and time for the Offering

Trading in the Units on a "ready" basis will commence at 2.00 p.m. on 9 December 2004 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units on a "ready" basis have been fulfilled).

See also "Indicative Timetable".

See "Summary – Overview of Suntec REIT", "Summary – Key Investment Highlights" and "Strategy".

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Manager or any of the Underwriters. Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of Suntec REIT, the Manager or the Units since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Manager will make an announcement of the same to the SGX-ST and, if required, issue and lodge a supplementary document or replacement document pursuant to Section 298 of the Securities and Futures Act and take immediate steps to comply with the said Section 298. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by any of the Manager, the Underwriters, the Sponsor or the Trustee or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or covenant by any of the Manager, the Underwriters, the Sponsor or the Trustee or their respective affiliates, directors, officers, employees, agents, representatives or advisors.

None of the Manager, the Underwriters, the Sponsor and the Trustee or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisors as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, from:

Citigroup Global Markets Singapore Pte. Ltd.
1 Temasek Avenue
31st Floor Millennia Tower
Singapore 039192

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

Deutsche Bank AG, Singapore Branch
5 Temasek Boulevard
#10-01/02 Suntec Tower Five
Singapore 038985

and from branches of DBS Bank (including POSB) and, where applicable, from members of Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: http://www.sgx.com.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Manager, the Underwriters, the Sponsor and the Trustee require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Manager, any of the Underwriters, the Sponsor and the Trustee. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, Citigroup (the "Stabilising Manager") may, in consultation with the other Joint Lead Underwriters, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the commencement of trading of the Units on the SGX-ST, or (ii) the date when the over-allotment of the Units which are the subject of the Over-allotment Option has been fully covered (either through the purchase of the Units on the SGX-ST or the exercise of the Over-allotment Option by Citigroup, on behalf of the Joint Lead Underwriters).

The Sponsor will be issued with additional Units (the "Deferred Units") in part satisfaction of the purchase consideration for the Properties. The number of Deferred Units to be issued to the Sponsor will be based on the Offering Price. The Deferred Units will be issued in six equal instalments, with the first instalment to be issued on the date falling 42 months after the date of completion of the sale and purchase of the Properties and the rest semi-annually thereafter. Any change in rental rates, occupancy rates, and distributable income of Suntec REIT can affect the impact of any dilution in the yields of Suntec REIT arising from the issuance of the Deferred Units in the future.

The table below illustrates the pro forma impact on Suntec REIT's forecast and projected distributions for the 10-month period commencing on 1 December 2004 and ending on 30 September 2005 and FY2006 under the scenario where the Deferred Units are entirely issued on the Listing Date:

	Distribution yield (%) under the scenario that all Deferred Units are issued on Listing Date			
	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005) (Annualised)		**Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)**	
Issue Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
Base case	**6.00**	**5.82**	**6.31**	**6.13**
Scenario assuming all Deferred Units are issued immediately on Listing Date	5.04	5.02	5.31	5.28

(See "Business and Properties — Purchase Consideration", "Profit Forecast and Profit Projection — Sensitivity Analysis — Issue of Deferred Units" and "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of Agreements to Acquire the Properties".)

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute "forward-looking statements". This Prospectus also contains forward-looking financial information in "Profit Forecast and Profit Projection". Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Suntec REIT or the Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager's present and future business strategies and the environment in which Suntec REIT or the Manager will operate in the future. Because these statements and financial information reflect the Manager's current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

Among the important factors that could cause Suntec REIT's or the Manager's actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information are the condition of, and changes in, the domestic, regional or global economy that result in reduced occupancy or rental rates for Suntec REIT's properties, changes in government laws and regulations affecting Suntec REIT, competition in the Singapore property market, interest rates, relations with service providers, relations with lenders and the quality of tenants and other matters not yet known to the Manager or not currently considered material by the Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Profit Forecast and Profit Projection", "Business and Properties" and "The Retail and Office Property Markets in Singapore". These forward-looking statements and financial information speak only as of the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Manager's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

Suntec REIT will publish its financial statements in Singapore dollars. In this Prospectus, references to "S$" or "Singapore dollars" are to the lawful currency of the Republic of Singapore.

Suntec REIT's pro forma statements of total return for FY2001, FY2002 and FY2003 and each of the nine months ended 30 June 2003 and 30 June 2004, pro forma cash flow statements for FY2003 and each of the nine months ended 30 June 2003 and 30 June 2004 and pro forma balance sheets as at 30 September 2003 and 30 June 2004 (collectively, the "Pro forma Financial Information") have been prepared in accordance with Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS and the provisions of the trust deed dated 1 November 2004 constituting Suntec REIT (the "Trust Deed"), and on the bases set out in Appendix II "Independent Accountants' Report on the Pro Forma Financial Information".

Capitalised terms used in this Prospectus shall have the meanings set out in the Glossary. Certain historical financial data in this Prospectus is derived from the pro forma financial information and is presented on a pro forma basis (see "Pro forma Financial Information").

This Prospectus contains certain information with respect to the business sectors of Suntec REIT's tenants. The Manager has determined the business sectors in which Suntec REIT's tenants are primarily involved based upon the Manager's general understanding of the business activities conducted by such tenants in the premises occupied by them. The Manager's knowledge of the business activities of Suntec REIT's tenants is necessarily limited and such tenants may conduct business activities that are in addition to, or different from, those shown herein.

The forecast yields and yield growth are calculated based on the minimum and maximum subscription prices of the Offering Price Range. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price different from the minimum and maximum subscription prices of the Offering Price Range.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place and measurements in square metres ("sq m") are converted to square feet ("sq ft") and *vice versa* based on the conversion rate of 1 sq m = 10.7639 sq ft. References to "Appendices" are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

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SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and the pro forma financial information contained or referred to elsewhere in this Prospectus. Investors should read this Prospectus in its entirety and, in particular, the sections from which the information in this summary is extracted. The meanings of terms not defined in this summary can be found in the Glossary or in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Manager.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast or projected (see "Forward-looking Statements"). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager, the Underwriters, the Sponsor, the Trustee or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors should read this Prospectus in its entirety and, in particular, "Risk Factors".

Overview of Suntec REIT

Suntec REIT is a Singapore-based unit trust established with the investment objective of owning and investing in real estate and real estate-related assets, whether directly or indirectly through the ownership of companies whose primary purpose is to hold or own real properties. The Manager's principal investment strategy is to invest in income-producing real estate which is primarily used for retail and/or office purposes. Suntec REIT is initially formed to own and invest in the Properties comprising Suntec City Mall and Suntec City Office Towers, which form part of the integrated commercial development known as "Suntec City". The Manager aims to produce stable distributions for the holders of Units in Suntec REIT ("Unitholders") and to achieve long-term growth in the net asset value per Unit.

The Manager aims to produce attractive total returns to Unitholders by, among other things:

(i) actively managing Suntec REIT's property portfolio to maximise returns from the Properties;

(ii) selectively acquiring properties that meet its investment criteria; and

(iii) employing appropriate debt and equity financing strategies.

Suntec REIT's property portfolio will, on the Listing Date, consist of the following properties[(1)]:

Suntec City Mall	
Description	A three-storey linear shaped mall and an eight-storey shopping podium within Suntec City
Year of completion	1994, 1995 and 1997[(2)]
Committed Occupancy	98.9%
Strata Area	85,326 sq m (918,441 sq ft)[(3)]
Net Lettable Area ("NLA")	77,631 sq m (835,615 sq ft)[(4)]
Appraised Value	S$1,199.0 million
Percentage contribution to Gross Revenue for FY2003	51.2%
Percentage contribution to Gross Revenue for the nine months ended 30 June 2004	56.9%
Number of tenants	More than 250
Key tenants (in terms of Gross Rent)	Carrefour Singapore Pte Ltd, Rock Productions Pte Ltd and Suntec Food and Leisure Pte Ltd
Title	Leasehold estate for 99 years expiring 29 February 2088

Suntec City Office Towers	
Description	• Suntec Tower One Units, comprising seven strata lots with 8.6% of the total Strata Area in Suntec Tower One, a 45-storey office tower within Suntec City • Suntec Tower Two Unit, comprising one strata lot with 0.5% of the total Strata Area in Suntec Tower Two, a 45-storey office tower within Suntec City • Suntec Tower Three Units, comprising 76 strata lots with 70.3% of the total Strata Area in Suntec Tower Three, a 45-storey office tower within Suntec City • Suntec Tower Four Units, comprising all the strata lots in Suntec Tower Four, a 45-storey office tower within Suntec City • Suntec Tower Five Units, comprising all the strata lots in Suntec Tower Five, an 18-storey office tower within Suntec City
Year of completion	• Suntec Tower One Units — 1995 • Suntec Tower Two Unit — 1995 • Suntec Tower Three Units — 1997 • Suntec Tower Four Units — 1997 • Suntec Tower Five Units — 1994
Committed Occupancy	83.0%
Strata Area	115,175 sq m (1,239,732 sq ft)
NLA	113,850 sq m (1,225,472 sq ft)
Appraised Value	S$951.0 million
Percentage contribution to Gross Revenue for FY2003	48.8%
Percentage contribution to Gross Revenue for the nine months ended 30 June 2004	43.1%
Number of tenants	88
Key tenants (in terms of Gross Rent)	UBS AG, Info-Communications Development Authority of Singapore and Deutsche Bank AG
Title	Leasehold estate for 99 years expiring 29 February 2088

Notes:

(1) The details on Committed Occupancy, Strata Area, Net Lettable Area, number of tenants, key tenants and Appraised Value are based on information as at 30 June 2004.

(2) Suntec City Mall was completed in phases. The entrances, lobbies and staircases of the retail podium were completed in 1994, the 1st, 2nd and 3rd storeys and part of two basement levels of the retail podium were completed in 1995 while the three-storey and eight-storey retail block and part of two basement levels were completed in 1997.

(3) Excludes void of 4,680 sq m (50,375 sq ft).

(4) Includes 2,880 sq m (31,000 sq ft) of space occupied by recreational facilities which is licensed to the management corporation of Suntec City (the "Management Corporation") for use by all the tenants in Suntec City.

Suntec City is a landmark property located in the Central Business District of Singapore and is the single largest integrated commercial development in Singapore. The Properties are well-served by public transport facilities such as buses and the Mass Rapid Transit ("MRT") system. The City Hall MRT interchange can be reached from Suntec City via the underground City Link Mall.

The Properties comprise approximately 191,481 sq m (2,061,087 sq ft) of NLA, consisting of 77,631 sq m (835,615 sq ft) of retail space and 113,850 sq m (1,225,472 sq ft) of office space as at 30 June 2004. The Properties had an aggregate Gross Revenue of S$146.6 million and S$103.2 million for FY2003 and the nine months ended 30 June 2004 respectively.

Suntec City Mall is the largest shopping mall in Singapore with 77,631 sq m of net lettable retail space as at 30 June 2004. It houses more than 250 retail tenants as at 30 June 2004 and is a one-stop shopping, dining and entertainment destination.

The 12 largest tenants (in terms of Gross Rent) of Suntec City Mall contributed 33.8% of the total Gross Rent from Suntec City Mall for the month ended 30 June 2004. For the same period, no more than 29.4% of the total Gross Rent from Suntec City Mall was derived from any one trade sub-sector and no single tenant accounted for more than 7.8% of total Gross Rent from Suntec City Mall.

Suntec City Office Towers is home to multinational corporations and prominent local companies, and have 88 tenants as at 30 June 2004. The 12 largest tenants (in terms of Gross Rent) of Suntec City Office Towers contributed 55.6% of the total Gross Rent from Suntec City Office Towers for the month ended 30 June 2004. For the same period, no more than 34.1% of the total Gross Rent from Suntec City Office Towers was derived from any one business sector and no single tenant accounted for more than 16.6% of total Gross Rent from Suntec City Office Towers.

Competitive Strengths of the Properties

The Manager is of the opinion that the Properties enjoy the following competitive strengths:

- **Strategic and prime location**

  Suntec City is strategically located in the Singapore Central Business District's Marina Centre area, within walking distance from the landmark, Esplanade — Theatres by the Bay, and in close proximity to the commercial corridors of Raffles Place and Orchard Road.

  It is easily accessible by roads and is well-served by public transport facilities. Commuters traveling by the MRT can either choose to board the shuttle bus service provided by Suntec City or take a short walk through the underground City Link Mall to City Hall MRT interchange.

  The Singapore Master Plan 2003 aims to further develop the Downtown @ Marina Bay areas into an exciting and distinctive waterfront district for business, leisure, and living anchored around the areas' international business and financial hubs which combine modern architecture with arts, cultural, and entertainment attractions.

  When the MRT Circle Line becomes operational (expected to be in or around 2007/2008), the Properties will be directly served by two Circle Line MRT stations: (i) the Convention Centre Station located at the front of the Galleria section of Suntec City Mall and (ii) the Millenia Station located next to Suntec Tower Four and the Entertainment Centre section of Suntec City Mall (see Appendix IX, "Location of New Circle Line MRT Stations"). This will provide significant opportunities to enhance the tenant mix and strengthen the Properties' competitive position so as to increase the overall yield.

- **Large immediate catchment**

  Suntec City has a large immediate catchment of tourists and business travelers from about 5,200 rooms in hotels located within walking distance, such as the Ritz-Carlton, Conrad International, Pan Pacific, The Oriental, Marina Mandarin, Swissotel The Stamford, Raffles The Plaza, and the Raffles Hotel.

  Suntec City, being integrated with the world-class Suntec Singapore International Convention and Exhibition Centre, attracts a large number of convention and exhibition participants. In 2003, Suntec Singapore International Convention and Exhibition Centre hosted about 1,200 events which attracted approximately 1,950,000 local and 380,000 overseas participants[(1)].

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(1) Based on surveys conducted, and records kept, by the Sponsor in 2003.

The catchment of tourists from the nearby hotels and Suntec Singapore International Convention and Exhibition Centre positions Suntec City Mall as one of Singapore's tourist hubs. In addition, the famous Singapore DUCKtours, a land and water tour popular with locals and tourists, operates from Suntec City.

Suntec City's visitor catchment also includes a large number of executives and office workers from the five office towers at Suntec City and nearby buildings within the Marina Centre and City Hall areas. As an illustration of Suntec City's large catchment:

- approximately 2,000,000 visitors visit Suntec City monthly[(2)];
- more than 13,000 people work at Suntec City[(3)]; and
- approximately 10,000 vehicles use the car park at Suntec City daily[(3)].

This large catchment of tourists, business travelers, convention and exhibition participants as well as office executives and workers contributes to the vibrancy of the Properties.

- **Strong branding of the "Suntec" name and the Fountain of Wealth**

The "Suntec" name enjoys a strong branding as a result of the Sponsor's marketing efforts, both domestically and internationally, and the Properties' excellent technological infrastructure. Due to this strong branding, Suntec City is a recognised and desired business address for both retail and office tenants.

The Fountain of Wealth, listed as the world's largest fountain in the Guinness Book of World Records, is an integral part of Suntec City and attracts over 300,000 visitors a year[(3)]. It is now a place of interest for both tourists and locals. The Fountain of Wealth is also considered by the Singapore Tourism Board as a tourist attraction and icon.

- **Economies of scale and scope**

Suntec City Mall is the largest shopping mall in Singapore with approximately 77,631 sq m of net lettable retail space. Suntec City as a whole, which comprises Suntec City Mall and about 113,850 sq m of net lettable office space in Suntec City Office Towers as well as 3,125 car park lots, is the single largest integrated commercial development in Singapore. This provides the Properties with the opportunity to leverage on economies of scale and scope to deliver superior values to its tenants and visitors, both in terms of providing a large variety of attractions within the Properties (such as over 280 shops, a cineplex, a hypermarket, food and beverage outlets and recreational facilities) and in terms of cost efficiencies on shared promotion and maintenance expenditures.

- **High occupancy levels**

High occupancy levels reflect the quality and demand for space in the Properties. As at 30 June 2004, the occupancy rate of Suntec City Mall was 98.9% and the occupancy rate of Suntec City Office Towers was 83.0% (compared to the islandwide market occupancy rate of 89.6% for retail properties and 82.6% for office properties) (see Appendix IV, "Independent Commercial Property Market Overview Report").

- **Quality tenant base**

The major tenants of the Properties are mainly foreign institutions, multinational corporations and prominent local companies. These quality tenants enhance the stability of the Properties' rental income as they generally have significant long-term space requirements in Singapore.

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(2) Based on a traffic count survey commissioned by Suntec City Management Pte Ltd (the "Common Property Manager"), the manager of the common property of Suntec City, in June 2004.

(3) Based on surveys conducted by the Common Property Manager in 2004.

- **Quality properties with excellent technological infrastructure**

  Suntec City is the single largest integrated commercial development in Singapore and has won numerous awards, including two FIABCI Prix d'Excellence awards (Overall Winner and Commercial/Retail category) in 1999 for real estate projects that embody excellence in many of the disciplines involved in their development and the "Outstanding Contribution to Tourism" award in 1998 from the Singapore Tourism Board.

  Suntec City enjoys strong technological infrastructure support, provided through partnerships and alliances with various technology and telecommunications companies, some of which are tenants at Suntec City.

  Broadband facility — Suntec City was built with large riser rooms designed for potential increase in cables to cater for the increase in demand from tenants over time. Currently, three different broadband services providers, Starhub, Tridor and MCI, run fibre optic cables in the risers to deliver cutting-edge multimedia and network capabilities to the tenants and occupiers of Suntec City.

  Telecommunications facility — In partnership with Starhub, Suntec City provides the Centrex Telecommunications facility, which allows tenants to call each other or conduct phone-meetings via internal extension lines for free.

  Video conferencing facility — In partnership with a media solutions provider, Suntec City offers robust, simple to use and low cost video-conferencing solutions in a special package to its tenants.

  Plasma screen advertising facility — Tenants can advertise through plasma screens installed throughout Suntec City.

Key Investment Highlights of Suntec REIT

The Manager believes that an investment in Suntec REIT will offer Unitholders the following attractions:

Investment in a portfolio of prime retail and office properties in the single largest integrated commercial development in Singapore

Suntec REIT will provide investors with exposure to Suntec City, a prime development comprising a portfolio of landmark retail and office properties located in Singapore's Central Business District.

Suntec City Mall is the largest shopping mall in Singapore with approximately 77,631 sq m of net lettable retail space as at 30 June 2004. Together with 113,850 sq m of net lettable office space in Suntec City Office Towers, Suntec City is the single largest integrated commercial development in Singapore. Suntec City is situated within the integrated Marina Centre area comprising hotels, retail stores, restaurants, sporting facilities, cinemas, and the country's new landmark, Esplanade — Theatres by the Bay. Within Suntec City, there are more than 280 shops as at 30 June 2004, a world-class convention and exhibition centre and Singapore's largest basement car park comprising 3,125 car park lots over two basement levels as at 30 June 2004.

Suntec City Mall is a popular shopping mall among both local shoppers and tourists. Its immediate visitor catchment includes tourist and business travelers from nearby hotels, a large number of executives and office workers from the five office towers at Suntec City and nearby buildings within the Marina Centre and City Hall areas, and convention participants from Suntec Singapore International Convention and Exhibition Centre. Suntec City also houses the Fountain of Wealth, which is the world's largest fountain and one of the major tourist attractions in Singapore.

Suntec City Office Towers comprise prime Grade A quality office properties which are currently leased to many major financial institutions, prominent multinational corporations and other businesses. Suntec City Office Towers offer column-free space with a three-compartment underfloor trunking system and an intelligent building management system. The office units also have commanding views of the city, the Marina Bay area and the sea.

Suntec City enjoys convenient access from all parts of Singapore through a network of roads leading to the North, East, and West of the island. At present, MRT commuters can make their way to Suntec City from the City Hall MRT interchange by either boarding a shuttle bus service or taking a short walk by way of City Link Mall. The MRT Circle Line is expected to become operational in or around 2007/2008. When the MRT Circle Line becomes operational, Suntec City will enjoy the unique benefit of being the only property in Singapore to be connected directly to two Circle Line MRT stations (the Convention Centre Station, which will be located directly in front of the Galleria section of Suntec City Mall and the Millenia Station, which will be located next to Suntec Tower Four and the Entertainment Centre section of Suntec City Mall (see Appendix IX, "Location of New Circle Line MRT Stations")), and to the City Hall MRT interchange. This will provide significant opportunities to enhance the tenant mix and strengthen the Properties' competitive position so as to increase the overall yield (see "Strategy — Active Asset Management Strategy — Implementing enhancement strategies to capitalise on the MRT Circle Line").

Strategy to provide regular and stable distributions

One of Suntec REIT's primary objectives will be to provide Unitholders with regular and stable distributions on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. Suntec REIT's first distribution after the Listing Date, however, will be for the period from the Listing Date to 31 March 2005 and will be paid by the Manager on or before 30 May 2005. Subsequent distributions will take place on a quarterly basis (see "Distributions").

The Manager has forecast a distribution of approximately 4.85 cents per Unit in respect of the period 1 December 2004 to 30 September 2005. This distribution represents an annualised yield of approximately 6.00% based on the minimum subscription price of the Offering Price Range of S$0.97 per Unit and an annualised yield of 5.82% based on the maximum subscription price of the Offering Price Range of S$1.00 per Unit. The Manager expects that the yield will grow to 6.31%, based on the minimum subscription price of the Offering Price Range, and 6.13%, based on the maximum subscription price of the Offering Price Range, for FY2006. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price different from the minimum and maximum subscription prices of the Offering Price Range. The profit forecast and profit projection from which this information is extracted are based on various assumptions set out in "Profit Forecast and Profit Projection". There can be no assurance that the profit forecast and profit projection will be met and the actual yield per Unit may be materially different from the forecast amounts (see "Risk Factors").

The stability of Suntec REIT's distributions is underpinned by the high, consistent and stable occupancy rates experienced by the Properties, as evidenced by the average occupancy rate of 97.8% and 83.1% for Suntec City Mall and Suntec City Office Towers respectively for the nine months ended 30 June 2004.

Experienced and professional management

The Manager believes that Unitholders will benefit from the experience of key staff members of the Manager in the Singapore commercial property market as well as the strengths and experience in property management of SCDPL (as the property manager of the Properties) (the "Property Manager"). SCDPL is also the Sponsor.

The Manager is staffed by experienced professionals who have extensive experience in the real estate industry in Singapore and the region. The Manager's key staff members have in-depth real estate investment, asset management, research and equity securities market experience. Their familiarity with Singapore commercial assets and property market dynamics is complemented by their commercial property and equity market experience in other developed countries. Moreover, the Manager is affiliated to ARA Asset Management (Singapore) Limited, the manager of Fortune Real Estate Investment Trust ("Fortune REIT"), which has a portfolio of commercial properties in Hong Kong valued at more than HK$3.3 billion (as at 31 December 2003), and will therefore benefit from the operational systems and processes developed by the ARA group of companies.

The Property Manager is staffed by experienced professionals who have extensive experience in the management of retail and office space in Singapore. In addition, the Property Manager has been managing the Properties since the Properties were completed and is familiar with the property management, lease management and marketing aspects of managing the Properties. The existing tenants of the Properties will continue to benefit from the level of service ensured by the retention of the Property Manager as the manager of the Properties.

Opportunities for future growth through active asset management

The Manager will endeavour to increase the property yield of Suntec REIT's property portfolio and, correspondingly, the net asset value per Unit through active asset management of Suntec REIT's property portfolio. The Manager's strategy for organic growth will be to actively manage the Properties in order to develop strong relationships with tenants through the provision of proactive property-related services. Through such active property management, the Manager will seek to maintain high tenant retention levels, which minimises vacancy levels and the associated interruptions in rental income, as well as the costs associated with marketing and leasing space to new tenants. The Manager will endeavour to lease existing vacant space and to replace or renew expiring leases to maximise Net Property Income. The Manager intends to focus on proactive management by:

- taking advantage of strong demand for retail space at Suntec City Mall to optimise rental rates and occupancy;
- improving office occupancy rates by focusing on the expansion needs of existing tenants and targeting regional companies looking to establishing a business presence in Singapore;
- implementing enhancement strategies to capitalise on the MRT Circle Line;
- developing tenant alliances to optimise tenant retention;
- developing and promoting a leadership position for the Properties by leveraging on the following attributes:
  - — strategic and prime location in the Marina Centre area of Singapore's Central Business District;
  - — convenient access to major roads, two Circle Line MRT stations (when the MRT Circle Line becomes operational) and underground access to City Hall MRT interchange;
  - — large catchment of tourists, business travelers, convention participants and office workers;
  - — strong branding of the "Suntec" name and the Fountain of Wealth;
  - — economies of scale and scope as Singapore's single largest integrated commercial development; and
  - — excellent technological infrastructure;
- maximising income derived from atrium space; and
- minimising Property Expenses by, among other things, taking advantage of the existing surplus in the maintenance and sinking fund accounts of the Management Corporation to reduce the amount of maintenance charges payable to the Management Corporation by Suntec REIT without compromising the quality of management and maintenance services.

Opportunities for future growth through acquisitions

The Manager will pursue opportunities for property acquisitions that will provide attractive cash flows and yields together with opportunities for further growth. Acquisition opportunities for Suntec REIT are underpinned by:

- the critical mass of the Properties (independently valued at an aggregate of S$2,150.0 million as at 30 June 2004), which provides sufficient diversification and scale to support the acquisition of additional properties without materially changing Suntec REIT's investment profile; and
- Suntec REIT's sufficiently wide mandate to invest in "income-producing properties that are used, or primarily used, for retail and/or office purposes".

The Manager intends to hold the Properties on a long-term basis. In the future where the Manager considers that any property has reached a stage that offers only limited scope for growth, the Manager may consider selling the property and using the proceeds for alternative investments in properties that meet its investment criteria.

In evaluating future acquisition opportunities, the Manager intends to focus on the following investment criteria with respect to a property under consideration:

- yield thresholds;
- tenant mix and occupancy characteristics;
- location;
- value-adding opportunities; and
- building and facilities specification.

The Manager intends to utilise its existing network of relationships, its ability to identify underperforming assets and its ready access to capital to achieve favourable returns on invested capital and growth in cash flow.

Manager's interest substantially aligned with interests of Unitholders

The management fees payable to the Manager have a performance-based element which is designed to align the interests of the Manager with those of the Unitholders, and which provides the Manager with incentives to grow both revenues and minimise operating costs. Under the Trust Deed, the Manager is entitled to receive a Base Fee of 0.3% per annum of the value of the Deposited Property and an additional Performance Fee of 4.5% of Suntec REIT's Net Property Income (see "The Manager and Corporate Governance — Manager's Management Fees").

Any increase in the said rates or any change in the structure of the Manager's management fees must be approved by a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution (an "Extraordinary Resolution") at a meeting of Unitholders duly convened and held in accordance with the Trust Deed.

Sponsor's and its shareholders' interest substantially aligned with interests of Unitholders

On the Listing Date, the Sponsor will receive, in part satisfaction of the purchase consideration for the Properties, 565,000,000 Consideration Units, being 43.9% of the total number of Units which will be in issue on the Listing Date. The Sponsor has agreed to a 180-day lock-up period from and including the Listing Date in respect of the Consideration Units, subject to certain exceptions. One such exception provides that on or after the Listing Date (or, in the case of Consideration Units which are subject to the Over-allotment Option, after the expiry of the exercise period for the Over-allotment Option), the Sponsor may distribute as dividends all its Consideration Units (except for such number of Consideration Units in respect of which the Over-allotment Option has been exercised) to its immediate shareholders and the nominees of such shareholders, provided that, by the date of registration of this Prospectus with the MAS, each such transferee and each of the named persons set out in the table in "Ownership of Units" (being the ultimate shareholders of the Sponsor (the "Ultimate Shareholders")) have agreed to similar lock-up arrangements in relation to their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units (see "Plan of Distribution — Lock-up Arrangements"). As of the date of this Prospectus, each of the immediate shareholders (and, where applicable, the nominees of such shareholders) and each of the Ultimate Shareholders have agreed to the relevant lock-up arrangements in relation to their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units. Accordingly, the Sponsor will be distributing all its Consideration Units as dividends on the Listing Date.

Further, the Sponsor will be issued with the Deferred Units in satisfaction of the Deferred Payment Consideration for the purchase of the Properties in accordance with the provisions of the Property Sale and Purchase Agreement. The Deferred Units will be paid to the Sponsor in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter. The Deferred Units are not subject to any lock up arrangement. The number of Deferred Units to be issued to the Sponsor will be based on the

Offering Price. The receipt of a fixed number of Deferred Units at the Offering Price further aligns the interest of the Sponsor with that of Unitholders (see "Business and Properties — Purchase Consideration" and "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of Agreements to Acquire the Properties").

Appropriate capital structure

The Manager aims to optimise Suntec REIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Guidelines, and intends to use a combination of debt and equity to fund future acquisitions and property enhancements.

At the Listing Date, Suntec REIT will have an initial level of indebtedness of S$748.2 million, or 34.0% of the value of its Deposited Property (based on the pro forma balance sheet as at 30 June 2004).

Reflecting this capital structure, Suntec REIT has in place secured facilities of S$750.0 million (the "Facilities") from JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank), as original bank, comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility, each for a term of five years. The Facilities will be initially drawn to S$748.2 million with the term loan fully drawn on Completion.

Each loan made under the Facilities will bear interest at the relevant Singapore dollar swap offer rate plus a margin. The margin is 0.3% per annum throughout five years. The Manager currently expects to fix the interest rate for the term loan facility using interest rate swaps of varying tenures which may result in not less than 50.0% of the drawn facility being on a fixed interest rate basis.

In addition, Suntec REIT has the following additional sources of funds which can be used to pare down its borrowings or to finance capital expenditures:

(i) S$14.1 million of goods and services tax ("GST") recoverable from the Inland Revenue Authority of Singapore (the "IRAS") in relation to the purchase of a portion of the Properties; and

(ii) tenant's rental deposits in cash, equivalent to S$29.8 million based on the pro forma balance sheet as at 30 June 2004 (assuming that rental deposits which are refunded to tenants are replaced by equivalent tenant deposits from incoming tenants).

Upon paring down of its borrowings using such tenant's rental deposits, Suntec REIT's level of indebtedness will be reduced to S$718.4 million, or 33.1% of the value of its Deposited Property (adjusted for such reduction of indebtedness). If necessary, Suntec REIT will draw down from the revolving credit facility to refund any rental deposit payable to a tenant upon the expiry of its tenancy agreement.

Suntec REIT's outstanding indebtedness will further be reduced by S$14.1 million to S$704.3 million (or 32.6% of the value of its Deposited Property, as adjusted for such reduction of indebtedness) when the GST paid to IRAS in relation to the purchase of a portion of the Properties is refunded (which the Manager expects to take place before the end of FY2005) and such refund is used to pare down Suntec REIT's borrowings. At this gearing level, the Manager believes that Suntec REIT will have flexibility when considering future capital expenditure requirements.

(See "Strategy — Capital Management Strategy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness" for further details).

Distribution of 100.0% of taxable income for the period from the Listing Date to 30 September 2006 and at least 90.0% of taxable income thereafter

The IRAS has issued a tax ruling dated 15 June 2004 on the taxation of Suntec REIT and its Unitholders (the "Tax Ruling"). In order for Unitholders to enjoy the tax transparency set out in the Tax Ruling and described under the heading "Distribution of taxable income free of tax deducted at source for individuals and Qualifying Unitholders" below, Suntec REIT must distribute at least 90.0% of its taxable income (see "Distributions"). Suntec REIT will distribute 100.0% of its taxable income for the period from the Listing Date to 30 September 2006 and at least 90.0% of taxable income thereafter.

Distribution of taxable income free of tax deducted at source for individuals and Qualifying Unitholders

The Tax Ruling grants tax transparency to Suntec REIT on taxable income that is distributed to Unitholders such that Suntec REIT will not be taxed on such taxable income. Instead, tax will be imposed on distributions made out of such taxable income when received by the Unitholders.

Taxable income of Suntec REIT for the purposes of the tax transparency treatment refers to the income from the letting of its properties and related property maintenance services income after deduction of allowable expenses.

Tax transparency, however, is not extended to taxable income that is not distributed and any gains arising from the sale of properties. These incomes (other than capital gains arising from the sale of properties) will be taxed at the Suntec REIT level.

All distributions made by Suntec REIT to individuals and Qualifying Unitholders will not be subject to tax deducted at source. A Qualifying Unitholder is a Unitholder who is:

(i) a tax resident Singapore-incorporated company;

(ii) a body of persons registered or constituted in Singapore (for example, town councils, statutory boards, registered charities, registered co-operative societies, registered trade unions, management corporations, clubs and trade and industry associations);

(iii) a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deducted at source in respect of distributions from Suntec REIT; and

(iv) an agent bank acting as nominee for individuals who have purchased Units within the CPF Investment Scheme ("CPFIS") and the distributions received are returned to the CPFIS.

Distributions made out of taxable income of Suntec REIT to other Unitholders will be subject to tax deducted at source at the prevailing corporate tax rate, which is currently at 20.0%. Distributions made out of income of Suntec REIT which has previously been taxed at the Suntec REIT level and capital gains arising from the sale of properties will not be subject to tax deducted at source.

Unitholders are entitled to claim tax credit against their Singapore income tax liabilities for any tax paid or deducted at source by the Suntec REIT that relates to any distributions made by Suntec REIT (see Appendix V, "Independent Taxation Report").

Tax exemption for distributions made to individuals who hold the Units as investment assets

The Singapore Government announced in the 2004 Budget on 27 February 2004 that distributions from real estate investment trusts that are authorised under Section 286 of the SFA (excluding distributions out of franked dividends) and paid to individuals will be exempted from tax.

Following this announcement, and pending legislation of the tax exemption as announced, distributions made to individuals, irrespective of their nationality or tax residence status, who hold the Units as investment assets will be tax exempt. However, distributions made to individuals who hold the Units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates.

Valuation

CB Richard Ellis (Pte) Ltd (the "Independent Valuer") valued the Properties at S$2,150.0 million as at 30 June 2004 (see Appendix III, "Independent Property Valuation Summary Report").

Summary Property Statistics

The following table sets out certain information with respect to the Properties:

	Net Lettable Area[1]	Average Occupancy[2]	Gross Revenue				Appraised Value[1]	Percentage of Aggregate Appraised Value[1]
			FY2003		Nine months ended 30 June 2004			
	(sq m)	(%)	(S$ million)	(%)	(S$ million)	(%)	(S$ million)	(%)
Suntec City Mall	77,631[3]	97.8	75.1	51.2	58.7	56.9	1,199.0	55.8
Suntec City Office Towers	113,850	83.1	71.5	48.8	44.5	43.1	951.0	44.2
Total/weighted average	191,481	89.1	146.6	100.0	103.2	100.0	2,150.0	100.0

Notes:

(1) As at 30 June 2004.

(2) Being the average occupancy rate for the nine months ended 30 June 2004.

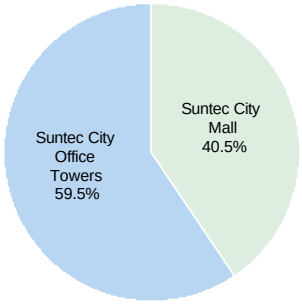
(3) Includes 2,880 sq m (31,000 sq ft) of space occupied by recreational facilities which is licensed to the Management Corporation for use by all the tenants in Suntec City.

Key Portfolio Statistics and Details

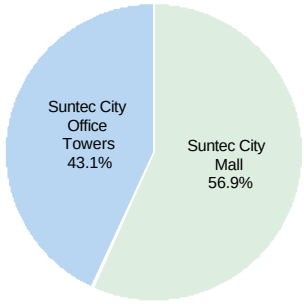
As at 30 June 2004, Suntec City Mall and Suntec City Office Towers have more than 250 retail tenants and 88 office tenants operating in a variety of industries. Further details of the Properties and their tenants are shown below:

THE PROPERTIES

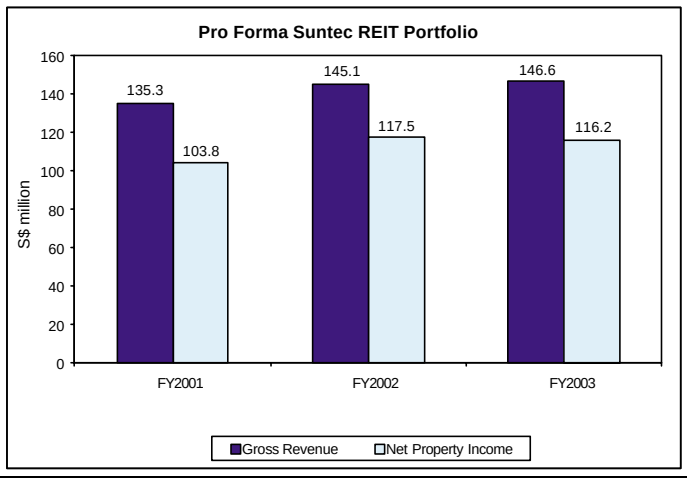
Property Type by Net Lettable Area (as at 30 June 2004)



Property Type by Gross Revenue (nine months ended 30 June 2004)

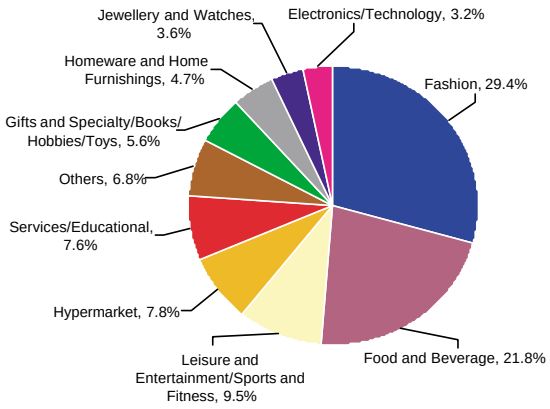


PERFORMANCE STATISTICS



SUNTEC CITY MALL

Portfolio Gross Rent by Trade Sub-sector (as at 30 June 2004)



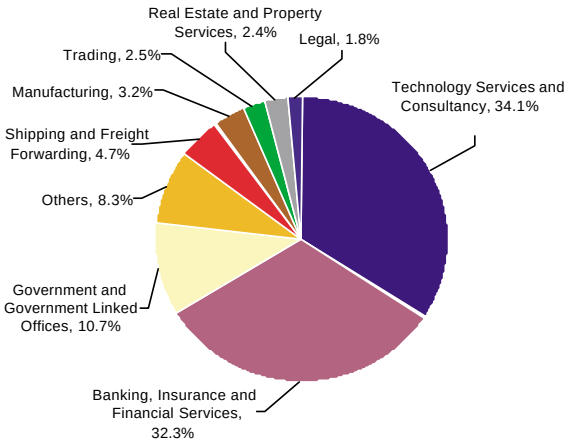
Top 12 Tenants in terms of Gross Rent (as at 30 June 2004)

Tenant	% of Gross Rent
Carrefour Singapore Pte Ltd	7.8%
Rock Productions Pte Ltd	4.2%
Suntec Food & Leisure Pte Ltd	4.0%
Courts (Singapore) Limited	3.2%
RSH (Singapore) Pte Ltd	2.9%
Hinckley Singapore Trading Pte Ltd	2.4%
Planet Fitness Co. Pte Ltd	2.3%
G2000 Apparel (S) Pte Ltd	2.3%
Yes! Your Eyewear Specialists Pte Ltd	1.3%
Pasar Gourmet Pte Ltd	1.2%
R E & S Enterprises Pte Ltd	1.1%
Kopitiam Investment Pte Ltd	1.1%
Total	**33.8%**

(47.2% of total Net Lettable Area)

SUNTEC CITY OFFICE TOWERS

Portfolio Gross Rent by Business Sector (as at 30 June 2004)



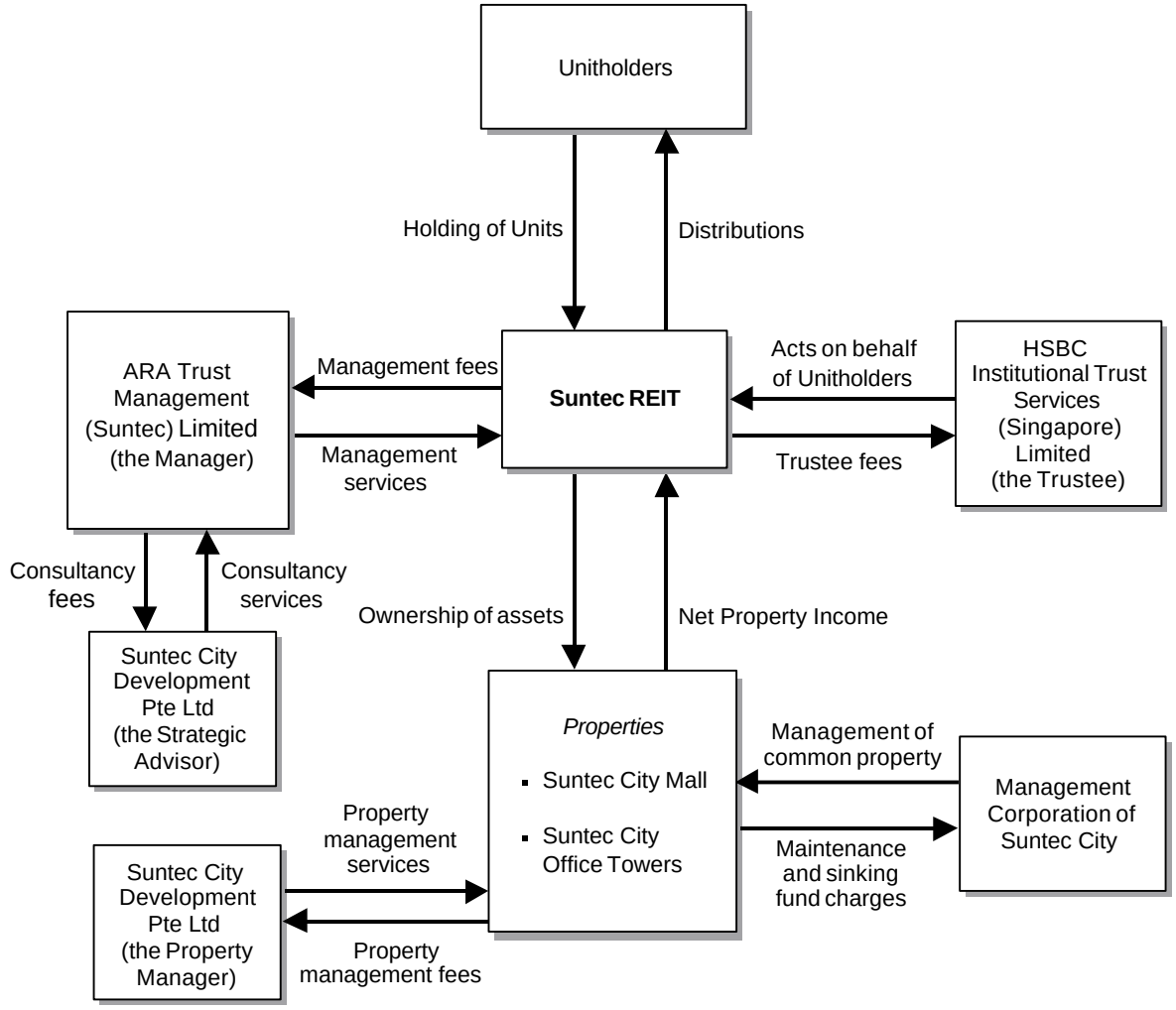
Top 12 Tenants in terms of Gross Rent (as at 30 June 2004)

Tenant	% of Gross Rent
UBS AG	16.6%
Info-Communications Development Authority of Singapore	9.3%
Microsoft Singapore Pte Ltd	5.1%
Deutsche Bank AG	4.9%
Oracle Corporation Singapore Pte Ltd	4.3%
Fuji Xerox Singapore Pte Ltd	3.6%
Hewlett-Packard Singapore (Pte) Ltd	2.3%
Atos Origin (Singapore) Pte Ltd	2.2%
IMC Shipping Co Pte Ltd	1.9%
EMC Computer Systems (South Asia) Pte Ltd	1.9%
Chevron Phillips Chemicals Asia Pte Ltd	1.8%
Jardine Lloyd Thompson Pte Ltd	1.7%
Total	**55.6%**

(46.5% of total Net Lettable Area)

STRUCTURE OF SUNTEC REIT

The following diagram illustrates the relationship between Suntec REIT, the Manager, SCDPL (as the strategic advisor to the Manager) (the "Strategic Advisor"), the Property Manager, the Trustee and the Unitholders:



ARA Trust Management (Suntec) Limited, the manager of Suntec REIT, is responsible for Suntec REIT's investment and financing strategies, asset acquisition and disposition policies and for the overall management of Suntec REIT's real estate and real estate related assets.

SCDPL, Suntec REIT's property manager, provides, among others, property management, lease management as well as marketing and marketing co-ordination services for the Properties.

ARA Trust Management (Suntec) Limited

The Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the "Companies Act") on 30 August 2004. It has a paid-up capital of S$1.0 million and its registered office is located at 9 Temasek Boulevard, #09-01, Suntec Tower Two, Singapore 038989.

The Manager is wholly owned by ARA Asset Management Limited, which is in turn 70.0% owned by Mr Lim Hwee Chiang, John and 30.0% indirectly owned by Cheung Kong (Holdings) Limited, an associate of Dr Li Ka-Shing, an Ultimate Shareholder.

The Board of Directors of the Manager (the "Board") is made up of individuals with a broad range of commercial experience, including expertise in funds management and the property industry. The Board consists of Mr Chiu Kwok Hung, Justin, Mr Lim Hwee Chiang, John, Mr Ip Tak Chuen, Edmond, Mr Tan Kian Chew, Mrs Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei) and Mr Lim Lee Meng.

Generally, the Manager will provide the following services to Suntec REIT:

- *Investment strategy*. Formulate Suntec REIT's investment strategy, including determining the location, sub-sector type and other characteristics of Suntec REIT's property portfolio.
- *Acquisitions and sales*. Make recommendations to the Trustee on the acquisition and sale of properties.
- *Planning and reporting*. Formulate periodic property plans, including budgets and reports, relating to the performance of Suntec REIT's properties.
- *Financing*. Formulate plans for equity and debt financing for Suntec REIT's property acquisitions, distribution payments, expense payments and property maintenance payments.
- *Administrative and advisory services*. Perform day-to-day administrative services as Suntec REIT's representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened.
- *Investor relations*. Communicating and liaising with Unitholders and investors.
- *Compliance management*. Make all regulatory filings on behalf of Suntec REIT, and ensure that Suntec REIT is in compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation, the listing rules of the SGX-ST, the CIS Code (including the Property Funds Guidelines), the Trust Deed, the Tax Ruling and all relevant contracts.
- *Accounting records*. Keep books and prepare or cause to be prepared accounts and annual reports.

(See "The Manager and Corporate Governance — The Manager of Suntec REIT".)

The Manager's Investment Strategy and Objectives

The Manager's principal investment strategy is to invest in income-producing real estate which is primarily used for retail and/or office purposes. The Manager's key objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit so as to provide Unitholders with a competitive rate of return for their investment.

The Manager intends to pursue its investment strategy within the following strategic guidelines:

- Investments will be for the long-term.
- The investment portfolio will primarily comprise established and income-producing retail and office properties.
- Future investments will be in properties that are primarily used for retail and/or office purposes.

The Manager plans to achieve its key objectives through the following:

- *Active Asset Management Strategy*. Leveraging on the property portfolio's competitive strengths to optimise rental income, occupancies and Net Lettable Areas so as to increase property yields. In particular, the Manager intends to capitalise on the positive impact from the commencement of operations of the two Circle Line MRT stations at the Properties (expected to be in or around 2007/2008).
- *Acquisition Growth Strategy*. Identifying and selectively acquiring income-producing properties that meet the Manager's investment criteria.
- *Capital Management Strategy*. Employing appropriate debt and equity financing policies.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for Suntec REIT will be adhered to for at least three years following the Listing Date, unless otherwise agreed by Unitholders by Extraordinary Resolution in a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Suntec City Development Pte Ltd

The Property Manager was incorporated in Singapore under the Companies Act on 1 August 1988. It has a paid-up capital of S$418,914,100 and its registered office is located at 5 Temasek Boulevard, #07-03, Suntec Tower Five, Singapore 038985.

The Board of Directors of the Property Manager is made up of individuals with a broad range of commercial experience, including expertise in property ownership, development and management. The Board of Directors of the Property Manager consists of Dato' Dr Cheng Yu-Tung, Dr Lee Shau-Kee, Dr Li Ka-Shing, Sir Run Run Shaw, Tan Sri Frank Tsao Wen-King, Dr Chou Wen-Hsien, Mr Chow Chung-Kai, Mr King Yuen Vung George, Dr Li Dak-Sum, Mr Robert Wang Wei-Han and Mr Anthony Yeh Yuan-Chang.

The Manager, the Trustee and the Property Manager have entered into the Property Management Agreement under which the Property Manager will provide, among others, the following services for the Properties, subject to the overall management of the Manager:

- *Property management services*. These include co-ordinating tenants' fitting-out requirements, recommending third party service contractors for provision of property maintenance services, supervising the performance of contractors, arranging for adequate insurance and ensuring compliance with building and safety regulations, but do not include the management and maintenance of the common property of Suntec City, which is the responsibility of the Management Corporation.
- *Lease management services*. These include administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms, and administration of all property tax matters.
- *Marketing services*. These include providing marketing and marketing co-ordination services.

(See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Property Management Agreement".)

SCDPL is also the Strategic Advisor to the Manager.

The Strategic Advisor is responsible for providing consultancy services to the Manager with respect to the management of the Properties, including, among others, advising on:

- the formulation of long-term strategic plans to establish and maintain the Properties as a leading office and retail destination, and to maintain their competitive edge against existing and new competitors;
- the formulation and implementation of short and medium-term business plans and budgets for the Properties;
- strategic business cooperation with Suntec Singapore International Convention and Exhibition Centre, and assisting Suntec REIT in co-ordinating joint business initiatives and activities with Suntec Singapore International Convention and Exhibition Centre;
- retention strategies for anchor tenants in the Properties;
- strategies for identifying and attracting prospective anchor tenants for the Properties;
- the formulation of long-term property maintenance strategies and capital budgets that maximise value for the Unitholders by, among others, maintaining the competitiveness of the Properties; and
- the design and implementation of a strategic management system that facilitates the formulation, implementation, and monitoring of strategic initiatives.

(See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Strategic Advisor Agreement".)

HSBC Institutional Trust Services (Singapore) Limited

The Trustee, HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited), is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. The Trustee has a place of business in Singapore at 21 Collyer Quay, #10-01 HSBC Building, Singapore 049320. The Trustee's powers and duties include: (i) acting as trustee of Suntec REIT, (ii) holding the properties of Suntec REIT for the benefit of the Unitholders and (iii) exercising all the powers of a trustee and the powers accompanying ownership of the properties of Suntec REIT (see "The Formation and Structure of Suntec REIT — The Trustee").

Certain Fees and Charges

The following is a summary of the amounts of certain fees and charges payable by the Unitholders in connection with the subscription of the Units (so long as the Units are listed):

	Payable by the Unitholders directly	**Amount payable**
(a)	Subscription fee or preliminary charge	N.A.(1)
(b)	Realisation fee	N.A.(1)
(c)	Switching fee	N.A.(1)
(d)	Any other fee	Clearing fee for trading of Units on the SGX-ST at the rate of 0.05% of the transaction value, subject to a maximum of S$200.00 per transaction.

Note:

(1) As the Units will be listed and traded on the SGX-ST and Unitholders will have no right to request the Manager to redeem their Units while the Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

The following is a summary of certain fees and charges payable by Suntec REIT in connection with the establishment and on-going management of Suntec REIT:

	Payable by Suntec REIT	**Amount payable**
(a)	Manager's management fees	**Base Fee** 0.3% per annum of the value of the Deposited Property. **Performance Fee** 4.5% of Suntec REIT's Net Property Income The Manager has agreed to receive, for a period of six years after the Listing Date, 80.0% of its management fees in the form of Units and the balance thereof in cash.
(b)	Trustee's fee	A maximum of 0.25% per annum of the value of the Deposited Property, subject to a minimum of S$9,000 per month, excluding out of pocket expenses and GST. The actual fee payable will be agreed in writing between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property. Suntec REIT will also pay the Trustee a one-time inception fee of S$15,000. The Trustee's fee will be subject to annual review commencing on the first anniversary of the Listing Date.

	Payable by Suntec REIT	Amount payable
(c)	Any other substantial fee or charge (*i.e.* 0.1% or more of Suntec REIT's asset value)[(1)]	
	(i) Property management fee (payable to the Property Manager)	For Gross Revenue of up to S$100.0 million for a 12-month financial period, a fee of 2.5% per annum of the Gross Revenue. If the Gross Revenue exceeds S$100.0 million for a 12-month financial period, an additional fee of 3.0% per annum of the portion of the Gross Revenue above S$100.0 million and up to S$130.0 million. If the Gross Revenue exceeds S$130.0 million for a 12-month financial period, a further fee of 3.5% per annum of the portion of the Gross Revenue above S$130.0 million.
	(ii) Acquisition fee (payable to the Manager)	1.0% of the acquisition price of any real estate purchased directly or indirectly by Suntec REIT (pro rated if applicable to the proportion of Suntec REIT's interest in the real estate acquired), but no acquisition fee is payable for the acquisition of the Properties.
	(iii) Divestment fee (payable to the Manager)	0.5% of the sale price of any real estate directly or indirectly sold or divested by Suntec REIT (pro rated if applicable to the proportion of Suntec REIT's interest in the real estate sold).
	(iv) Maintenance charges (payable to the Management Corporation)	S$23.80 per share value per month[(2)]

Notes:

(1) In addition to the fees set out in this table, Suntec REIT will also be paying certain fees and expenses in relation to the Offering (including certain professional and other fees as well as an underwriting and selling commission) as well as a one-time upfront fee for the Facilities and a monthly commitment fee on the unused portion of the revolving credit facility comprised in the Facilities (see "Plan of Distribution — Issue Expenses" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness").

(2) The Sponsor has given an undertaking to the Trustee to arrange for the next annual general meeting of the Management Corporation to take place before the end of 2004 and to propose, and exercise all its voting rights as subsidiary proprietor to vote in favour of, a resolution to reduce the monthly maintenance charges payable by the subsidiary proprietors of Suntec City from the existing contribution rate of S$32.70 per share value per month to S$23.80 per share value per month with effect from 1 January 2005 onwards.

THE OFFERING

Suntec REIT	Suntec REIT is a real estate investment trust established in Singapore as a stand-alone unit trust fund constituted by the Trust Deed.
The Manager	ARA Trust Management (Suntec) Limited.
The Trustee	HSBC Institutional Trust Services (Singapore) Limited.
The Sponsor	Suntec City Development Pte Ltd.
The Offering	722,000,000 Units offered under the Placement Tranche and the Public Offer.
The Placement Tranche	Units offered by way of an international placement to investors, including institutional and other investors in Singapore. The Units have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account of, U.S. persons (as defined in Regulation S). The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.
The Public Offer	Units offered by way of a public offer in Singapore. A minimum of 50,000,000 Units will be offered under the Public Offer. The Units may be reallocated between the Placement Tranche and the Public Offer in the event of an excess of applications in one and a deficit of applications in the other.
Offering Price Range	S$0.97 to S$1.00 per Unit.
Subscription	Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix VI “Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore”) in the Public Offer will pay the maximum subscription price of S$1.00 per Unit on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where: (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason, or (iii) the Offering Price is less than the maximum subscription price for each Unit. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application in the Public Offer will have to pay S$1,000.00, which is subject to a refund of the full amount or the balance of the application monies (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.

	The Offering Price of between S$0.97 and S$1.00 will be determined following a book-building process by agreement between the Joint Lead Underwriters and the Manager on the Price Determination Date, which is expected to be 3 December 2004 and is subject to change. Failing such agreement on the Price Determination Date, the Offering Price will be S$0.97 (the minimum subscription price of the Offering Price Range). Among the factors that will be taken into account in determining the Offering Price are the demand for the Units under the Offering and the prevailing conditions in the securities markets. Notice of the Offering Price will be published in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* not later than two calendar days after the Price Determination Date. The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 1,000. Investors in Singapore must follow the application procedures set out in Appendix VI, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore". Subscriptions under the Public Offer must be paid for in Singapore dollars. No fees are payable by applicants for the Units, save for an administration fee of S$1.00 for each application made through automated teller machines ("ATMs") and the internet banking websites of certain participating banks.
Consideration Units	Separate from the Offering, the Sponsor will receive 565,000,000 Consideration Units on the Listing Date in part satisfaction of the purchase consideration for the Properties (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties").
Deferred Units	The Sponsor will be issued with Deferred Units in satisfaction of the Deferred Payment Consideration for the purchase of the Properties in accordance with the provisions of the Property Sale and Purchase Agreement. The Deferred Units will be paid to the Sponsor in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter. The number of Deferred Units will be determined based on the Offering Price (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties").
Over-allotment Option	In connection with the Offering, Citigroup, DBS Bank and Deutsche Bank have been granted the Over-allotment Option by the Sponsor exercisable in full or in part within 30 days after the Listing Date, to purchase from the Sponsor up to an aggregate of 108,300,000 Units at the Offering Price, solely to cover over-allotment of Units (if any). The total number of outstanding Units immediately after the close of the Offering will be 1,287,000,000 Units. The exercise of the Over-allotment Option will not increase this total number of outstanding Units. The total number of Units subject to the Over-allotment Option will constitute up to 15.0% of the total number of Units under the Offering.

Lock-ups	The Sponsor, the immediate shareholders of the Sponsor (and, where applicable, the nominees of such shareholders), the Ultimate Shareholders and the Manager have each entered into certain lock-up arrangements with the Underwriters for a period of 180 days from and including the Listing Date, subject to certain exceptions (see "Plan of Distribution — Lock-up Arrangements").
Capitalisation	S$2,171,682,170, based on the maximum subscription price of the Offering Price Range (S$1.00 per Unit) (see "Capitalisation").
Use of Proceeds	See "Use of Proceeds" and "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties".
Listing and Trading	Prior to the Offering, there has been no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Units comprised in the Offering, all the Consideration Units, all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's management fees (see "The Manager and Corporate Governance — Manager's Management Fees") and all the Deferred Units which will be issued to the Sponsor in satisfaction of the Deferred Payment Consideration for the purchase of the Properties (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties"). Such permission will be granted when Suntec REIT has been admitted to the Official List of the SGX-ST. The Units will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("CDP"). The Units will be traded in board lot sizes of 1,000 Units.
Stabilisation	In connection with the Offering, the Stabilising Manager may, in consultation with the other Joint Lead Underwriters and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA, and any regulations thereunder. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the over-allotment of the Units which are the subject of the Over-allotment Option has been fully covered (either through the purchase of the Units on the SGX-ST or the exercise of the Over-allotment Option by Citigroup, on behalf of the Joint Lead Underwriters).
No Redemption by Unitholders	**Unitholders 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 listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.**

Unitholders' Meetings	The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.
Distribution Policy	Suntec REIT's distribution policy is to distribute 100.0% of its taxable income for the period from the Listing Date to 30 September 2006 and at least 90.0% of its taxable income thereafter on a quarterly basis to Unitholders, except for the first distribution, which will be in respect of the period from the Listing Date to 31 March 2005 and will be paid by the Manager on or before 30 May 2005 (see "Distributions").
Tax Consideration	The Singapore Government announced in the 2004 Budget on 27 February 2004 that distributions from real estate investment trusts that are authorised under Section 286 of the SFA (excluding distributions out of franked dividends) and paid to individuals will be exempted from tax. Following this announcement, and pending the legislation of the tax exemption as announced, distributions made to individuals, irrespective of their nationality or tax residence status, who hold the Units as investment assets will be tax exempt. However, distributions made to individuals who hold the Units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates. (See "Taxation" for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units.)
Governing Law	The Trust Deed, pursuant to which Suntec REIT is constituted, is governed by Singapore law.
Commission Payable by Suntec REIT to the Underwriters	The Manager, on behalf of Suntec REIT, has agreed to pay the Underwriters as compensation for their services in connection with the offering of Units under the Offering an underwriting and selling commission of S$29.6 million (assuming that the Offering Price is the maximum subscription price of the Offering Price Range of S$1.00 per Unit and that the Over-allotment Option is exercised in full). To the extent of those Units that are subsequently resold pursuant to the exercise of the Over-allotment Option, the Sponsor will bear the underwriting and selling commission in respect of such Units (see "Plan of Distribution"). The Manager is not entitled to receive any part of such commission from the Underwriters.
Risk Factors	**Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under "Risk Factors".**
Termination of Suntec REIT	Suntec REIT may be terminated by either the Manager or the Trustee under certain circumstances specified in the Trust Deed. For example, the Manager may terminate Suntec REIT if, at any time, it is delisted permanently from the SGX-ST (see "The Formation and Structure of Suntec REIT — Termination of Suntec REIT").

INDICATIVE TIMETABLE

An indicative timetable for trading in the Units is set out below for the reference of applicants for the Units:

Date and time	Event
30 November 2004, 8.00 a.m.	Opening date and time for the Offering.
3 December 2004, 8.00 a.m.	Closing date and time for the Offering.
3 December 2004	Price Determination Date.
3 December 2004	Balloting of applications, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
9 December 2004, at or before 2.00 p.m.	Completion of the acquisition of the Properties.
9 December 2004, 2.00 p.m.	Commence trading on a "ready" basis.
14 December 2004	Settlement date for all trades done on a "ready" basis on 9 December 2004.

The above timetable is indicative only and is subject to change. It assumes: (i) that the closing date of the application list for the Public Offer (the "Application List") is 3 December 2004, (ii) that the Listing Date is 9 December 2004, (iii) compliance with the SGX-ST's unitholding spread requirement and (iv) the Units will be issued and fully paid up prior to 2.00 p.m. on 9 December 2004. All dates and times referred to above are Singapore dates and times.

Trading in the Units on a "ready" basis will commence at 2.00 p.m. on 9 December 2004 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units on a "ready" basis have been fulfilled), as the completion of the acquisition of the Properties is expected to take place at or before 2.00 p.m. on 9 December 2004 (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties"). If the acquisitions of the Properties are not completed by 2.00 p.m. on 9 December 2004, the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant's own risk and without any right or claim against Suntec REIT, the Manager, any of the Underwriters, the Sponsor or the Trustee). It is expected that such monies will be returned within two Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities) from 3 December 2004 but in any event not later than 14 Market Days after the closing date for the Public Offer and the Placement Tranche. In addition, in the event that the Offering Price is less than the maximum subscription price for each Unit, the balance of the application monies will be returned in the same manner as described above.

In the event of any early or extended closure of the Application List, the shortening or extension of the time period during which the Offering is open, the Manager will publicly announce the same:

(1) via SGXNET, the announcement of which will be posted on the internet at the SGX-ST website http://www.sgx.com; and

(2) in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the "ready" listing date on the internet (at the SGX-ST website), INtv or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

The Manager will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of the Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is rejected or accepted in part only or if the Offering does not proceed for any reason, or if the Offering Price is less than the maximum subscription price for each Unit, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at its own risk and without any right or claim against Suntec REIT, the Manager, any of the Underwriters, the Sponsor or the Trustee.

The return of unsuccessful applications using printed Application Forms by ordinary post, together with the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom), is expected to be completed within two Market Days after the closing date for the Public Offer and the Placement Tranche, or such shorter period as the SGX-ST may require. For unsuccessful Electronic Applications, it is expected that the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) by automatically crediting to the applicants' accounts with their Participating Banks or, as in the case of applications for Internet Placement Units (as defined in Appendix VI, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") through the website of DBS Vickers Online (Singapore) Pte Ltd ("DBS Vickers Online"), by ordinary post or such other means as DBS Vickers Online may agree with the unsuccessful applicants, at their own risk, within two Market Days after the closing date for the Public Offer and the Placement Tranche, or such shorter period as the SGX-ST may require, provided that the remittance in respect of such applications which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

In respect of successful or partially successful applications using printed Application Forms, the balance of the application monies, if any, (including the excess monies arising from the difference between the Offering Price and the maximum subscription price) is expected to be refunded (without interest or any share of revenue or other benefit arising therefrom) to applicants by ordinary post at their own risk, within two Market Days after the closing date for the Public Offer and the Placement Tranche, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

In respect of successful or partially successful applications using Electronic Applications, the balance of the application monies, if any, (including the excess monies arising from the difference between the Offering Price and the maximum subscription price, should the Offering Price be lower than the maximum subscription price) is expected to be refunded (without interest or any share of revenue or other benefit arising therefrom) through the crediting of the relevant amount to the applicants' accounts with their Participating Banks (in the case of ATM Electronic Applications and Internet Electronic Applications), or by ordinary post at their own risk or such other means as DBS Vickers Online may agree (in the case of Internet Placement Applications as defined in Appendix VI, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") within two Market Days after the closing date for the Public Offer and the Placement Tranche, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

PRO FORMA FINANCIAL INFORMATION

The following tables present the pro forma statements of total return for Suntec REIT for FY2001, FY2002 and FY2003 and for each of the nine months ended 30 June 2003 and 30 June 2004 (collectively referred to as the "Relevant Period"), the pro forma cash flow statements for FY2003 and each of the nine months ended 30 June 2003 and 30 June 2004 and the pro forma balance sheets as at 30 September 2003 and 30 June 2004. Such pro forma financial information should be read in conjunction with the related notes thereto.

Suntec REIT's independent accountants, KPMG, have reported on the pro forma financial information and their report is included in Appendix II, "Independent Accountants' Report on the Pro Forma Financial Information". The pro forma financial information of Suntec REIT has been prepared on the bases set out in Appendix II, "Independent Accountants' Report on the Pro Forma Financial Information".

The pro forma information has been compiled:

(a) based on the audited financial statements of the Sponsor for FY2001, FY2002 and FY2003 and the nine months ended 30 June 2004, and the unaudited management financial statements of the Sponsor for the nine months ended 30 June 2003;

(b) incorporating adjustments necessary to reflect the total return of Suntec REIT as if it had acquired the Properties on 1 October 2000, pursuant to the terms set out in this Prospectus;

(c) incorporating adjustments necessary to reflect the cash flows of Suntec REIT as if it had acquired the Properties on 1 October 2002, pursuant to the terms set out in this Prospectus; and

(d) incorporating adjustments necessary to reflect the financial position of Suntec REIT as if it had acquired the Properties on 30 September 2003 or, as the case may be, 30 June 2004 respectively, pursuant to the terms set out in this Prospectus.

The pro forma statements of total return show the total return of Suntec REIT for the Relevant Period as if it had acquired the Properties on 1 October 2000, pursuant to the terms set out in this Prospectus.

The pro forma cash flow statements show the cash flows of Suntec REIT for FY2003 and each of the nine months ended 30 June 2003 and 30 June 2004, assuming it had acquired the Properties on 1 October 2002, pursuant to the terms set out in this Prospectus.

The pro forma balance sheets of Suntec REIT as at 30 September 2003 and 30 June 2004 reflect the financial position of Suntec REIT as if it had acquired the Properties on 30 September 2003 and 30 June 2004 respectively, pursuant to the terms set out in this Prospectus.

The objective of the pro forma financial information is to show what the total return, cash flows and financial position might have been had Suntec REIT existed at an earlier date. However, the pro forma financial information of Suntec REIT is not necessarily indicative of the total return and cash flows of the operations or the financial position that would have been attained had Suntec REIT actually existed earlier.

Pro Forma Statements of Total Return

				Nine months ended 30 June	
	FY2001	FY2002	FY2003	2003	2004
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Gross Revenue	135,298	145,055	146,557	110,245	103,168
Property Expenses					
Maintenance charges	(17,542)	(17,542)	(17,542)	(13,157)	(13,157)
Property Manager's fee	(3,585)	(3,927)	(3,979)	(2,996)	(2,748)
Property tax	(7,714)	(3,639)	(6,358)	(5,267)	(7,365)
Advertising and publicity expenses	(1,625)	(1,646)	(1,624)	(1,223)	(1,274)
Other property expenses[(1)]	(996)	(771)	(869)	(27)	(1,999)
	(31,462)	(27,525)	(30,372)	(22,670)	(26,543)
Net Property Income	103,836	117,530	116,185	87,575	76,625
Manager's management fees	(11,161)	(11,773)	(11,716)	(8,807)	(8,315)
Trust expenses[(2)]	(1,379)	(1,399)	(1,420)	(1,065)	(1,081)
Borrowing costs	(18,755)	(18,755)	(18,755)	(14,067)	(14,067)
Net Investment Income before tax	72,541	85,603	84,294	63,636	53,162
Income tax expense	—	—	—	—	—
Net Investment Income after tax	72,541	85,603	84,294	63,636	53,162
Deficit on revaluation of investment properties[(3)]	(22,172)	—	—	—	—
Total return for the year/period[(4)]	**50,369**	**85,603**	**84,294**	**63,636**	**53,162**

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec's REIT's structure.

(2) Trust expenses include the Trustee's fee, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and miscellaneous expenses.

(3) It has been assumed that the Properties were acquired at a total acquisition cost of S$2,172,172,000 on 1 October 2000 and were immediately revalued to S$2,150,000,000.

(4) Total return for the year/period comprises Net Investment Income after tax and surplus/deficit on revaluation of investment properties.

Pro Forma Cash Flow Statements

	FY2003	Nine months ended 30 June 2003	Nine months ended 30 June 2004
	(S$'000)	(S$'000)	(S$'000)
Operating activities			
Net Investment Income before tax	84,294	63,636	53,162
Adjustments for:			
Allowance for doubtful receivables	598	—	119
Borrowing costs	18,755	14,067	14,067
Manager's management fees paid in Units	9,373	7,046	6,652
Operating profit before working capital changes	113,020	84,749	74,000
Changes in working capital			
Trade and other receivables	9,350	9,606	391
Trade and other payables	(434)	(805)	(533)
	8,916	8,801	(142)
Cash flows from operating activities	121,936	93,550	73,858
Investing activities			
Acquisition of assets and liabilities from the Sponsor	(1,381,872)	(1,381,872)	—
Cash flows from investing activities	(1,381,872)	(1,381,872)	—
Financing activities			
Proceeds from borrowings	748,200	748,200	5,307
Proceeds from issue of new Units (net of issue costs)	673,662	673,662	—
Repayment of borrowings	(60,947)	(60,776)	—
Borrowing costs paid	(20,473)	(16,161)	(12,936)
Distribution to Unitholders	(71,943)	(48,063)	(65,410)
Cash flows from financing activities	1,268,499	1,296,862	(73,039)
Net increase in cash and cash equivalents	8,563	8,540	819
Cash and cash equivalents at beginning of the year/ period	—	—	8,563
Cash and cash equivalents at end of the year/period	8,563	8,540	9,382

Pro Forma Balance Sheets

	As at 30 September 2003	As at 30 June 2004
	(S$'000)	(S$'000)
Current assets		
Cash	31,433	30,858
Trade and other receivables	21,634	21,634
Total current assets	53,067	52,492
Non-current assets		
Investment properties	2,150,000	2,150,000
	2,150,000	2,150,000
Total assets	2,203,067	2,202,492
Current liabilities		
Trade and other payables	(31,385)	(30,810)
	(31,385)	(30,810)
Non-current liabilities		
Other payables	(206,992)	(206,992)
Borrowings	(748,200)	(748,200)
Total non-current liabilities	(955,192)	(955,192)
Total liabilities	(986,577)	(986,002)
Net assets	**1,216,490**	**1,216,490**
Unitholders' funds		
Units in issue[(1)]	1,287,000	1,287,000
Unit issue costs	(48,338)	(48,338)
Deficit on revaluation of investment properties[(2)]	(22,172)	(22,172)
Total Unitholders' funds	**1,216,490**	**1,216,490**
Number of Units in issue (million)	1,287	1,287
Net asset value per Unit	S$0.95	S$0.95

Notes:

(1) Based on the maximum subscription price of the Offering Price Range (S$1.00 per Unit).

(2) It has been assumed that the Properties were acquired at a total acquisition cost of S$2,172,172,000 on 1 October 2000 and were immediately revalued to S$2,150,000,000.

PROFIT FORECAST AND PROFIT PROJECTION

The following is an extract from "Profit Forecast and Profit Projection". Statements in this extract that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out on pages 70 to 77 of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager, any of the Underwriters, the Sponsor, the Trustee or any other person, nor that these results will be achieved or are likely to be achieved. See "Forward-looking Statements" and "Risk Factors". Investors in the Units are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this Prospectus.

Investors in the Units should read the whole of the "Profit Forecast and Profit Projection" set out on pages 68 to 78 of this Prospectus together with the report set out in Appendix I, "Independent Accountants' Report on the Profit Forecast and Profit Projection".

Statements of Net Investment Income and Distribution

	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005)		Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
	(S$'000)		**(S$'000)**	
Gross Rent	108,709.0		135,013.9	
Other income	547.1		668.7	
Gross Revenue	109,256.1		135,682.6	
Maintenance charges	(15,158.2)		(17,534.1)	
Property Manager's fee	(2,865.6)		(3,598.9)	
Property tax	(8,861.3)		(10,997.7)	
Other property expenses	(2,828.7)		(3,455.7)	
Property Expenses	(29,713.8)		(35,586.4)	
Net Property Income	79,542.3		100,096.2	
Interest income	18.9		22.7	
Borrowing costs	(15,883.0)		(19,177.0)	
Trust expenses	(1,108.4)		(1,349.2)	
Manager's management fees	(9,020.3)		(11,019.2)	
Net Investment Income before tax	53,549.5		68,573.5	
Net effect of non-tax deductible/chargeable items[(1)]	9,114.4		11,108.5	
Taxable income available for distribution to Unitholders	62,663.9		79,682.0	
Distribution to Unitholders based on payout of 100.0% of taxable income	62,663.9		79,682.0	
Offering Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
Number of Units in issue[(2)]**(million)**	1,292.2	1,292.1	1,301.3	1,300.8
Distribution per Unit (cents)	4.85	4.85	6.13	6.13
Annualised distribution yield (%)	**6.00**	**5.82**	**6.31**	**6.13**

Notes:

(1) These include non-tax deductible expenses relating to the Manager's management fees which are payable in the form of Units, amortisation of the front-end fee on the Facilities and other expenses which are non-deductible for tax purposes.

(2) The number of Units includes the assumed payment of the Manager's management fees for the relevant period in the form of Units issued at the respective assumed issue price.

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units.

This Prospectus also contains forward-looking statements (including a profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of Suntec REIT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risk faced by Suntec REIT as described below and elsewhere in this Prospectus.

As an investment in a collective investment scheme is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of units in a collective investment scheme, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from the relevant advisors about their particular circumstances.

Risks Relating to the Properties

There are specific risks in relation to the Properties (see also "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties" for more information about the specific risks).

Suntec REIT's initial properties are located in Singapore, which exposes Suntec REIT to economic and real estate market conditions in Singapore (including increased competition in the real estate market).

The Properties are situated in Singapore, which exposes Suntec REIT to the risk of a prolonged downturn in economic conditions in Singapore. As a result, Suntec REIT's Gross Revenue and results of operations depend, to a large extent, on the performance of the Singapore economy. An economic decline in Singapore could adversely affect Suntec REIT's results of operations and future growth.

The performance of Suntec REIT may also be adversely affected by a number of local real estate market conditions, such as the attractiveness of competing commercial properties or, for example, if there is an oversupply of commercial space or reduced demand for commercial space. There are many commercial properties in Singapore, including those in the Central Business District where the Properties are located, that compete with the Properties in attracting tenants.

In 2005, approximately 28,779 sq m of retail space, mainly from the extension to Centrepoint Shopping Centre, Cathay Building, 3 Church Street, Singapore Management University and Changi Airport Terminal 3, is expected to be completed. In addition, approximately 114,651 sq m of retail space is projected to enter the market in 2006, mainly from the completion of HarbourFront Mall. In 2003, the Singapore Government announced the draft Master Plan (the statutory land use plan in Singapore) which envisaged that there will be more commercial developments in Singapore, including Downtown@Marina Bay. The 3.55 hectare "white site" at Downtown@Marina Bay is earmarked for the development of the Business and Financial Centre ("BFC") which can yield 438,000 sq m of gross floor area and includes a 1.8 hectare subterranean space for an underground mall. Approved uses for the BFC site include office, retail, hotel, residential, recreational and entertainment. At least 60.0% of the gross floor area of the BFC has to be constructed for office uses and up to 40.0% of the gross floor area of the BFC may be allocated to retail, recreational, entertainment and other uses. The earliest completion date for the first phase of the BFC site, if sold in 2004, is likely to be 2008/2009. It is expected that, if and when it is completed, the BFC will compete with the Properties in attracting tenants.

Further, whenever competing properties of a similar type are built in areas where the Properties are located or similar properties in their vicinities are substantially upgraded and refurbished, the Gross Revenue of the Properties could be reduced. (See "The Retail and Office Property Markets in Singapore" and Appendix IV, "Independent Commercial Property Market Overview Report").

The income from, and market value of, the Properties will be largely dependent on the ability of the Properties to compete against other commercial properties in Singapore's Central Business District in attracting and retaining tenants. Historical operating results of the Properties may not be indicative of future operating results and historical market values of the Properties may not be indicative of future market values of the Properties. Important factors that affect the ability of commercial properties to attract or retain tenants include the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients, the quality of the building's existing tenants as well as the performance of the building's property manager.

Suntec REIT's initial strategy of investing in real estate located in the same development may entail a higher level of risk compared to some other real estate investment trusts that have properties spread over diverse locations or some other unit trusts that have a more diverse range of investments.

The initial property portfolio of Suntec REIT consists of the Properties which are located in Suntec City. This initial investment strategy of investing in properties in the same development may entail a higher level of risk as compared to some other real estate investment trusts that have properties spread over diverse locations or some other unit trusts that have a more diverse range of investments. Any circumstance which adversely affects the operations or business of Suntec City, or its attractiveness to tenants, may affect all of the Properties, and Suntec REIT will not have income from other properties to mitigate any ensuing loss of income arising from such circumstance.

A concentration of investments in a portfolio of commercial properties in the same development will cause Suntec REIT to be susceptible to a downturn in the micro-property market in which the development is comprised, particularly where there is a decline in the rental rates or the capital value of commercial properties in the micro-property market. A decline in the rental rates may have an adverse impact on distributions to Unitholders and on the results of operations and financial condition of Suntec REIT. A decline in the capital value of the Properties will reduce the net asset backing of the Units and may correspondingly have an adverse impact on the market price of the Units.

Physical damage to Suntec City resulting from fire or other causes may lead to a significant disruption to the business and operation of all the properties at Suntec City, including the Properties. Such physical damage to a development would have a greater effect on the financial condition and results of operations of Suntec REIT as compared to other real estate investment trusts that have properties spread over more than one development.

The prices at which Suntec REIT is able to sell one or more of the Properties may be lower than the prices at which they were acquired by Suntec REIT.

The consideration paid by Suntec REIT for the Properties was based on their Appraised Values as determined by the Independent Valuer (see Appendix III, "Independent Property Valuation Summary Report").

The valuations were generally conducted using the discounted cash flow method of valuation and the comparable sales method of valuation as well as the capitalisation of income method of valuation. Property valuations (including the appraisals conducted by the Independent Valuer) generally may include a subjective determination of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions.

The Independent Valuer's determination of the Appraised Values of the Properties does not guarantee a sale for any part or the whole of the Properties at their Appraised Value at present or in the future. The price at which Suntec REIT may sell any part or the whole of the Properties may be lower than their purchase price.

The loss of key tenants or a downturn in the businesses of Suntec REIT's tenants could have an adverse effect on its financial condition and results of operations.

Suntec REIT's financial condition, results of operations and ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of its key tenants, including the decision by any such tenants not to renew their leases or, in cases where a key tenant has termination rights exercisable by written notice, to terminate their leases before they expire. Certain tenants such as Info-Communications Development Authority of Singapore, Deutsche Bank AG and Hewlett-Packard Singapore (Pte) Ltd have the right to pre-terminate their leases (see "Business and Properties").

The 12 largest tenants in Suntec City Mall in terms of Gross Rent together accounted for 33.8% of the total Gross Rent from Suntec City Mall as at 30 June 2004 and 47.2% of the total Net Lettable Area of Suntec City Mall as at 30 June 2004. The 12 largest tenants in Suntec City Office Towers in terms of Gross Rent together accounted for 55.6% of the total Gross Rent from Suntec City Office Towers as at 30 June 2004 and 46.5% of the total Net Lettable Area of Suntec City Office Towers as at 30 June 2004. (See "Business and Properties — Tenant Profile.")

The Manager expects that Suntec REIT will continue to be dependent upon these tenants for a significant portion of its Gross Revenue. If these key tenants do not renew their leases at expiry, or if they reduce their leased space in the Properties, the Gross Revenue of Suntec REIT could be adversely affected. Substitute tenants on satisfactory terms may not be found in a timely manner or at all.

Further, certain key tenants at Suntec City Mall may help to generate shopper traffic for Suntec City Mall. The loss of one or more of these key tenants may reduce shopper traffic for Suntec City Mall generally, thereby reducing the attractiveness of Suntec City Mall to potential tenants and affecting Suntec City Mall's ability to retain existing tenants.

Suntec REIT's acquisition of the Properties may be subject to risks associated with the acquisition of properties.

While the Manager believes that reasonable due diligence investigations have been conducted with respect to the Properties prior to acquisition of the Properties, there can be no assurance that the Properties will not have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses, or payment or other obligations to third parties, other than those disclosed in this Prospectus. The experts' reports that the Manager rely upon as part of its due diligence investigations of the Properties may be subject to inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

In addition, some of the Properties may be in breach of laws and regulations (including those in relation to real estate) or fail to comply with certain regulatory requirements, which the Manager's due diligence investigations did not uncover. As a result, Suntec REIT may incur additional financial or other obligations in relation to such breaches or failures.

In particular, the representations, warranties and indemnities granted in favour of Suntec REIT by the Sponsor (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties") are subject to limitations as to their scope and as to the amount and timing of claims which can be made thereunder. There can be no assurance that Suntec REIT will be entitled to be reimbursed under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it as a result of its acquisition of the Properties.

A substantial number of the Properties' leases are for periods of up to three years, which exposes the Properties to significant rates of lease expiries each year.

A substantial number of the tenancies for the Properties are for periods of up to three years, which reflects the general practice in the Singapore commercial property market. As a result, the Properties experience lease cycles in which a substantial number of the leases expire each year. This exposes Suntec REIT to certain risks, including the risk that vacancies following non-renewal of leases may lead to reduced occupancy levels, which will in turn reduce Suntec REIT's Gross Revenue (see "Business and Properties — Expiries and Renewals"). If a large number of tenants do not renew their leases in a year with a high concentration of lease expiries, this could affect Suntec REIT's Gross Revenue.

The President of the Republic of Singapore may, as lessor, re-enter the Properties upon breach of terms and conditions of the State lease.

The Properties are held under a registered State lease. The State lease contains terms and conditions commonly found in State leases in Singapore, including the lessor's right to re-enter the Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the lease. (See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Information Regarding the Title of the Properties".)

A delay in the completion of the MRT Circle Line may cause a delay in the expected increase in shopper traffic and office demand at Suntec City.

The Manager expects both the shopper traffic and office demand at Suntec City to improve after the completion of the MRT Circle Line. However, following the collapse of part of Nicoll Highway on 20 April 2004 as a result of construction works for the MRT Circle Line, completion of the MRT Circle Line is expected to be delayed. Any such delay may be exacerbated if the proposed route for the MRT Circle Line is altered to bypass the vicinity of Nicoll Highway.

A delay in the completion of the MRT Circle Line will cause a delay in the expected increase in shopper traffic and office demand at Suntec City. Consequently, any anticipated corresponding improvement in the rental income from the Properties will also be delayed.

Risks Relating to Suntec REIT's Operations

The Properties are part of Suntec City, which is a subdivided development, and there is no assurance that the other registered proprietors of strata lots in Suntec City will not vote against matters relating to the common property which require the special resolution or unanimous resolution of the Management Corporation.

The Properties are part of Suntec City, a subdivided development comprising the Properties, the Other Strata Lots and common property. The common property is jointly owned by the registered proprietors of the Properties and the Other Strata Lots as tenants-in-common in proportion to the share values attributable to their respective strata lots. (See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation".)

As the aggregate share value of the Properties represents 61.4% of the total share value of the strata lots comprised in Suntec City, Suntec REIT cannot deal with the common property as it would in the case of a development which is entirely owned by it.

Under the Land Titles (Strata) Act, Chapter 158 of Singapore (the "Land Titles (Strata) Act") certain matters concerning the common property such as the installation or provision of additional facilities or the making of improvements to the common property, and the acceptance of transfers of land to add to the common property, would require a special resolution, that is, a resolution passed at a general meeting of a management corporation against which not more than 25.0% in value of votes is cast. (See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Management Corporation" for further information on the Land Titles (Strata) Act.)

Certain other matters concerning the common property such as the dispositions of common property and the creation of easements and restrictions affecting common property, would require a unanimous resolution, that is, a resolution passed at a general meeting of a management corporation against which no vote is cast.

If Suntec REIT's strategy or plan in relation to the Properties involves the common property and requires the passing of a special or unanimous resolution at a general meeting of the Management Corporation, there is no assurance that the registered proprietors of the Other Strata Lots will not vote against such resolution and hence prevent such resolution from being passed. In particular, Suntec REIT's ability to carry out improvements or enhancement works may be restricted where such works involve the common property and require an unanimous or special resolution to be passed at a general meeting of the Management Corporation.

There may be potential conflicts of interest between Suntec REIT and the Ultimate Shareholders.

Some of the Ultimate Shareholders, and the companies in which they have a controlling or substantial interest, may be engaged in, among other things, investment in, and the development and management of retail and/or office properties in Singapore. There can be no assurance that the interests of Suntec REIT will not conflict with or be subordinated to those of the Ultimate Shareholders, including future acquisitions of retail and/or office properties, acquisitions of property-related investments as well as competition for tenants within the Singapore property market.

The amount Suntec REIT may borrow is limited, which may affect the operations of Suntec REIT.

Under the Property Funds Guidelines, Suntec REIT is generally permitted to borrow only up to 35.0% of the value of its Deposited Property at the time the borrowing is incurred. The Property Funds Guidelines also provide that if (i) all the borrowings of the real estate investment trust are rated at least A (including any sub-categories or gradations therein) by Fitch, Inc., Moody's or Standard & Poor's or (ii) the credit rating of the real estate investment trust is at least A (including any sub-categories or gradations therein) as rated by Fitch, Inc., Moody's or Standard & Poor's, the real estate investment trust may borrow more than 35.0% of the value of its Deposited Property. Upon its listing on the SGX-ST, Suntec REIT will have an initial level of indebtedness of 34.0% of the value of its Deposited Property (based on Suntec REIT's pro forma balance sheet as at 30 June 2004). A decline in the value of the Deposited Property may affect Suntec REIT's ability to make further borrowings which are not rated at least A, as discussed above.

Adverse business consequences of this limitation on borrowings may include:

- an inability to fund capital expenditure requirements in relation to Suntec REIT's existing portfolio or in relation to the acquisition by Suntec REIT of further properties to expand its portfolio; and
- cash flow shortages (including with respect to distributions) which Suntec REIT might otherwise be able to resolve by borrowing funds.

Suntec REIT may have a higher level of gearing than certain other types of unit trusts.

Suntec REIT has in place the Facilities comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility, each for a term of five years. The Facilities will be initially drawn to S$748.2 million with the term loan fully drawn on Completion, representing an initial level of indebtedness of S$748.2 million, or 34.0% of the value of its Deposited Property (based on Suntec REIT's pro forma balance sheet as at 30 June 2004).

Suntec REIT may, from time to time, require additional debt financing to achieve the Manager's investment strategies.

Suntec REIT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

Suntec REIT faces risks associated with debt financing.

Suntec REIT will be subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest under such financing and to make distributions.

The Properties are mortgaged to secure payment of indebtedness under the Facility Agreements. If Suntec REIT is unable to meet interest or principal payments in respect of such indebtedness, the Properties or any of them could be foreclosed by the lender, or the lender could require a forced sale of the mortgaged Properties or any of them with a consequent loss of income and asset value to Suntec REIT.

Suntec REIT will also be subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, Suntec REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict Suntec REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect Suntec REIT's cash flow and the amount of distributions it could make to Unitholders.

Neither Suntec REIT nor the Manager, as new entities, has an established operating history.

Suntec REIT was established on 1 November 2004 and the Manager was incorporated on 30 August 2004. As such, neither Suntec REIT (as a real estate investment trust) nor the Manager (as the manager of a real estate investment trust) has the relevant operating histories by which their past performance as such may be judged. This will make it more difficult for investors to assess their likely future performance. There can be no assurance that Suntec REIT will be able to generate sufficient revenue from operations to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

The Manager may not be able to implement its investment strategy.

The Manager's investment strategy includes growing Suntec REIT's portfolio of commercial properties and providing regular and stable distributions to Unitholders. There can be no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand Suntec REIT's portfolio at all, or at any specified rate or to any specified size. The Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame. Suntec REIT will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all. Even if Suntec REIT were able to successfully make additional property investments, there can be no assurance that Suntec REIT will achieve its intended return on such investments. Since the amount of debt that Suntec REIT can incur to finance acquisitions is limited by the Property Funds Guidelines (see "Summary — Key Investment Highlights of Suntec REIT — Appropriate capital structure"), such acquisitions will largely be dependent on Suntec REIT's ability to raise equity capital, which may result in a dilution of Unitholders' holdings. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including commercial property development companies, private investment funds and other real estate investment funds whose investment policy is also to invest in commercial properties. There can be no assurance that Suntec REIT will be able to compete effectively against such entities.

Suntec REIT depends on certain key personnel, and the loss of any key personnel may adversely affect its operations.

Suntec REIT's performance depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may leave the Manager in the future or compete with the Manager and Suntec REIT. The loss of any of these individuals, or of one or more of the Manager's other key employees, could have a material adverse effect on Suntec REIT's financial condition and results of operations.

Risks Relating to Investing in Real Estate

The Gross Revenue earned from, and the value of, the Properties may be adversely affected by a number of factors.

The Gross Revenue earned from, and the value of, Suntec REIT's properties may be adversely affected by a number of factors, including:

- vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce Suntec REIT's Gross Revenue and its ability to recover certain operating costs through service charge;
- the Property Manager's ability to collect rent from tenants on a timely basis or at all;
- the amount and extent to which Suntec REIT is required to grant rental rebates to tenants due to market pressure;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question or the sale of the relevant property;
- the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, commercial space, changes in market rental rates and operating expenses for Suntec REIT's properties);
- the Manager's ability to arrange for adequate management and maintenance or to put in place adequate insurance;
- competition for tenants from other properties which may affect rental levels or occupancy levels at Suntec REIT's properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the control of the Manager.

Properties held by Suntec REIT may be subject to increases in Property Expenses and other operating expenses.

Suntec REIT's ability to make distributions to Unitholders could be adversely affected if Property Expenses and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase Property Expenses and other operating expenses include any:

- increase in the amount of maintenance and sinking fund charges payable to the Management Corporation;
- increase in property taxes and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in utility charges;
- increase in sub-contracted service costs;
- increase in the rate of inflation;
- increase in insurance premiums; and
- damage or defect affecting Suntec REIT's properties which needs to be rectified, leading to unforeseen capital expenditure.

Maintenance and sinking fund charges payable to the Management Corporation form a significant component of the Property Expenses and an increase in these charges will result in a significant increase in the Property Expenses.

The maintenance and sinking fund charges payable by Suntec REIT to the Management Corporation form a significant component of the Property Expenses. The amount of maintenance and sinking fund charges paid to the Management Corporation in respect of the Properties for FY2001, FY2002 and FY2003 and the nine months ended 30 June 2004, were 55.8%, 63.7%, 57.8% and 49.6% respectively of the Property Expenses for those periods (see "Strategy — Continuing to minimise Property Expenses"). The Sponsor has given an undertaking to the Trustee to arrange for the next annual general meeting of the Management Corporation to take place before the end of 2004 and to propose, and exercise all its voting rights as subsidiary proprietor to vote in favour of, a resolution to reduce the monthly maintenance charges payable by the subsidiary proprietors of Suntec City with effect from 1 January 2005 onwards. As the Management Corporation has accumulated substantial surplus from its past collection of maintenance and sinking fund charges, the Manager believes that the performance and quality of services to be provided by the Management Corporation will not be affected by the reduction of the rate of maintenance charges.

The maintenance and sinking fund charges, however, may not remain at their reduced rates. The aggregate share value of the Properties represents 61.4% of the total share value of the strata lots comprised in Suntec City and, as such, Suntec REIT is the biggest contributor to the Management Corporation's maintenance and sinking fund charges. Should there be an increase in the maintenance and sinking fund charges in the future, Suntec REIT's Property Expenses will increase and the amount of income available for distribution to Unitholders could be adversely affected.

The Manager believes that factors which can cause the Management Corporation to increase the maintenance and sinking fund charges include any:

- increase in the fees payable to the Common Property Manager (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Management Corporation Agreement") for the management, administration and maintenance of the common property of Suntec City;
- major rectification or maintenance required to be carried out to the common property of Suntec City;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in utility charges;
- increase in sub-contracted service costs;
- increase in the rate of inflation; and
- increase in insurance premiums.

Suntec REIT may be adversely affected by the illiquidity of real estate investments.

Suntec REIT invests primarily in real estate. This involves a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which Suntec REIT has invested or intends to invest, are relatively illiquid. Such illiquidity may affect Suntec REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, Suntec REIT may be unable to liquidate its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, Suntec REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on Suntec REIT's financial condition and results of operations, with a consequential adverse effect on Suntec REIT's ability to make expected distributions to Unitholders.

Suntec REIT's Properties or part thereof may be acquired compulsorily.

The Land Acquisition Act, Chapter 152 of Singapore gives the Government the power to acquire any land in Singapore:

- for any public purpose;
- where the acquisition is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purposes.

The compensation to be awarded pursuant to any compulsory acquisition would be based on the lowest of (i) the market value of the property as at 1 January 1995, (ii) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette) and (iii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire. Accordingly, if the market value of a property (or part thereof) which is acquired is greater than the lowest of the market values referred to above, the compensation paid in respect of the acquired property will be less than its market value.

Suntec REIT may suffer material losses in excess of insurance proceeds.

Suntec REIT's properties could suffer physical damage caused by fire or other causes or Suntec REIT may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk, terrorist acts and losses caused by the outbreak of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, Suntec REIT's insurance policies for the Properties do not cover acts of war, acts of terrorism or outbreak of contagious diseases. Should an uninsured loss or a loss in excess of insured limits occur, Suntec REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. Suntec REIT would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

Risks Relating to an Investment in the Units

The sale or possible sale of a substantial number of Units by the Sponsor and/or the Ultimate Shareholders in the public market following the lapse of any applicable lock-up arrangements could adversely affect the price of the Units.

Following the Offering, assuming the Over-allotment Option is not exercised, Suntec REIT will have 1,287,000,000 Units outstanding, of which 722,000,000 Units, or 56.1%, will be held by investors participating in the Offering and 565,000,000 Consideration Units, or 43.9%, will be issued to the Sponsor as part of the Completion Amount payable to the Sponsor on Completion as consideration for the purchase of the Properties. The Sponsor has agreed to a 180-day lock-up period from and including the Listing Date in respect of the Consideration Units, subject to certain exceptions. One such exception provides that on or after the Listing Date (or, in the case of Consideration Units which are subject to the Over-allotment Option, after the expiry of the exercise period for the Over-allotment Option), the Sponsor may distribute as dividends all its Consideration Units (except for such number of Consideration Units in respect of which the Over-allotment Option has been exercised) to its immediate shareholders and the nominees of such shareholders, provided that, by the date of registration of this Prospectus with the MAS, each such transferee and each of the Ultimate Shareholders have agreed to a 180-day lock-up period from and including the Listing Date in respect of their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units, subject to certain exceptions (see "Plan of Distribution — Lock-up Arrangements"). As of the date of this Prospectus, each of the immediate shareholders (and, where applicable, the nominees of such shareholders) and each of the Ultimate Shareholders have agreed to the relevant lock-up arrangements in relation to their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units. Accordingly, the Sponsor will be distributing all its Consideration Units as dividends on the Listing Date.

Units will be traded on the Main Board of the SGX-ST. If the Sponsor or such transferees of the Consideration Units sell or are perceived as intending to sell a substantial amount of their Units following the lapse of their respective lock-up arrangements or pursuant to applicable waivers, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected (see "Ownership of the Units " and "Plan of Distribution — Lock-up Arrangements").

Under the Property Sale and Purchase Agreement relating to the acquisition of the Properties, a portion of the purchase consideration payable to the Sponsor is deferred. The Deferred Payment Consideration is to be paid to the Sponsor in Deferred Units in six equal instalments, the first of which is to be made on the date falling 42 months after completion of the sale and purchase of the Properties and the rest semi-annually thereafter.

There is no lock-up arrangement in respect of Deferred Units receivable by the Sponsor. If the Sponsor, its immediate Shareholders or, as the case may be, the Ultimate Shareholders, sell or are perceived as intending to sell a substantial amount of Deferred Units, the market price for the Units could be also adversely affected.

Issue of a substantial number of Deferred Units to the Sponsor in satisfaction of the Deferred Payment Consideration may substantially dilute the value of each Unit and reduce the distribution per Unit to the Unitholders.

The issue of the Deferred Units to the Sponsor in satisfaction of the Deferred Payment Consideration may result in a dilution of the net asset value of each Unit. In addition, unless there is a corresponding increase in the net income of Suntec REIT during the relevant distribution period, the increase in the number of Units in issue will also result in a decrease in the distribution per Unit to the Unitholders (see "Profit Forecast and Profit Projection — Sensitivity Analysis").

Suntec REIT may not be able to make distributions or the level of distributions may fall.

The income which Suntec REIT earns from its real estate investments depends on, among other factors, the amount of rental income received, and the level of Property Expenses and other operating expenses incurred. If properties owned by Suntec REIT do not generate sufficient income, Suntec REIT's cash flow and ability to make distributions will be adversely affected. No assurance can be given as to Suntec REIT's ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the leases of the Properties or that the receipt of rental revenue in connection with any expansion of the Properties or future acquisitions of properties will increase Suntec REIT's income available for distribution to Unitholders.

Suntec REIT may be unable to comply with the terms of the Tax Ruling or the Tax Ruling may be revoked or amended.

Suntec REIT has received the Tax Ruling from the IRAS under which tax transparency has been granted to Suntec REIT on stipulated terms and conditions. These terms and conditions include undertakings by the Trustee and the Manager to take all reasonable steps necessary to safeguard the IRAS against the loss of tax as a result of the Tax Ruling, to comply with all administrative requirements to ensure ease of tax administration and to provide a letter of indemnity to the IRAS to ensure that the IRAS has minimal revenue risk exposure.

The Tax Ruling grants tax transparency to Suntec REIT on taxable income that is distributed to Unitholders. The Tax Ruling, either in part or in whole, may be revoked or its terms may be reviewed and amended by the IRAS at any time. If the Tax Ruling is revoked or if Suntec REIT is unable to comply with its terms, Suntec REIT will be subject to tax on its taxable income and the tax will be assessed on, and collected from, the Trustee, in which case distributions to all Unitholders will be made after tax. If the terms of the Tax Ruling are amended, Suntec REIT may not be able to comply with the new terms imposed and this non-compliance could affect Suntec REIT's tax transparent status and its ability to

distribute its taxable income free of tax deducted at source (see "Taxation — Terms and Conditions of the Tax Ruling" and Appendix V, "Independent Taxation Report" for more information on the terms of the Tax Ruling).

Foreign Unitholders may not be permitted to participate in future rights issues by Suntec REIT.

The Trust Deed provides that in relation to any rights issue, the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale, if successful, will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholder are less than S$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property.

Suntec REIT has provided an indemnity to the IRAS which may adversely affect net asset value.

Under the terms of the Tax Ruling, Suntec REIT is required to provide a tax indemnity for certain types of tax losses, including unrecovered late payment penalties, suffered by the IRAS (see "Taxation — Terms and Conditions of the Tax Ruling" and Appendix V, "Independent Taxation Report" for an explanation of the terms of the indemnity). If the indemnity is enforced, the amount claimed by the IRAS (subject to the limits agreed with the IRAS and as described in "Taxation" and Appendix V, "Independent Taxation Report") will be paid by Suntec REIT and Suntec REIT's net asset value may be adversely affected. Any amount of tax and late payment penalty unpaid by any Unitholders in respect of their Units and which the IRAS fails to recover will therefore be borne out of the assets of Suntec REIT at the time when Suntec REIT pays on any claim on the indemnity by the IRAS.

Distribution of 100.0% of taxable income for the period from the Listing Date to 30 September 2006 and at least 90.0% of its taxable income thereafter may cause Suntec REIT to face liquidity constraints.

The Manager and the Trustee will distribute 100.0% of Suntec REIT's taxable income for the period commencing from the Listing Date to 30 September 2006. Thereafter, the Manager and the Trustee will distribute at least 90.0% of Suntec REIT's taxable income. Suntec REIT is required by the Tax Ruling to distribute at least 90.0% of its taxable income. If Suntec REIT's taxable income is greater than its cash flow from operations, it may have to borrow to meet ongoing cash flow requirements in order to distribute at least 90.0% of its taxable income since it may not have any reserves to draw on. Suntec REIT's ability to borrow is, however, limited by the Property Funds Guidelines (see "— The amount Suntec REIT may borrow is limited, which may affect the operations of Suntec REIT"). Failure to make distributions would put Suntec REIT in breach of the terms of the Tax Ruling and Suntec REIT would be liable to pay income tax.

The actual performance of Suntec REIT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among other things, forecast and projected distribution levels for the period from 1 December 2004 to 30 September 2006. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside of Suntec REIT's control (see "Profit Forecast and Profit Projection — Assumptions"). In addition, Suntec REIT's revenue is dependent on a number of factors, including the receipt of rent from the Properties, which may decrease for a number of reasons, such as the decline in occupancy and rental rates, insolvency of tenants or delay in rent payment by tenants. This may adversely affect Suntec REIT's ability to achieve the forecast and projected distributions as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances which are not currently anticipated may arise. Actual results may be materially different from the forecast and projection. While the Manager currently expects to meet the forecast and projected distribution levels, no assurance can be given that the assumptions will be realised and the actual distributions will be as forecast and projected.

Unitholders may bear the effects of tax adjustments on income distributed in prior periods.

Distributions will be based on Suntec REIT's taxable income as computed by the Manager. The taxable income of Suntec REIT as computed by the Manager may, however, be subject to adjustment by the IRAS. The effect of this adjustment would mean that Suntec REIT's actual taxable income is either higher or lower than what was computed by the Manager. The difference between Suntec REIT's actual taxable income and Suntec REIT's taxable income as computed by the Manager for the purpose of making a distribution to Unitholders will be added to or deducted from the taxable income computed by the Manager for the subsequent distribution to Unitholders. Tax transparency does not apply to gains realised from the disposal of properties and such gains will be subsequently assessed for taxation by the IRAS. Distributions will only be made out of such gains after tax has been paid by the Trustee in the case of trading gains or when the full amount of the gains is confirmed as non-taxable by the IRAS (see Appendix V, "Independent Taxation Report" for further details).

Accounting standards in Singapore are subject to change.

The financial statements of Suntec REIT may be affected by the introduction of new or revised accounting standards. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of Suntec REIT's financial statements or on Suntec REIT's financial condition and results of operations. In addition, such changes may adversely affect the ability of Suntec REIT to make distributions to Unitholders.

Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The Manager is not obliged to redeem Units.

Unitholders have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units. In addition, Suntec REIT will be the first real estate investment trust in Singapore's young real estate investment trust market with a portfolio of mixed-use commercial properties in the same development.

Prior to the Offering, there is no public market for the Units and an active public market for the Units may not develop or be sustained after the Offering. While the Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units.

It may be difficult to assess Suntec REIT's performance against either domestic or international benchmarks. As Suntec REIT will be the first real estate investment trust in Singapore's young real estate investment trust market with a portfolio of mixed-use commercial properties in the same development, there are presently no official or directly comparable benchmarks against which Suntec REIT's performance can or will be measured.

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Suntec REIT may not continue to satisfy the listing requirements for real estate investment trusts.

The net asset value per Unit may be diluted if further issues are priced below the current net asset value per Unit.

The Trust Deed contemplates that new issues of Units may occur, the offering price for which may be above, at or below the then current net asset value per Unit. Where new Units, including Units which may be issued to the Manager in payment of the Manager's management fees and the Deferred Units which will be issued to the Sponsor in satisfaction of the Deferred Payment Consideration for the purchase of the Properties, are issued at less than the net asset value per Unit, the net asset value of each existing Unit may be diluted.

The rights of Unitholders are not identical to, and in some cases less protective than, the rights of shareholders under Singapore laws.

The rights of Unitholders are not identical to those granted to holders of shares in companies incorporated in Singapore.

For example, the Singapore Code on Takeovers and Mergers and the provisions of Sections 138 to 140 of the Securities and Futures Act do not apply to acquisitions of Units. As such, a person may acquire any number of Units without being required to make a general offer to acquire the Units held by other Unitholders. In such an event, there is a risk that Unitholders may not benefit from a possible premium price over the then prevailing market price of the Units.

The price of the Units may decline after the Offering.

The Offering Price of the Units is determined by agreement between the Manager and the Underwriters and may not be indicative of the market price for the Units after the completion of the Offering. The Units may trade at prices significantly below the Offering Price after the Offering. The trading price of the Units will depend on many factors, including:

- the perceived prospects of Suntec REIT's business and investments and the Singapore commercial real estate market;
- differences between Suntec REIT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of Suntec REIT's assets;
- the perceived attractiveness of the Units against those of other equity securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Singapore real estate investment trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore real estate investment trusts;
- any inability on Suntec REIT's part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity market and increases in interest rates.

For these reasons, among others, Units may trade at prices that are higher or lower than the net asset value per Unit. To the extent that Suntec REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on Suntec REIT's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested. If Suntec REIT is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

The Manager may change Suntec REIT's investment strategy.

Suntec REIT's policies with respect to certain activities including investments and acquisitions will be determined by the Manager. While the Manager has stated its intention to restrict investments to real estate which is income-producing and which is used, or primarily used, for retail and/or office purposes and such strategy may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the Manager's stated investment strategy for Suntec REIT for the said period unless otherwise approved by an Extraordinary Resolution of Unitholders), the Trust Deed gives the Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

USE OF PROCEEDS

The total proceeds from the Offering are estimated to be S$722.0 million, based on the maximum subscription price of the Offering Price Range (S$1.00 per Unit).

Simultaneously with the completion of the acquisition of the Properties, Suntec REIT will draw down from the Facilities an aggregate amount of S$748.2 million and apply such borrowings towards partial payment of the Purchase Price.

The following table, included for the purpose of illustration, sets out the intended application of the total proceeds from the Offering of S$722.0 million and the S$748.2 million to be drawn down from the Facilities.

	Application of Proceeds
	(S$'000)
Cash portion of the Purchase Price for the acquisition of the Properties[(1)]	1,335,007.8
Acquisition costs[(2)]	79,268.9
Issue and debt related costs	55,874.5
Working capital	48.8
Total	1,470,200.0

Notes:

(1) Excludes that part of the Purchase Price for the Properties which is payable in Consideration Units and Deferred Units (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties — Principal Terms of Purchase").

(2) Acquisition costs include professional fees, stamp duty and other costs incurred in the acquisition of the Properties, as well as S$14.1 million of GST on the purchase of the Properties, which is recoverable by Suntec REIT.

The cost of establishing Suntec REIT will be S$2,035.2 million, comprising the Purchase Price (excluding the Deferred Payment Consideration), the acquisition costs, the estimated issue and debt related costs of S$55.9 million, and S$0.049 million set aside for initial working capital. (See "Business and Properties — Purchase Consideration" for an illustration of the Cash Payment Amount as well as the value of the Consideration Units and Deferred Units at the minimum and maximum subscription prices of the Offering Price Range.)

The Manager believes that Suntec REIT's working capital of S$0.049 million, together with its S$50.0 million revolving credit facility, will be sufficient for Suntec REIT's requirements over the next 12 months following the close of the Offering.

OWNERSHIP OF THE UNITS

On the Listing Date, the Sponsor will receive, as part of the Completion Amount payable to it for the purchase of the Properties, 565,000,000 Consideration Units constituting approximately 43.9% of the Units in issue on the Listing Date, assuming that the Over-allotment Option is not exercised. The Sponsor has agreed to a 180-day lock-up period from and including the Listing Date in respect of the Consideration Units, subject to certain exceptions.

One exception to the Sponsor's lock-up undertaking as described in the preceding paragraph provides that on or after the Listing Date (or, in the case of Consideration Units which are subject to the Over-allotment Option, after the expiry of the exercise period for the Over-allotment Option), the Sponsor may distribute as dividends all its Consideration Units (except for such number of Consideration Units in respect of which the Over-allotment Option has been exercised) to its immediate shareholders and the nominees of such shareholders, provided that, by the date of registration of this Prospectus with the MAS, each such transferee and each of the Ultimate Shareholders have agreed to a 180-day lock-up period from and including the Listing Date in respect of their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units, subject to certain exceptions (see "Plan of Distribution — Lock-up Arrangements"). As of the date of this Prospectus, each of the immediate shareholders (and, where applicable, the nominees of such shareholders) and each of the Ultimate Shareholders have agreed to the relevant lock-up arrangements in relation to their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units. Accordingly, the Sponsor will be distributing all its Consideration Units as dividends on the Listing Date.

The following table sets out the Unitholders of Suntec REIT and their unitholdings on the Listing Date on the assumption that the Sponsor distributes the Consideration Units, directly or indirectly, to the Ultimate Shareholders.

	Units owned after Offering (assuming that the Over-allotment Option is not exercised)		**Units owned after Offering (assuming that the Over-allotment Option is exercised in full)**	
	('000)	**(%)**	**('000)**	**(%)**
Ultimate Shareholders:				
Tan Sri Frank Tsao Wen-King[(1)]	92,956.3	7.22	75,138.3	5.84
Dato' Dr Cheng Yu-Tung[(2)]	92,956.3	7.22	75,138.3	5.84
Dr Lee Shau Kee[(3)]	92,956.3	7.22	75,138.3	5.84
Dr Li Ka-Shing[(4)]	92,956.3	7.22	75,138.3	5.84
Shaw Trustee (Private) Limited[(5)]	92,956.3	7.22	75,138.3	5.84
Dr Chou Wen-Hsien[(6) (9)]	17,429.3	1.35	14,088.5	1.09
Winsor Properties Holdings Limited[(7)]	29,048.9	2.26	23,480.7	1.82
Mr Chow Chung Kai[(8) (9)]	23,239.1	1.81	18,784.6	1.46
Dr Li Dak-Sum[(10)]	11,619.5	0.91	9,392.3	0.73
Mr Wang Wei-Han, Robert[(11)]	5,809.8	0.45	4,696.1	0.37
Mr Yeh Yuan Chang, Anthony[(12)]	1,452.4	0.11	1,174.0	0.09
PCK Corporation[(13)]	11,619.5	0.91	9,392.3	0.73
Total for Ultimate Shareholders	565,000.0	43.90	456,700.0	35.49
Public and institutional investors	722,000.0	56.10	830,300.0	64.51
Total	1,287,000.0	100.00	1,287,000.0	100.00

Notes:

(1) Tan Sri Frank Tsao Wen-King's interest in the Sponsor is held through Niantic Investment Corporation.

(2) Dato' Dr Cheng Yu-Tung's interest in the Sponsor is held through United Worldwide Investment S.A.

(3) Dr Lee Shau Kee's interest in the Sponsor is held through Adco Investment Pte Ltd.

(4) Dr Li Ka-Shing's interest in the Sponsor is held through Pacific Atlantic Investment Ltd.

(5) Shaw Trustee (Private) Limited's interest in the Sponsor is held through Asean Investments Corp.

(6) Dr Chou Wen-Hsien's interest in the Sponsor is held as to 2.06% in his personal capacity and as to a further 1.02% through Gala Land Investment Co. Limited. Gala Land Investment Co. Limited is indirectly held by Dr Chou Wen-Hsien and Mr Chow Chung Kai in equal proportion. Gala Land Investment Co. Limited's interest in the Sponsor is held by Mr Chow Chung Kai as its trustee. Gala Land Investment Co. Limited, through Mr Chow Chung Kai, has instructed the Sponsor to distribute its entitlement to the Consideration Units (when the conditions for such distribution have been fulfilled) to Farnham Group Limited, its sole shareholder, which the Manager understands, will in turn distribute the Consideration Units to Dr Chou Wen-Hsien and Mr Chow Chung Kai in equal proportion.

(7) Winsor Properties Holdings Limited is a company listed on the Hong Kong Stock Exchange. Its interest in the Sponsor is held as to 2.06% through its wholly-owned subsidiary, Winsor Properties (Overseas) Limited and as to 3.08% held by Dr Chou Wen-Hsien as trustee for Winsor Properties (Overseas) Limited. Winsor Properties Holdings Limited, through Winsor Properties (Overseas) Limited, has instructed the Sponsor to distribute its entitlement to the Consideration Units (when the conditions for such distribution have been fulfilled) to its indirect wholly-owned subsidiary, Winwin Investment Pte Ltd.

(8) Mr Chow Chung Kai's interest in the Sponsor is held as to 3.08% in his personal capacity and as to a further 1.02% through Gala Land Investment Co. Limited. Gala Land Investment Co. Limited is indirectly held by Dr Chou Wen-Hsien and Mr Chow Chung Kai in equal proportion. Gala Land Investment Co. Limited's interest in the Sponsor is held by Mr Chow Chung Kai as its trustee. Gala Land Investment Co. Limited, through Mr Chow Chung Kai, has instructed the Sponsor to distribute its entitlement to the Consideration Units (when the conditions for such distribution have been fulfilled) to Farnham Group Limited, its sole shareholder, which the Manager understands, will in turn distribute the Consideration Units to Dr Chou Wen-Hsien and Mr Chow Chung Kai in equal proportion.

(9) Dr Chou Wen-Hsien and Mr Chow Chung Kai are brothers.

(10) Dr Li Dak-Sum's interest in the Sponsor is held through Valley Investments Limited.

(11) Mr Wang Wei-Han Robert's interest in the Sponsor is held in his personal capacity.

(12) Mr Yeh Yuan Chang, Anthony's interest in the Sponsor is held through All Joy Investment Co. S.A.

(13) PCK Corporation is a company held by a discretionary trust of which Mrs Chiang Shao Ying King is the primary beneficiary. Mrs King is the widow of Mr King Sieh-Ting.

A portion of the Purchase Price is to be paid to the Sponsor in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter. Such portion of the Purchase Price is to be paid by the issue of Deferred Units to the Sponsor based on the Offering Price as Deferred Payment Consideration for the purchase of the Properties (see "Certain Agreements Relating to Suntec REIT and the Properties and Information and the Management Corporation — Description of Agreements to Acquire the Properties").

Subscription by the Directors

The directors of the Manager may subscribe for Units under the Public Offer and/or the Placement Tranche. Save for the Manager's internal policy which prohibits the directors of the Manager from dealing in the Units at certain times (see "The Manager and Corporate Governance" for further details), there is no restriction on the directors disposing of or transferring all or any part of their unitholdings.

DISTRIBUTIONS

Suntec REIT's distribution policy is to distribute at least 90% of its taxable income, comprising substantially of its income from the letting of its retail and office properties and related property maintenance services income after deduction of allowable expenses. However, Suntec REIT will distribute 100.0% of its taxable income (if any) for the period from the Listing Date to 30 September 2006. Thereafter, Suntec REIT will distribute at least 90.0% of its taxable income (if any), with the actual level of distribution to be determined at the Manager's discretion. Distributions, when paid, will be in Singapore dollars.

After Suntec REIT is admitted to the Main Board of the SGX-ST, Suntec REIT will make distributions to Unitholders on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. Suntec REIT's first distribution after the Listing Date, however, will be for the period from the date of issue of the Units to 31 March 2005 and will be paid by the Manager on or before 30 May 2005. Subsequent distributions will take place on a quarterly basis. Under the Trust Deed, the Manager is required to pay distributions within 60 days of the end of each distribution period.

In the event that there are gains arising from sales of real properties, and only if such gains are surplus to the business requirements and needs of Suntec REIT, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property.

Individuals and Qualifying Unitholders will receive their income distributions from Suntec REIT free of tax deducted at source. Units held in joint names will enjoy tax transparency provided that all the joint Unitholders are individuals. Units held through nominees (except Units held by agent banks acting as nominees for individuals who have purchased the Units within the CPFIS and the distributions received from Suntec REIT are returned to CPFIS) will receive their income distributions after tax has been deducted at source. This tax transparency will not apply to distributions made to other Unitholders, and as such, tax will be deducted at source by the Trustee at the prevailing corporate tax rate, which is currently at 20.0%.

The tax transparency will also not apply to distributions made out of retained taxable income and gains arising from the sale of properties, if such gains are taxed as trading gains in the hands of the Trustee.

Unitholders other than individuals will be subject to income tax on the gross amount of distributions that are made out of the taxable income of Suntec REIT, irrespective of whether or not tax has been deducted from distributions by the Trustee.

The Singapore Government announced in the 2004 Budget on 27 February 2004 that distributions from real estate investment trusts that are authorised under Section 286 of the Securities and Future Act (excluding distributions out of franked dividends) and paid to individuals will be exempted from tax.

Following this announcement, and pending the legislation of the tax exemption as announced, distributions made to individuals, irrespective of their nationality or tax residence status, who hold the Units as investment assets will be tax exempt. However, distributions made to individuals who hold the Units as trading assets or through a partnership will be taxed at the level of these individuals at their applicable income tax rates.

Distributions made out of non-taxable capital gains of Suntec REIT are not taxable in the hands of Unitholders provided that the Units are not held by them as trading assets.

(See "Taxation" for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units.)

CAPITALISATION

The following table sets forth the pro forma capitalisation of Suntec REIT as at 30 September 2004 and after application of the total proceeds from the Offering using an assumed issue price of S$1.00 per Unit (the maximum subscription price of the Offering Price Range). The information in this table should be read in conjunction with "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	As at 30 September 2004
	(S$'000)
Long-term secured debt	748,200.0
Deferred Payment Consideration[(1)]	206,992.2
Unitholders' funds	1,216,490.0
Total capitalisation	2,171,682.2

Note:

(1) S$237,300,000 (based on the minimum subscription price of S$0.97) or S$206,992,170 (based on the maximum subscription price of S$1.00) will be paid to the Sponsor as Deferred Payment Consideration in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter. The Deferred Payment Consideration will be paid to the Sponsor in the form of Deferred Units. The number of Deferred Units will be determined based on the Offering Price (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of Agreements to Acquire the Properties"). Following the issue of Units to the Sponsor on the relevant payment date, the corresponding amount of Deferred Payment Consideration will be capitalised as Unitholders' funds.

PRO FORMA FINANCIAL INFORMATION

The following tables present the pro forma statements of total return for Suntec REIT for the Relevant Period, the pro forma cash flow statements for FY2003 and each of the nine months ended 30 June 2003 and 30 June 2004 and the pro forma balance sheets as at 30 September 2003 and 30 June 2004. Such pro forma financial information should be read in conjunction with the related notes thereto.

Suntec REIT's independent accountants, KPMG, have reported on the pro forma financial information and their report is included in Appendix II "Independent Accountants' Report on the Pro Forma Financial Information". The pro forma financial information of Suntec REIT has been prepared on the bases set out in Appendix II, "Independent Accountants' Report on the Pro Forma Financial Information".

The pro forma information has been compiled:

(a) based on the audited financial statements of the Sponsor for FY2001, FY2002 and FY2003 and the nine months ended 30 June 2004, and the unaudited management financial statements of the Sponsor for the nine months ended 30 June 2003;

(b) incorporating adjustments necessary to reflect the total return of Suntec REIT as if it had acquired the Properties on 1 October 2000, pursuant to the terms set out in this Prospectus;

(c) incorporating adjustments necessary to reflect the cash flows of Suntec REIT as if it had acquired the Properties on 1 October 2002, pursuant to the terms set out in this Prospectus; and

(d) incorporating adjustments necessary to reflect the financial position of Suntec REIT as if it had acquired the Properties on 30 September 2003 or, as the case may be, 30 June 2004 respectively, pursuant to the terms set out in this Prospectus.

The pro forma statements of total return show the total return of Suntec REIT for the Relevant Period as if it had acquired the Properties on 1 October 2000, pursuant to the terms set out in this Prospectus.

The pro forma cash flow statements show the cash flows of Suntec REIT for FY2003 and each of the nine months ended 30 June 2003 and 30 June 2004, assuming it had acquired the Properties on 1 October 2002, pursuant to the terms set out in this Prospectus.

The pro forma balance sheets of Suntec REIT as at 30 September 2003 and 30 June 2004 reflect the financial position of Suntec REIT as if it had acquired the Properties on 30 September 2003 and 30 June 2004 respectively, pursuant to the terms set out in this Prospectus.

The objective of the pro forma financial information is to show what the total return, cash flows and financial position might have been had Suntec REIT existed at an earlier date. However, the pro forma financial information of Suntec REIT is not necessarily indicative of the total return and cash flows of the operations or the financial position that would have been attained had Suntec REIT actually existed earlier.

Pro Forma Statements of Total Return

				Nine months ended 30 June	
	FY2001	FY2002	FY2003	2003	2004
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Gross Revenue	135,298	145,055	146,557	110,245	103,168
Property Expenses					
Maintenance charges	(17,542)	(17,542)	(17,542)	(13,157)	(13,157)
Property Manager's fee	(3,585)	(3,927)	(3,979)	(2,996)	(2,748)
Property tax	(7,714)	(3,639)	(6,358)	(5,267)	(7,365)
Advertising and publicity expenses	(1,625)	(1,646)	(1,624)	(1,223)	(1,274)
Other property expenses[(1)]	(996)	(771)	(869)	(27)	(1,999)
	(31,462)	(27,525)	(30,372)	(22,670)	(26,543)
Net Property Income	103,836	117,530	116,185	87,575	76,625
Manager's management fees	(11,161)	(11,773)	(11,716)	(8,807)	(8,315)
Trust expenses[(2)]	(1,379)	(1,399)	(1,420)	(1,065)	(1,081)
Borrowing costs	(18,755)	(18,755)	(18,755)	(14,067)	(14,067)
Net Investment Income before tax	72,541	85,603	84,294	63,636	53,162
Income tax expense	—	—	—	—	—
Net Investment Income after tax	72,541	85,603	84,294	63,636	53,162
Deficit on revaluation of investment properties[(3)]	(22,172)	—	—	—	—
Total return for the year/period[(4)]	**50,369**	**85,603**	**84,294**	**63,636**	**53,162**

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec REIT's structure.

(2) Trust expenses include the Trustee's fee, annual listing fees, registry fees, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and miscellaneous expenses.

(3) It has been assumed that the Properties were acquired at a total acquisition cost of S$2,172,172,000 on 1 October 2000 and were immediately revalued to S$2,150,000,000.

(4) Total return for the year/period comprises Net Investment Income after tax and surplus/deficit on revaluation of investment properties.

Pro Forma Cash Flow Statements

	FY2003	Nine months ended 30 Jun 2003	Nine months ended 30 Jun 2004
	(S$'000)	(S$'000)	(S$'000)
Operating activities			
Net Investment Income before tax	84,294	63,636	53,162
Adjustments for:			
Allowance for doubtful receivables	598	—	119
Borrowing costs	18,755	14,067	14,067
Manager's management fees paid in Units	9,373	7,046	6,652
Operating profit before working capital changes	113,020	84,749	74,000
Changes in working capital			
Trade and other receivables	9,350	9,606	391
Trade and other payables	(434)	(805)	(533)
	8,916	8,801	(142)
Cash flows from operating activities	121,936	93,550	73,858
Investing activities			
Acquisition of assets and liabilities from the Sponsor	(1,381,872)	(1,381,872)	—
Cash flows from investing activities	(1,381,872)	(1,381,872)	—
Financing activities			
Proceeds from borrowings	748,200	748,200	5,307
Proceeds from issue of new Units (net of issue costs)	673,662	673,662	—
Repayment of borrowings	(60,947)	(60,776)	—
Borrowing costs paid	(20,473)	(16,161)	(12,936)
Distribution to Unitholders	(71,943)	(48,063)	(65,410)
Cash flows from financing activities	1,268,499	1,296,862	(73,039)
Net increase in cash and cash equivalents	8,563	8,540	819
Cash and cash equivalents at beginning of the year/ period	—	—	8,563
Cash and cash equivalents at end of the year/period	8,563	8,540	9,382

Pro Forma Balance Sheets

	As at 30 September 2003 (S$'000)	As at 30 June 2004 (S$'000)
Current assets		
Cash	31,433	30,858
Trade and other receivables	21,634	21,634
Total current assets	53,067	52,492
Non-current assets		
Investment properties	2,150,000	2,150,000
	2,150,000	2,150,000
Total assets	2,203,067	2,202,492
Current liabilities		
Trade and other payables	(31,385)	(30,810)
	(31,385)	(30,810)
Non-current liabilities		
Other payables	(206,992)	(206,992)
Borrowings	(748,200)	(748,200)
Total non-current liabilities	(955,192)	(955,192)
Total liabilities	(986,577)	(986,002)
Net assets	**1,216,490**	**1,216,490**
Unitholders' funds		
Units in issue[(1)]	1,287,000	1,287,000
Unit issue costs	(48,338)	(48,338)
Deficit on revaluation of investment properties[(2)]	(22,172)	(22,172)
Total Unitholders' funds	**1,216,490**	**1,216,490**
Number of Units in issue (million)	1,287	1,287
Net asset value per Unit	S$0.95	S$0.95

Notes:

(1) Based on the maximum subscription price of the Offering Price Range (S$1.00 per Unit).

(2) It has been assumed that the Properties were acquired at a total acquisition cost of S$2,172,172,000 on 1 October 2000 and were immediately revalued to S$2,150,000,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the pro forma financial information and notes thereto included elsewhere in this Prospectus. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" which are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager, any of the Underwriters, the Sponsor, the Trustee or any other person, nor that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors"). Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this Prospectus.

General Background

Suntec REIT is a real estate investment trust established in Singapore as a unit trust fund pursuant to the Trust Deed. As Suntec REIT was only established on 1 November 2004 and will only acquire the Properties on the Listing Date (expected to be on 9 December 2004), Suntec REIT has no historical operating results and financial information based on which recipients of this Prospectus and all prospective investors in the Units may evaluate Suntec REIT. Suntec REIT's first accounting period will be from 1 November 2004, the date of its establishment, to 30 September 2005.

Suntec REIT was established with the investment objective of owning and investing in real estate and real estate-related assets, whether directly or indirectly through the ownership of companies whose primary purpose is to hold or own real properties.

The Manager's key objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in net asset value per Unit. The Manager aims to maximise total returns to Unitholders by, among other things:

(i) actively managing Suntec REIT's property portfolio to maximise returns from the Properties;

(ii) selectively acquiring properties that meet the Manager's investment criteria; and

(iii) employing appropriate debt and equity financing policies and strategies.

The Manager's principal investment strategy is to invest in real estate which is income-producing and which is used, or primarily used, for retail and/or office purposes (see "Strategy").

The Properties

Suntec REIT's initial property portfolio will comprise Suntec City Mall and Suntec City Office Towers.

Suntec City Mall

Suntec City Mall is Singapore's largest shopping mall. It is made up of a three-storey linear shaped mall and an eight-storey shopping podium. It is strategically integrated with the Suntec Singapore International Convention and Exhibition Centre and interlinked to the five office towers of Suntec City Office Towers.

Suntec City Mall comprises approximately 77,631 sq m of Net Lettable Area as at 30 June 2004. Suntec City Mall recorded an aggregate Gross Revenue of S$75.1 million for FY2003 and S$58.7 million for the nine months ended 30 June 2004.

Major tenants in Suntec City Mall include many international retailers and local businesses with strong brand names. Other tenants include a cineplex, a fitness club, a hypermarket and a number of gourmet restaurants and food outlets. As at 30 June 2004, the 12 largest tenants of Suntec City Mall in terms of Gross Rent together accounted for 33.8% of the total Gross Rent and 47.2% of the total Net Lettable Area of Suntec City Mall.

Suntec City Office Towers

Suntec City Office Towers comprise the Suntec Tower One Units, the Suntec Tower Two Unit, the Suntec Tower Three Units, the Suntec Tower Four Units and the Suntec Tower Five Units.

All the buildings of Suntec City Office Towers are Grade A intelligent buildings with large floor plates, intelligent building systems and quality building finishes.

Suntec City Office Towers comprise 113,850 sq m of Net Lettable Area as at 30 June 2004. They recorded an aggregate Gross Revenue of S$71.5 million for FY2003 and S$44.5 million for the nine months ended 30 June 2004.

Major tenants of Suntec City Office Towers include government offices, foreign financial institutions, multinational corporations and prominent local companies. As at 30 June 2004, the 12 largest tenants of Suntec City Office Towers in terms of Gross Rent together accounted for 55.6% of the total Gross Rent and 46.5% of the total Net Lettable Area of Suntec City Office Towers.

Acquisition of the Properties

On 12 November 2004, the Trustee entered into the Call Option Agreement with the Sponsor pursuant to which the Trustee was granted the right to require the Sponsor to enter into the Property Sale and Purchase Agreement for the sale of the Properties to the Trustee. The Sponsor has agreed that when the call option under the Call Option Agreement is exercised, it will enter into the Property Sale and Purchase Agreement with the Trustee on the same day.

It is intended that the call option under the Call Option Agreement will be exercised by the Trustee on the Listing Date and that the sale and purchase of the Properties will be completed on the same date (the "Completion Date").

The Purchase Price of the Properties is S$2,107.0 million, which is at a discount to the Properties' aggregate Appraised Value of S$2,150.0 million. The Purchase Price is apportioned as to (i) S$1,175,020,000 for Suntec City Mall and (ii) S$931,980,000 for Suntec City Office Towers.

The Purchase Price is to be paid in the following manner:

- a portion of the Purchase Price (the "Completion Amount") is to be partly paid in cash (the "Cash Payment Amount") and partly by the allotment and issue of 565,000,000 Consideration Units at the Offering Price to the Sponsor on the Completion Date. The Cash Payment Amount will be the balance of the Completion Amount after deducting the aggregate value of the Consideration Units; and
- the remaining portion of the Purchase Price (the "Deferred Payment Consideration") is to be paid to the Sponsor in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter. The entire Deferred Payment Consideration is to be paid by the issue of Deferred Units to the Sponsor. On each payment due date, the Sponsor will be entitled to receive such number of Units as may be purchased with the relevant instalment amount of the Deferred Payment Consideration at the Offering Price per Unit.

The Completion Amount for Suntec City Mall is an amount equal to S$1,042,683,860 plus 55.8% of the Adjustment Sum and the Completion Amount for Suntec City Office Towers is an amount equal to S$827,016,140 plus 44.2% of the Adjustment Sum.

The Deferred Payment Consideration for Suntec City Mall is an amount equal to S$132,336,140 minus 55.8% of the Adjustment Sum and the Deferred Payment Consideration for Suntec City Office Towers is an amount equal to S$104,963,860 minus 44.2% of the Adjustment Sum.

The "Adjustment Sum" refers to the difference between (i) the amount equivalent to the Offering Price multiplied by 1,287.0 million Units and (ii) S$1,248.4 million, less the additional selling commissions payable to Citigroup, DBS Bank and Deutsche Bank under the Underwriting Agreement.

(See "Business and Properties — Purchase Consideration" and "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties".)

Factors Affecting Suntec REIT's Results of Operations

The retail and office property sectors in Singapore remain highly competitive and are affected by, among other things, the demand for, and the supply of, space which are, in turn, affected by economic conditions in Singapore in general. The principal competitive factors include rental rates, quality and location of properties, supply of comparable space and changing needs of business users brought about by corporate restructuring and/or technological advances. The accessibility of, and trade mix within, a retail mall are also major factors in attracting shoppers and tenants.

Gross Revenue

Suntec REIT's Gross Revenue comprises (i) Gross Rent and (ii) other income earned from the Properties, including licence fees, rental of atrium space, turnover rent, if any, and other sums due from tenants, licencees and concessionaries, business interruption insurance payments and other income earned from the Properties (comprising recoveries from tenants, licencees and concessionaries for utilities and other services, advertising and other income attributable to the operation of the Properties). Suntec REIT's Gross Revenue during the past three financial years was derived mainly from its Gross Rent from the Properties.

Suntec REIT's Gross Revenue is significantly affected by a number of factors including, primarily:

- rental rates for leases at the Properties;
- occupancy and renewal rates;
- the age and condition of the Properties; and
- general macroeconomic and supply/demand trends affecting the real estate market, particularly the retail and office property markets, in Singapore.

Rental rates as well as occupancy and tenant lease renewal rates are affected by competition from other properties (see "Business and Properties — Competition").

The following table sets out details of Suntec REIT's pro forma Gross Revenue for FY2001, FY2002 and FY2003 as well as each of the nine months ended 30 June 2003 and 30 June 2004:

Gross Revenue

				Nine months ended 30 June	
	FY2001	**FY2002**	**FY2003**	**2003**	**2004**
	(S$'000)	**(S$'000)**	**(S$'000)**	**(S$'000)**	**(S$'000)**
Gross Rent					
Suntec City Mall	61,343	68,406	73,918	55,743	57,827
Suntec City Office Towers	71,190	73,767	68,417	52,014	44,454
	132,533	142,173	142,335	107,757	102,281
Other income	2,765	2,882	4,222	2,488	887
Total Gross Revenue	135,298	145,055	146,557	110,245	103,168

Gross Rent. Gross Rent consists of base rental income (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable, but excluding turnover rent), service charge payable by tenants, and in the case of Suntec City Mall, promotion fund contributions payable by tenants. Rents paid under Suntec REIT's lease agreements are generally fixed for the tenure of the lease period.

Other income. Other income includes compensation from tenants for early termination of leases, rental of atrium space, interest on arrears of outstanding payments and other miscellaneous income, including turnover rent, if any, and licence fees.

Property Expenses

Suntec REIT's Property Expenses consist of (i) maintenance and sinking fund charges payable to the Management Corporation, (ii) the Property Manager's fee, (iii) property tax, (iv) advertising and publicity expenses and (v) other property expenses, including landlord's fitting out costs (net of takeover fees), allowance for doubtful receivables, maintenance expenses, insurance and other expenses for the operation, maintenance, management and marketing of Suntec REIT's properties.

Property Expenses may be significantly affected by a number of factors including, primarily:

- the age and condition of the Properties;
- fee arrangements with the Property Manager;
- maintenance and sinking fund charges levied by the Management Corporation;
- inflation; and
- changes in property tax.

The following table sets out details of Suntec REIT's pro forma Property Expenses for FY2001, FY2002 and FY2003 as well as each of the nine months ended 30 June 2003 and 30 June 2004:

				Nine months ended 30 June	
	FY2001	FY2002	FY2003	2003	2004
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Property expenses					
Maintenance charges					
Suntec City Mall	8,820	8,820	8,820	6,615	6,615
Suntec City Office Towers	8,722	8,722	8,722	6,542	6,542
	17,542	17,542	17,542	13,157	13,157
Property Manager's fee					
Suntec City Mall	1,689	1,899	2,038	1,533	1,563
Suntec City Office Towers	1,896	2,028	1,941	1,463	1,185
	3,585	3,927	3,979	2,996	2,748
Property tax					
Suntec City Mall	4,499	2,064	3,505	2,861	3,980
Suntec City Office Towers	3,215	1,575	2,853	2,406	3,385
	7,714	3,639	6,358	5,267	7,365
Advertising and publicity expenses					
Suntec City Mall	1,613	1,623	1,580	1,200	1,194
Suntec City Office Towers	12	23	44	23	80
	1,625	1,646	1,624	1,223	1,274
Other property expenses					
Suntec City Mall	764	332	707	(67)	2,070
Suntec City Office Towers	232	439	162	94	(71)
	996	771	869	27	1,999
Total	31,462	27,525	30,372	22,670	26,543

Maintenance charges. The maintenance charges payable by Suntec REIT to the Management Corporation is proportional to the share value of the Properties in relation to the entire Suntec City. It forms a significant component of the Property Expenses.

Property Manager's fee. Under the Property Management Agreement, the Property Manager will provide property management services, lease management services as well as marketing and marketing co-ordination services in relation to the Properties, and is entitled to the following fees:

(i) for Gross Revenue of up to S$100.0 million for a 12-month financial period, a fee of 2.5% per annum of the Gross Revenue;

(ii) if the Gross Revenue exceeds S$100.0 million for a 12-month financial period, an additional fee of 3.0% per annum of the portion of the Gross Revenue above S$100.0 million and up to S$130.0 million; and

(iii) if the Gross Revenue exceeds S$130.0 million for a 12-month financial period, a further fee of 3.5% per annum of the portion of the Gross Revenue above S$130.0 million.

Property tax. Since July 2001, the property tax for commercial properties, including retail and office properties, has been 10.0% of the annual value of such properties. Annual value is determined by the tax authorities by estimating the annual rent a property would fetch if rented out and computed by comparing rents of similar properties in the vicinity of the property. Prior to July 2001, the property tax rate was 12.0%.

The Government has been granting property tax rebates over the past few years. From January to June 2000, a tax rebate of 55.0% of the tax payable was granted to owners. The rebate was then lowered to 25.0% of tax payable in the 12 months from July 2000 to June 2001. In the period from 1 July 2001 to 31 December 2002, the Government gave a fixed rebate of S$8,000 per year or an amount equivalent to the actual property tax payable, whichever was lower, to all commercial and industrial properties. In addition, a further rebate of 30.0% was given for any balance property tax payable for the same period. This rebate was extended to 30 June 2003. From 1 July 2003 to 31 December 2003, a fixed rebate of S$2,000 or an amount equivalent to the actual property tax payable, whichever was lower, was given. In addition, a further 15.0% rebate was given for the balance property tax payable for the same period. In addition to the existing rebates, owners of commercial properties from 1 May 2003 were given an additional rebate. The additional rebate was S$2,000 plus 10.0% of the balance property tax payable in 2003. Such rebates were taken into account in the above pro forma FY2001, FY2002 and FY2003 property tax expenses.

Advertising and publicity expenses. These comprise advertising and publicity costs, commissions, cost of marketing collaterals, public relations and related marketing expenses.

Other property expenses. The other property expenses include landlord's fitting out costs, allowance for doubtful receivables, maintenance expenses, legal and property valuation fees and insurance:

- *Landlord's fitting out costs.* These are costs incurred when repairs, retrofitting or improvements works are carried out in a unit to meet the needs of an existing or incoming tenant. These include partitioning of units, installation of lighting, electrical ductworks, repairs and renovations. Existing fittings and fixtures may be taken over from an outgoing tenant for a fee upon lease expiry. In the event the existing fixtures and fittings suit the needs of a new prospective tenant, they may be provided to the new tenant for a takeover fee.
- *Allowance for doubtful receivables.* This relates to allowance for doubtful receivables arising from arrears in rental and non-payment of services rendered.
- *Maintenance expenses.* These are costs incurred for the routine general maintenance and repair of air-conditioning within the retail units.
- *Legal and property valuation fees.* These are legal costs incurred for the recovery of bad debts or other property related legal advice, and the cost of valuation of the Properties by an independent valuer.
- *Insurance.* These are insurance premiums relating mainly to business interruption insurance.

Non-Property Expenses

Suntec REIT's non-property expenses primarily consist of (i) the Manager's management fees, (ii) trust expenses and (iii) borrowing costs.

The following table sets out details of Suntec REIT's pro forma Non-Property Expenses for FY2001, FY2002 and FY2003 as well as each of the nine months ended 30 June 2003 and 30 June 2004:

				Nine months ended 30 June	
	FY2001	FY2002	FY2003	2003	2004
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Non-property expenses					
Manager's management fees	11,161	11,773	11,716	8,807	8,315
Trust expenses	1,379	1,399	1,420	1,065	1,081
Borrowing costs	18,755	18,755	18,755	14,067	14,067
Total	31,295	31,927	31,891	23,939	23,463

Manager's management fees. Under the Trust Deed, the Manager is entitled to a Base Fee of 0.3% per annum of the value of the Deposited Property and a Performance Fee of 4.5% per annum of Suntec REIT's Net Property Income. Management fees amounted to S$8.3 million or 35.4% of non-property expenses for the nine months ended 30 June 2004.

Trust expenses. Trust expenses include recurring operating expenses such as the Trustee's fee, annual listing fees, registry fees, accounting, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses. Under the Trust Deed, the Trustee's fee is limited to a maximum of 0.25% per annum of the value of the Deposited Property, subject to a minimum of S$9,000 per month, excluding out of pocket expenses and GST. The actual fee payable will be agreed in writing between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.03% of the value of the Deposited Property. In addition, Suntec REIT will pay the Trustee a one-time inception fee of S$15,000. The Trustee's fee will be subject to annual review commencing on the first anniversary of the Listing Date.

Borrowing costs. Suntec REIT has in place the Facilities comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility, each for a term of five years. The Facilities will be initially drawn to S$748.2 million with the term loan fully drawn on Completion.

Gross Revenue Trends

Rental rates for the Properties are generally fixed in advance for the tenure of the lease and are subject to review and negotiation on renewal of the lease. The majority of the lease agreements for the Properties do not provide for rent review during the period of the lease.

The following tables set out information on the Net Lettable Area of each of the Properties as at 30 September 2001, 2002 and 2003, and 30 June 2003 and 2004, as well as the pro forma Gross Revenue, pro forma Gross Revenue per sq m per month, pro forma Net Property Income and pro forma Net Investment Income after tax derived from each of the Properties for FY2001, FY2002 and FY2003 as well as each of the nine months ended 30 June 2003 and 30 June 2004:

	As at 30 September			As at 30 June	
Property	**2001**	**2002**	**2003**	**2003**	**2004**
	(sq m)	**(sq m)**	**(sq m)**	**(sq m)**	**(sq m)**
Suntec City Mall[(1)]	77,742	78,003	77,635	77,635	77,631
Suntec City Office Towers	114,607	113,913	113,898	113,898	113,850
Total Net Lettable Area	192,349	191,916	191,533	191,533	191,481

Note:

(1) The Net Lettable Area of Suntec City Mall includes approximately 2,880 sq m (31,000 sq ft) of recreational facilities which is licensed to the Management Corporation for use by all the tenants in Suntec City.

	Pro forma Gross Revenue										Pro forma Gross Revenue per sq m per month				
							Nine months ended 30 June							Nine months ended 30 June	
	FY2001		FY2002		FY2003		2003		2004		FY2001	FY2002	FY2003	2003	2004
Property	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$)**	**(S$)**	**(S$)**	**(S$)**	**(S$)**
Suntec City Mall	63.7	47	70.2	48	75.1	51	56.4	51	58.7	57	68.3	75.0	80.6	80.7	84.0
Suntec City Office Towers	71.6	53	74.9	52	71.5	49	53.8	49	44.5	43	52.1	54.8	52.3	52.5	43.4
Total	135.3	100	145.1	100	146.6	100	110.2	100	103.2	100					

Pro forma Net Property Income

							Nine months ended 30 June			
	FY2001		FY2002		FY2003		2003		2004	
Property	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$m)**	**(%)**	**(S$m)**	**(%)**
Suntec City Mall	46.3	45	55.4	47	58.4	50	44.3	51	43.3	57
Suntec City Office Towers	57.5	55	62.1	53	57.8	50	43.3	49	33.3	43
Total	103.8	100	117.5	100	116.2	100	87.6	100	76.6	100

	Pro forma Net Investment Income after tax				
				Nine months ended 30 June	
	FY2001	FY2002	FY2003	2003	2004
	(S$m)	(S$m)	(S$m)	(S$m)	(S$m)
Total	72.5	85.6	84.3	63.6	53.2

Occupancy Trends

The table below sets out information on the average occupancy of the Properties for FY2001, FY2002 and FY2003 as well as each of the nine months ended 30 June 2003 and 30 June 2004:

				Nine months ended 30 June	
Property	**FY2001**	**FY2002**	**FY2003**	**2003**	**2004**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**
Suntec City Mall	90.2	88.4[(1)]	88.1	88.0	97.8
Suntec City Office Towers	96.7	93.0[(2)]	89.2[(3)]	90.3	83.1[(4)]
Weighted average	94.0	91.1	88.7	89.4	89.1

Notes:

(1) The decrease in occupancy rate was due to non-renewal of leases totaling 664 sq m.

(2) The decrease in occupancy rate was due to non-renewal of leases totaling 2,967 sq m, pre-termination of leases totaling 1,344 sq m and tenants' downsizing of leased areas by 172 sq m.

(3) The decrease in occupancy rate was due to non-renewal of leases totaling 6,711 sq m, pre-termination of leases totaling 2,654 sq m and tenants' downsizing of leased areas by 536 sq m.

(4) The decrease in occupancy rate was due to non-renewal of leases totaling 6,059 sq m and tenants' downsizing of leased areas by 1,703 sq m.

The average occupancy rates for Suntec City Mall remained relatively stable within a 2.1% band from FY2001 to FY2003. This was despite the global economic slowdown, acts of terrorism and threats of Severe Acute Respiratory Syndrome ("SARS") during this period. In the nine months ended 30 June 2004, Suntec City Mall experienced a significant increase in occupancy as vacant or reconfigured retail space from preceding periods amounting to approximately 7,672 sq m were leased.

The average occupancy levels between FY2001 and FY2003 at Suntec City Office Towers were adversely affected by the economic slowdown and the collapse of the internet boom during that period. Average occupancy rates declined noticeably as a result of the increased number of pre-termination of leases, downsizing and tenant's winding up cases from FY2001 to the nine months ended 30 June 2004.

Comparison of FY2002 with FY2001

Gross Revenue

Gross Revenue increased by 7.2% to S$145.1 million for FY2002 from S$135.3 million for FY2001.

Gross Rent. Gross Rent increased by 7.3% to S$142.2 million for FY2002 from S$132.5 million for FY2001. The increase for FY2002 was mainly attributed to higher rental income from renewals and new committed leases achieved from Suntec City Mall, which posted a 11.5% increase in its Gross Rent to S$68.4 million for FY2002 from S$61.3 million for the preceding year. In FY2002, 86.3% or 88 of the leases that were due for renewal were renewed at rents higher than the previous signing rent. The Gross Rent for the Suntec City Office Towers increased by 3.6% to S$73.8 million for FY2002 from S$71.2 million for FY2001 mainly due to increased rentals from renewals and new leases in FY2002. The average monthly rental rates increased by about 5.2% from S$52.10 per sq m per month in FY2001 to S$54.80 per sq m per month in FY2002.

Other income. Other income increased by 4.2% to S$2.9 million for FY2002 from S$2.8 million for FY2001 This is mainly due to higher income from compensation from tenants for early termination of leases in the Suntec City Office Towers which increased by 266.7% in FY2002 compared to FY2001. However, this is partly offset by a reduction of about 82.2% in compensation for early terminations by retail tenants and lower interest income from rental in arrears by tenants in Suntec City Mall.

Property Expenses

Property Expenses decreased by 12.5% to S$27.5 million for FY2002 from S$31.5 million for FY2001. The decrease is mainly attributed to lower property tax expenses.

Maintenance charges. The maintenance charges for FY 2002 and FY 2001 remained relatively stable at S$17.5 million.

Property Manager's fee. The Property Manager's fee increased by 9.5% to S$3.9 million for FY2002 from S$3.6 million for FY2001, mainly due to higher Net Property Income contribution from Suntec City Mall which rose from S$46.3 million in FY2001 to S$55.4 million in FY2002.

Property tax. Property tax decreased by 52.8% to S$3.6 million for FY2002 from S$7.7 million for FY2001. The decrease in property tax was due to savings from a reduction of the property tax rate from 12% to 10% commencing July 2001 and higher property tax rebates given by the Government (which amounted to S$6.6 million in FY2002 compared to S$4.0 million in FY2001).

Advertising and publicity expenses. The advertising and publicity expenses remained relatively stable at S$1.6 million for FY2002 and FY2001.

Other property expenses. Other property expenses decreased by 22.6% to S$0.8 million for FY2002 from S$1.0 million for FY2001. The decrease in other property expenses is mainly due to higher takeover fees received from new tenants for the existing fixtures and fittings, which increased 346% in FY2002 compared to FY2001. This is partly offset by higher allowance for doubtful receivables which increased substantially in FY2002.

Net Property Income

Suntec REIT's Net Property Income from Suntec City Mall increased by 19.7% to S$55.4 million for FY2002 from S$46.3 million for FY2001, whilst Suntec REIT's Net Property Income from Suntec City Office Towers increased by 8.0% to S$62.1 million for FY2002 from S$57.5 million for FY2001. Suntec REIT's Net Property Income from the Properties increased by 13.2% to S$117.5 million for FY2002 from S$103.8 million for FY2001.

Non-Property Expenses

Manager's management fees. The Manager's management fees of S$11.8 million (36.9% of non-property expenses) for FY2002 showed an increase of S$0.6 million (5.5%) over its fees of S$11.2 million for FY2001. This increase was due to the higher Net Property Income derived from the Properties.

Trust expenses. Trust expenses remained relatively stable at S$1.4 million, or approximately 4.4% of non-property expenses for FY2002 and FY2001.

Borrowing costs. Borrowing costs remained stable at S$18.8 million for FY2002 and FY2001.

Net Investment Income after tax

As a result of the above factors, Suntec REIT had Net Investment Income after tax of S$85.6 million for FY2002, representing an increase of S$13.1 million or 18.1% over Net Investment Income after tax of S$72.5 million for FY2001.

Comparison of FY2003 with FY2002

Gross Revenue

Gross Revenue increased by 1.0% to S$146.6 million for FY2003 from S$145.1 million for FY2002.

Gross Rent. Gross Rent remained relatively stable, with only a marginal increase of 0.1% to S$142.3 million for FY2003 from S$142.2 million for FY2002. The Gross Rent from Suntec City Mall rose 8.1% to S$73.9 million for FY2003 from S$68.4 million for FY2002 as the mall achieved higher rentals and a higher occupancy rate for FY2003 compared to FY2002. Average rental for retail space rose 7.5% to about S$80.60 per sq m per month in FY2003 from FY2002. However, this was partially offset by lower rentals and a lower occupancy rate achieved by Suntec City Office Towers, which posted a 7.3% decline in Gross Rent to S$68.4 million for FY2003 from S$73.8 million in the preceding financial year. Average office rentals for FY2003 fell by 4.6% from FY2002 to S$52.30 per sq m per month.

Other income. Other income increased by 46.5% to S$4.2 million for FY2003 from S$2.9 million for FY2002, reflecting higher income mainly from compensation from tenants for early termination of leases in Suntec City Office Towers and Suntec City Mall, which grew by 175.7% and 143.2% in FY2003 respectively compared to the preceding fiscal period. The onset of SARS in 2003 and the ensuing economic slowdown contributed to higher attrition rates and lower turnover rents for Suntec City Mall.

Property Expenses

Property Expenses increased by 10.3% to S$30.4 million for FY2003 from S$27.5 million for FY2002. The increase in property expenses is mainly due to higher property tax expenses from lower property tax rebates from the Government and increased rental rebates to tenants.

Maintenance charges. The maintenance charges for FY2003 and FY2002 remained relatively stable at S$17.5 million.

Property Manager's fee. The Property Manager's fee increased marginally by 1.3% to S$4.0 million for FY2003 from S$3.9 million for FY2002.

Property tax. Property tax increased by 74.7% to S$6.4 million for FY2003 from S$3.6 million for FY2002. The increase was due to higher assessed annual value of the Properties and lower property tax rebates from the Government.

Advertising and publicity expenses. The advertising and publicity expenses remained stable at S$1.6 million for FY2003 and FY2002.

Other property expenses. Other property expenses increased 12.7% to S$0.9 million for FY2003 from S$0.8 million for FY2002. The marginal increase in other property expenses was mainly due to a higher allowance for doubtful receivables in FY2003 than in FY2002.

Net Property Income

As a result of the above factors, Suntec REIT's Net Property Income from Suntec City Mall increased by 5.4% to S$58.4 million for FY2003 from S$55.4 million for FY2002.

Suntec REIT's Net Property Income from Suntec City Office Towers decreased by 6.9% to S$57.8 million for FY2003 from S$62.1 million for FY2002.

Overall, Suntec REIT's Net Property Income from the Property decreased by 1.1 % to S$116.2 million for FY2003 from S$117.5 million for FY2002.

Non-Property Expenses

Manager's management fees. The Manager's management fees of S$11.7 million (36.7% of non-property expenses) for FY2003 declined by S$0.1 million (0.5%) from its fees of S$11.8 million for FY2002. This decrease was due to the lower Net Property Income derived from the Property.

Trust expenses. Trust expenses remained relatively stable at S$1.4 million, or approximately 4.4% of Non-Property Expenses for FY2003 and FY2002.

Borrowing costs. Borrowing costs remained stable at S$18.8 million, or approximately 58.8% of Non-Property Expenses for FY2003 and FY2002 respectively.

Net Investment Income after tax

As a result of the above factors, Suntec REIT had Net Investment Income after tax of S$84.3 million for FY2003, representing a decrease of S$1.3 million (1.5%) from Net Investment Income after tax of S$85.6 million for FY2002.

Comparison of the nine months ended 30 June 2004 with the nine months ended 30 June 2003

Gross Revenue

Gross Revenue decreased by 6.4% to S$103.2 million for the nine months ended 30 June 2004 from S$110.2 million for the nine months ended 30 June 2003.

Gross Rent. Gross Rent decreased by 5.1% to S$102.3 million for the nine months ended 30 June 2004 from S$107.8 million for the nine months ended 30 June 2003. The decrease for the nine months ended 30 June 2004 was mainly attributed to lower rentals and a lower occupancy rate achieved by Suntec City Office Towers, which posted a 14.5% decline in its Gross Rent to S$44.5 million for the nine months ended 30 June 2004 from S$52.0 million for the nine months ended 30 June 2003. Average occupancy rates fell about 7.2% to 83.1% in the nine months ended June 2004 from 90.3% in the nine months ended June 2003. The decline was, however, partially offset by the increase in Gross Rent from Suntec City Mall, which rose marginally to S$57.8 million for the nine months ended 30 June 2004 from S$55.7 million for the nine months ended 30 June 2003. The mall achieved higher rentals and a higher occupancy rate for the nine months ended 30 June 2004 compared to the nine months ended 30 June 2003 mainly due to the better economic sentiments and recovery post-SARS in 2003.

Other income. Other income decreased by 64.3% to S$0.9 million for the nine months ended 30 June 2004 from S$2.5 million for the nine months ended 30 June 2003, mainly due to higher amounts of compensation from tenants for early termination of leases in Suntec City Office Towers in the nine months ended 30 June 2003 compared to no compensation collection in the nine months ended 30 June 2004. This is partially offset by lower income from compensation from retail tenants for early termination in the nine months ended 30 June 2004 post SARS in 2003.

Property Expenses.

Property Expenses increased by 17.1% to S$26.5 million for the nine months ended 30 June 2004 from S$22.7 million for the nine months ended 30 June 2003, mainly due to increased property tax expenses.

Maintenance charges. The maintenance charges remained stable at S$13.2 million for the nine months ended 30 June 2004 and for the nine months ended 30 June 2003.

Property Manager's fee. The Property Manager's fee decreased by 8.3% to S$2.7 million for the nine months ended 30 June 2004 from S$3.0 million for the nine months ended 30 June 2003, primarily due to lower Gross Revenue achieved for the nine months ended 30 June 2004 compared with the nine months ended 30 June 2003.

Property tax. Property tax increased by 39.8% to S$7.4 million for the nine months ended 30 June 2004 from S$5.3 million for the nine months ended 30 June 2003. The increase was due to a cutback in property tax rebate from the Government which ceased in December 2003.

Advertising and publicity expenses. The advertising and publicity expenses increased marginally by 4.2% to S$1.3 million in the nine months ended 30 June 2004 compared to S$1.2 million in the nine months ended 30 June 2003. The increase was primarily due to a larger number of *ad hoc* events held in the nine months ended 30 June 2004 compared to the preceding period.

Other property expenses. Other property expenses increased by 7,304% to S$2.0 million for the nine months ended 30 June 2004 from S$0.03 million for the nine months ended 30 June 2003. This is mainly due to the increased landlord fitting out costs to reconfigure existing shop space at Family Link area and to convert the old food court to restaurant spaces. There were also higher allowances for doubtful receivables in the nine months ended 30 June 2004 compared to the nine months ended 30 June 2003. The increase in expenses was partially offset by increased takeover fees from new tenants taking over existing fixtures and fittings in office units in the nine months ended 30 June 2004.

Net Property Income

As a result of the above factors, Suntec REIT's Net Property Income from Suntec City Mall decreased by 2.3% to S$43.3 million for the nine months ended 30 June 2004 from S$44.3 million for the nine months ended 30 June 2003.

As for Suntec City Office Towers, Suntec REIT's Net Property Income decreased by 23.1% to S$33.3 million for the nine months ended 30 June 2004 from S$43.3 million for the nine months ended 30 June 2003.

As a whole, Suntec REIT's Net Property Income from the Property decreased by 12.6% to S$76.6 million for the nine months ended 30 June 2004 from S$87.6 million for the nine months ended 30 June 2003.

Non-Property Expenses

Manager's management fees. The Manager's management fees of S$8.3 million (35.4% of non-property expenses) for the nine months ended 30 June 2004 were a decrease of S$0.5 million (5.6%) over its fees of S$8.8 million for the nine months ended 30 June 2003. This increase was due to the lower Net Property Income derived from the Properties.

Trust expenses. Trust expenses remained stable at S$1.1 million, or approximately 4.6% of Non-Property Expenses, for each of the nine months ended 30 June 2004 and 30 June 2003.

Borrowing costs. Borrowing costs remained stable at S$14.1 million, or approximately 60.0% of non-property expenses for each of the nine months ended 30 June 2004 and 30 June 2003.

Net Investment Income after tax

As a result of the above factors, Suntec REIT had Net Investment Income after tax of S$53.2 million for the nine months ended 30 June 2004, representing a decrease of S$10.4 million, or 16.4%, from Net Investment Income of S$63.6 million for the nine months ended 30 June 2003.

Liquidity and Capital Resources

The principal sources of funding for improvement works at the Properties has historically been from cash flow from operations as well as bank borrowings.

Net cash from operations will be Suntec REIT's primary source of liquidity to fund distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure.

Taking into account the Facilities, the Manager is of the opinion that Suntec REIT's working capital is sufficient for its present requirements.

Suntec REIT will distribute 100.0% of its taxable income for the period from the Listing Date to 30 September 2006. Thereafter, Suntec REIT will distribute at least 90.0% of its taxable income available for distributions. As a result, Suntec REIT may not be able to meet all of its obligations to repay principal on its debt obligations with its cash flow from operations. As such, Suntec REIT may be required to repay maturing debt with funds from new debt or from equity financing or both. There can be no assurance that such financing will be available on acceptable terms or at all.

Indebtedness

Suntec REIT has in place the Facilities, comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility, each for a term of five years. The Facilities will be initially drawn to S$748.2 million with the term loan fully drawn on Completion.

Each loan made under the Facilities will bear interest at the relevant Singapore dollar swap offer rate plus a margin. The margin is 0.3% per annum throughout the five-year term of the Facilities. The Manager currently expects to fix the interest rate for the term loan facility using interest rate swaps of varying tenures which may result in not less than 50.0% of the drawn facility being on a fixed interest rate basis. To this end, the Manager may, if considered appropriate, arrange for the Sponsor to enter into hedging arrangements with a financial institution acceptable to the Trustee to fix the interest rate applicable to a sum of up to S$700.0 million at a forward interest rate of not more than 2.45% (inclusive of all margins), with the intention that such hedging arrangements be novated by the Sponsor to the Trustee (as trustee of Suntec REIT) on or after the Listing Date. Such hedging arrangements, if assumed by the Trustee (as trustee of Suntec REIT), will give Suntec REIT the benefit of certainty in terms of its borrowing costs.

A commitment fee of 0.15% per annum on the unused portion of the revolving credit facility is payable monthly in arrears. A one-time upfront fee, calculated based on the amount of the Facilities, is also payable by Suntec REIT. The Properties are mortgaged to secure payments in connection with the Facilities.

In addition, Suntec REIT has the following additional sources of funds which can be used to pare down its borrowings or to finance capital expenditures:

(i) S$14.1 million of GST recoverable from IRAS in relation to the purchase of a portion of the Properties; and

(ii) tenant's rental deposits in cash, equivalent to S$29.8 million based on the pro forma balance sheet as at 30 June 2004 (assuming that rental deposits which are refunded to tenants are replaced by equivalent tenant deposits from incoming tenants).

Following the reduction of the outstanding indebtedness using the tenancy deposits, the outstanding indebtedness is expected to be reduced to S$718.4 million (or 33.1% of the value of its Deposited Property after adjustment for such reduction of indebtedness). The outstanding indebtedness will further be reduced by S$14.1 million to S$704.3 million (or 32.6% of the value of its Deposited Property after adjustment for such reduction of indebtedness) when the GST paid to IRAS in relation to the purchase of a portion of the Properties is refunded (which the Manager expects to take place before the end of FY2005) and such refund is used to pare down Suntec REIT's borrowings.

(See "Strategy — Capital Management Strategy" for further details).

Capital Expenditure

Since the Properties are part of a strata-titled development, the Management Corporation is responsible for the repair, maintenance and operation of the common property of Suntec City, including replacement or upgrading of plant and equipment belonging to the Management Corporation. The owners of the strata-titled units are required to make maintenance contributions to the Management Corporation based on their respective share values in Suntec City to fund these capital expenditure works.

As such, the owners of strata lots are responsible only for the upkeep and repair of fixtures and fittings within their strata lots. The following table sets forth details of historical capital expenditure in relation to the Properties:

				Nine months ended 30 June	
	FY2001	**FY2002**	**FY2003**	**2003**	**2004**
	(S$'000)	**(S$'000)**	**(S$'000)**	**(S$'000)**	**(S$'000)**
Capital expenditure[(1)]	52.0	39.0	321.0	66.0	840.0
Total	52.0	39.0	321.0	66.0	840.0

Note:

(1) Excluding capital expenditure in relation to common property which is managed and maintained by the Management Corporation.

Accounting Policies

For a discussion of the principal accounting policies of Suntec REIT, please see Appendix II, "Independent Accountants' Report on the Pro Forma Financial Information".

PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager, any of the Underwriters, the Sponsor, the Trustee or any other person, nor that these results will be achieved or are likely to be achieved. See "Forward-looking Statements" and "Risk Factors". Investors in the Units are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this Prospectus.

The table below sets forth Suntec REIT's forecast and projected Statements of Net Investment Income and Distribution for the 10-month period commencing on 1 December 2004 and ending on 30 September 2005 (the "Forecast Period 2005") and FY2006 (the "Projection Year 2006") respectively. The financial year-end of Suntec REIT is 30 September. Suntec REIT's first accounting period will be for the period from 1 November 2004, being the date of its establishment, to 30 September 2005. The profit forecast and profit projection are based on the assumptions set out below. The assumptions have been reviewed and the computations have been checked by KPMG. The profit forecast and profit projection should be read together with the report set out in Appendix I, "Independent Accountants' Report on the Profit Forecast and Profit Projection" as well as the assumptions and the sensitivity analysis set out below.

Forecast and Projected Statements of Net Investment Income and Distribution

	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005)	**Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)**
	(S$'000)	**(S$'000)**
Gross Rent	108,709.0	135,013.9
Other income	547.1	668.7
Gross Revenue	109,256.1	135,682.6
Maintenance charges	(15,158.2)	(17,534.1)
Property Manager's fee	(2,865.6)	(3,598.9)
Property tax	(8,861.3)	(10,997.7)
Other property expenses	(2,828.7)	(3,455.7)
Property Expenses	(29,713.8)	(35,586.4)
Net Property Income	79,542.3	100,096.2
Interest income	18.9	22.7
Borrowing costs	(15,883.0)	(19,177.0)
Trust expenses	(1,108.4)	(1,349.2)
Manager's management fees	(9,020.3)	(11,019.2)
Net Investment Income before tax	53,549.5	68,573.5
Net effect of non-tax deductible/chargeable items[(1)]	9,114.4	11,108.5
Taxable income available for distribution to Unitholders	62,663.9	79,682.0
Distribution to Unitholders based on payout of 100.0% of taxable income	62,663.9	79,682.0

	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005)		Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
	(S$'000)		(S$'000)	
Offering Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
Number of Units in issue[(2)](million)	1,292.2	1,292.1	1,301.3	1,300.8
Distribution per Unit (cents)	4.85	4.85	6.13	6.13
Annualised distribution yield (%)	**6.00**	**5.82**	**6.31**	**6.13**

Notes:

(1) These include non-tax deductible expenses relating to the Manager's management fees which are payable in the form of Units, amortisation of the one-time upfront fee for the Facilities and other expenses which are non-deductible for tax purposes.

(2) The number of Units include the assumed payment of the Manager's management fees for the relevant period in the form of Units issued at the respective assumed issue price.

None of Suntec REIT, the Manager, the Underwriters, the Sponsor and the Trustee guarantees the performance of Suntec REIT, the repayment of capital or the payment of any dividends, or any particular return on the Units. The forecast and projected yields stated in the table above are calculated based on the maximum and minimum subscription prices of the Offering Price Range. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the maximum and minimum subscription prices of the Offering Price Range.

Gross Revenue and Net Property Income Contribution of Each Property

The forecast and projected contributions of Suntec City Mall and Suntec City Office Towers to Gross Revenue are as follows:

Property	Contribution to Gross Revenue forecast for the Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005)		Contribution to Gross Revenue projection for the Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
	(S$'000)	(%)	(S$'000)	(%)
Suntec City Mall	71,432.2	65.4	89,040.0	65.6
Suntec City Office Towers	37,823.9	34.6	46,642.6	34.4
Gross Revenue	109,256.1	100.0	135,682.6	100.0

The forecast and projected contributions of Suntec City Mall and Suntec City Office Towers to Net Property Income are as follows:

Property	Contribution to Net Property Income forecast for Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005)		Contribution to Net Property Income projection for Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
	(S$'000)	(%)	(S$'000)	(%)
Suntec City Mall	53,536.0	67.3	67,420.1	67.4
Suntec City Office Towers	26,006.3	32.7	32,676.0	32.6
Net Property Income	79,542.3	100.0	100,096.1	100.0

Assumptions

The Manager has prepared the profit forecast and profit projection for the Forecast Period 2005 and the Projection Year 2006 based on the assumptions listed below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the profit forecast and profit projection and make their own assessment of the future performance of Suntec REIT.

(I) Gross Revenue

Gross Revenue comprises (i) Gross Rent and (ii) other income earned from the Properties, including licence fees, rental of atrium space, turnover rent, if any, and other sums due from tenants, licencees and concessionaries, business interruption insurance payments and other income earned from the properties (comprising recoveries from tenants, licencees and concessionaries for utilities and other services, advertising and other income attributable to the operation of the Properties). A summary of the assumptions which have been used in calculating the Gross Revenue is set out below:

(a) **Gross Rent**

Gross Rent consists of base rental income (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable, but excluding turnover rent), service charge payable by tenants and in relation to tenants of Suntec City Mall, promotion fund contributions payable by tenants. Rents paid under Suntec REIT's lease agreements are generally fixed for the tenure of the lease period.

The Manager has used the following process to forecast and project the Gross Rent for the period following the expiry of a Committed Lease:

- The Manager has assessed the market rent for each lettable area at the Properties as at 30 June 2004. The market rent is the rent which the Manager believes could be achieved if each lease were renegotiated as at 30 June 2004 and is estimated with reference to Gross Rent payable pursuant to comparable leases for tenancies that have recently been negotiated, the effect of competing retail and office properties, assumed tenant retention rates upon lease expiries, likely market conditions, inflation levels and tenant demand levels.
- The table below sets out the growth rates for retail and office market rents as at 30 June 2004 assumed for the profit forecast and profit projection based on the Manager's assessment of income growth rates, having taken into account the rates used by the Independent Property Consultant in Appendix IV, "Independent Commercial Property Market Overview Report", the general outlook of Singapore's economy and the demand level of the existing and prospective tenants at the Properties.

  The market rent growth rates have been used to forecast the change in Gross Rent, where applicable, payable under new leases (or renewed leases) for the forecast and projection periods. The market rent growth rates set out below are annualised figures, but have been assumed to apply to the relevant data compounded on a monthly basis.

	1 July 2004 to 30 September 2004	**FY2005**	**FY2006**
Retail Gross Rent	3.0% per annum increase over market rent as at 30 June 2004	5.0% per annum increase over market rent as at 30 September 2004	5.0% per annum increase over market rent as at 30 September 2005
Office Gross Rent	0.0% per annum increase over market rent as at 30 June 2004	0.0% per annum increase over market rent as at 30 September 2004	5.0% per annum increase over market rent as at 30 September 2005

(i) Base rental income

The base rental income is based on the rents payable by the tenants under their leases (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable, but excluding turnover rent). For the Forecast Period 2005 and the Projection Year 2006, the Manager has forecast and projected that the base rental income will be S$88.6 million and S$110.0 million respectively. Approximately S$65.5 million (73.9%) and S$52.1 million (47.3%) respectively of such forecast and projected base rental income is attributable to Committed Leases as at 30 June 2004.

(ii) Service charge and promotion fund contributions

The service charge is a contribution paid by tenants towards the Property Expenses of the Properties, while the promotion fund contribution is a contribution only by the tenants of Suntec City Mall towards the advertising and promotional expenditure of Suntec City Mall to attract shoppers. For the Forecast Period 2005 and the Projection Year 2006, the Manager has forecast and projected that the total service charge and promotion fund contribution will be S$20.1 million and S$25.0 million respectively. Approximately S$15.4 million (76.4%) and S$13.8 million (55.3%) respectively of such forecast and projected service charge and promotion fund contribution is attributed to Committed Leases as at 30 June 2004.

(iii) Renewal rate

In preparing the profit forecast and profit projection, it has been assumed that the following tenant renewal rates (representing the average percentage of Gross Rent expiring in one year which will be renewed and which therefore does not incur a vacancy allowance) apply to Suntec City Mall leases and Suntec City Office Towers leases:

	Renewal Rate
Suntec City Mall leases	80.0%
Suntec City Office Towers leases	60.0%

In arriving at the above assumptions, the Manager has taken the following into account:

- The average renewal rate for retail leases (based on Net Lettable Area renewed) from FY2001 to FY2003 was 83.8%.
- The average renewal rate for office leases (based on Net Lettable Area renewed) from FY2001 to FY2003 was 71.5%.

(iv) Vacancy allowance

For Suntec City Mall leases which are assumed not to be renewed, representing 20.0% of the Gross Rent of the leases expiring in any one period, a vacancy allowance of two months is assumed before rent becomes payable under a new lease.

For Suntec City Office Towers leases which are assumed not to be renewed, representing 40.0% of Gross Rent of the leases expiring in any one period, a vacancy allowance of six months is assumed before rent becomes payable under a new lease. For leases that tenants have expressed an intention not to renew, a vacancy allowance of six months is assumed before rent becomes payable under a new lease.

(v) Occupancy rate

The forecast and projected occupancy rates for the Properties are as follows:

	Forecast Period 2005 (As at 30 September 2005)	Projection Year 2006 (As at 30 September 2006)
Suntec City Mall	99.1%	99.2%
Suntec City Office Towers	80.8%	81.3%

(b) **Other income**

Other income includes compensation from tenants for early termination of leases, rental of atrium space, interest on arrears of outstanding payments and other miscellaneous income, including turnover rent, if any, and licence fees.

As at 30 June 2004, Suntec City Mall leases representing Net Lettable Area of 32,030 sq m contain provisions pursuant to which tenants are required to pay the base rent or a fixed percentage of their sales turnover, whichever is higher. Turnover rent is forecast and projected to contribute approximately 0.2% of Gross Revenue for the Forecast Period 2005 and the Projection Year 2006.

The assessment of other income is based on existing agreements, historical income collections, and the Manager's assessment of the Properties. With the exception of turnover rent, other income is assumed to grow by 3.0% per annum.

(II) Property Expenses

Property Expenses consist of (i) maintenance and sinking fund charges payable to the Management Corporation, (ii) the Property Manager's fee, (iii) property tax and (iv) other property expenses (including advertisement and publicity expenses, landlord's fitting out costs (net of takeover fees) and allowance for doubtful receivables as well as other miscellaneous expenses relating to the Properties). A summary of the assumptions which have been used in calculating the Property Expenses is set out below:

(a) **Maintenance charges**

Since the Properties are part of a strata-titled development, the Management Corporation is responsible for the repair, maintenance and operations of the common property of Suntec City, and the owners of the strata-titled units are required to make contributions to the Management Corporation based on their respective share values in Suntec City.

As part of the Manager's strategy of cost rationalisation, the Manager believes that there is flexibility to reduce the maintenance charges without compromising the quality of management and maintenance services. The Sponsor has given an undertaking to the Trustee to arrange for the next annual general meeting of the Management Corporation to take place before the end of 2004 and to propose and exercise all its voting rights as subsidiary proprietor to vote in favour of a resolution to reduce the monthly maintenance charges payable by the subsidiary proprietors of Suntec City from the existing contribution rate of S$32.70 per share value per month to $23.80 per share value per month with effect from 1 January 2005 onwards. Suntec REIT's potential savings in terms of maintenance charges will total S$4.9 million for the nine months from 1 January 2005 to 30 September 2005 and S$6.6 million for the full year from 1 October 2005 to 30 September 2006.

As at the date of this Prospectus, the Sponsor owns 74.2% of the share value in Suntec City and therefore commands the majority vote required to pass the resolution on the above proposal. As such, the Manager believes that the proposal for the reduction of the rate of maintenance charges will be approved.

The Manager expects that such reduction in the monthly maintenance charges will result in the substantial reduction of the Property Expenses of Suntec REIT. As the Management Corporation has accumulated a substantial surplus of S$44.0 million as at 30 September 2003 in its maintenance fund and sinking fund (including the infrastructure upgrading fund) from its past collections of maintenance and sinking fund charges from all the subsidiary proprietors of Suntec City, the Manager believes that a reduction of the monthly maintenance charges will not affect the quality of management and maintenance services.

The analysis of the Independent Property Consultant contained in its letter of 17 September 2004 to the Sponsor indicates that the proposed reduction in the maintenance charges payable to the Management Corporation is sustainable beyond the Forecast Period 2005 and the Projection Year 2006, and will not adversely impact business operations or building quality. In addition, there is flexibility for sinking fund charges to be levied for future capital expenditure purposes by the Management Corporation. Such sinking fund charges incurred by Suntec REIT and financed by borrowings will not have an impact on distributable income, other than for interest incurred on bank borrowings.

(b) **Property Manager's fee**

The Property Manager is entitled to the following fee in relation to the Properties:

(i) for Gross Revenue of up to S$100.0 million for a 12-month financial period, a fee of 2.5% per annum of their Gross Revenue;

(ii) if the Gross Revenue exceeds S$100.0 million for a 12-month financial period, an additional fee of 3.0% per annum of the portion of the Gross Revenue above S$100.0 million and up to S$130.0 million; and

(iii) if the Gross Revenue exceeds S$130.0 million for a 12-month financial period, a further fee of 3.5% per annum of the portion of the Gross Revenue above S$130.0 million.

The Property Manager's fee is effectively equivalent to 2.6% and 2.7% of Gross Revenue for the Forecast Period 2005 and the Projection Year 2006 respectively.

(See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Property Management Agreement".)

(c) **Property tax**

It has been assumed that property tax will remain at 10.0% of the base rental income for the Properties and that no property tax rebate will be given by the tax authorities.

(d) **Other property expenses**

Other property expenses comprise advertising and publicity expenses, landlord's fitting out costs, maintenance of fan coil units in Suntec City Mall, legal costs relating to bad debt recovery and lease renewals, insurance for business interruption, reimbursable expenses to the Property Manager, bad and doubtful debts as well as other miscellaneous expenses relating to Suntec REIT's properties. Advertising and publicity expenses for Suntec City Mall are based on the promotional charges collected from retail tenants under their lease agreements. For the remaining expenses, an individual assessment has been made for the Properties for the Forecast Period 2005 and the Projection Year 2006.

Included within the other property expenses for the Properties are allowances of S$250,000 and S$306,000 for bad and doubtful debts for the Forecast Period 2005 and the Projection Year 2006 respectively. In assuming this allowance, the Manager had considered the actual historical bad and doubtful debts during the period FY2001 to FY2003.

It is generally the Manager's policy to require rental deposits equivalent to three months' rental from tenants to mitigate the risk of bad debts.

The Manager has assumed that the fitting out costs, allowances for bad debts and miscellaneous expenses for the Projection Year 2006 is 2.0% higher than the corresponding annualised expenses in the Forecast Period 2005.

(III) Interest Income

It has been assumed that the amount of interest earned on Suntec REIT's cash will be at a rate of 0.25% per annum, calculated annually for the Forecast Period 2005 and the Projection Year 2006.

(IV) Borrowing Costs

Suntec REIT has in place the Facilities comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility. The Facilities will initially be drawn to S$748.2 million. The Manager expects to fix the interest rate for the term loan facility using interest rate swaps of varying tenures which will result in not less than 50.0% of the drawn facility being on a fixed interest rate basis. To this end, the Manager may, if considered appropriate, arrange for the Sponsor to enter into hedging arrangements with a financial institution acceptable to the Trustee to fix the interest rate applicable to a sum of up to S$700.0 million at a forward interest rate of not more than 2.45% (inclusive of all margins), with the intention that such hedging arrangements be novated by the Sponsor to the Trustee (as trustee of Suntec REIT) on or after the Listing Date. Such hedging arrangements, if assumed by the Trustee (as trustee of Suntec REIT), will give Suntec REIT the benefit of certainty in terms of its borrowing costs.

The Manager has assumed an average interest rate of 2.45% per annum (inclusive of all margins) for the Forecast Period 2005 and the Projection Year 2006.

The one-year, two-year and three-year Singapore dollar swap offer rates were 1.52%, 1.71% and 1.95% respectively on 29 October 2004.

(See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness"and "Strategy — Capital Management Strategy" for further details).

(V) Manager's Management Fees

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee of 0.3% per annum of the value of its Deposited Property and a Performance Fee of 4.5% per annum of Suntec REIT's Net Property Income.

In line with market practice for listed real estate investment trusts in Singapore, the Manager has agreed to receive 80.0% of its management fees in the form of Units and the balance in cash. The portion of management fees payable in the form of Units shall be payable quarterly in arrears and the portion of management fees payable in cash shall be payable monthly in arrears.

(See "The Manager and Corporate Governance — Manager's Management Fees" for further details of the Manager's management fees.)

(VI) Trust Expenses

Trust expenses comprise Suntec REIT's recurring operating expenses such as the Trustee's fee, annual listing fees, registration fees, accounting, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.

The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of its Deposited Property, subject to a minimum of S$9,000 per month, excluding out of pocket expenses and GST. The Trustee's fee for the Forecast Period 2005 and the Projection Year 2006 are S$0.3 million and S$0.4 million respectively. The fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed (see "The Formation and Structure of Suntec REIT — The Trustee").

(VII) Capital Expenditure

As the Properties are part of a strata-titled development, the Management Corporation is responsible for the capital expenditure and improvement works relating to the common property of Suntec City. The Management Corporation had an accumulated surplus of S$44.0 million in its maintenance fund and sinking fund (including the infrastructure upgrading fund) as at 30 September 2003 from its past collections of maintenance and sinking fund charges from all the subsidiary proprietors of Suntec City, part of which may be utilised for capital expenditures relating to the common property of Suntec City in the future. In addition, there is flexibility for sinking fund charges to be levied for future capital expenditure purposes by the Management Corporation. Sinking fund charges incurred by Suntec REIT and financed by borrowings will not have an impact on distributable income, other than for interest incurred on bank borrowings.

For capital expenditures relating to the Properties (excluding common property of Suntec City), an allowance for the projected capital expenditure for improvement works has been included based on the Manager's assessment. The improvement works will include repair and maintenance of fixtures and fittings in the Properties and replacement of certain fixtures within the shop or office units owned by Suntec REIT. Other works such as renovation or reconfiguration of space to suit the needs of incoming tenants have also been included in the projected allowance. Such improvement or landlord fitting works are generally carried out on an *ad hoc* basis.

It has been assumed that the capital expenditure will be funded primarily through further borrowings. Capital expenditure incurred is capitalised as part of the value of the Properties and capital allowances may be claimed by Suntec REIT on these capital expenditures incurred to the extent that they relate to qualifying capital expenditures. Such capital allowances, if claimed, would reduce the taxable income of Suntec REIT and hence have an impact on distributions. The Manager will not claim capital allowances for the Forecast Period 2005 and the Projection Year 2006. Thereafter, the Manager will assess if it is in the interest of Unitholders before claiming capital allowances.

The capital expenditure at the Properties are forecast and projected as follows:

	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005)	**Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)**
	(S$'000)	**(S$'000)**
Capital expenditure[(1)]	6,473	1,638

Note:

(1) Excluding capital expenditure in relation to common property which is managed and maintained by the Management Corporation.

In addition, Suntec REIT has the following additional sources of funds which can be used to pare down its borrowings or to finance capital expenditures:

(i) S$14.1 million of GST recoverable from IRAS in relation to the purchase of a portion of the Properties; and

(ii) tenant's rental deposits in cash, equivalent to S$29.8 million based on the pro forma balance sheet as at 30 June 2004 (assuming that rental deposits which are refunded to tenants are replaced by equivalent tenant deposits from incoming tenants).

(VIII) Distribution Reinvestment Arrangement

The Trust Deed allows the Manager the option of activating an arrangement whereby Unitholders may elect to re-invest all or part of their distribution entitlement in return for an issue of additional Units. It has been assumed that the Manager will not activate the distribution reinvestment arrangement before 30 September 2006. This assumption does not, however, preclude the Manager from exploring the implementation of such a distribution reinvestment arrangement before 30 September 2006.

(IX) Unit Issue Expenses

The costs associated with the issue of the Units will be paid for by Suntec REIT. These costs are charged against Unitholders' funds in the balance sheet and have no impact on the Statement of Total Return or distributions.

(X) Properties

The Properties will be acquired at a discount of 2.0% to their independent aggregate Appraised Values as at 30 June 2004. It is assumed that the Properties will be revalued annually, effective 30 September each year, and that the next valuation will be carried out by 30 September 2005. For the purposes of the profit forecast and profit projection, the Manager has assumed an increase in the value of the Properties to the extent of the assumed capital expenditure described in paragraph (VII) above for each of the relevant periods.

The Manager has made a hypothetical assumption that the values of the Properties (except for the effect of the assumed capital expenditure) will, until 30 September 2006, remain at the amounts at which they were valued as at 30 June 2004.

Any subsequent write-down of the values of the Properties will not affect the forecast and projected distributions per Unit for the Forecast Period 2005 and the Projection Year 2006 because Suntec REIT's distributions are based on taxable income, which excludes appreciation and depreciation upon revaluation of the Properties.

(XI) Accounting Standards

The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected Net Investment Income.

Significant accounting policies adopted by the Manager in the preparation of the profit forecast and profit projection are set out in Appendix II, "Independent Accountants' Report on the Pro Forma Financial Information".

(XII) Other Assumptions

The Manager has made the following additional assumptions in preparing the profit forecast and profit projection for the Forecast Period 2005 and the Projection Year 2006:

- that the property portfolio remains unchanged throughout the periods;
- that no further capital will be raised during the periods;
- that there will be no change in taxation legislation or other applicable legislation;
- that there will be no change to the Tax Ruling;

- that all leases and licences are enforceable and will be performed in accordance with their terms (with allowances for bad and doubtful debts); and
- that 100.0% of the taxable income will be distributed.

Sensitivity Analysis

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and that deviations from the figures forecast or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the profit forecast and profit projection, a series of tables demonstrating the sensitivity of the distribution per Unit to changes in the principal assumptions are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Rent

Changes in the Gross Rent will impact the Net Property Income of Suntec REIT and, consequently, the distribution yield. The assumptions for Gross Rent have been set out earlier in this section. The effect of variations in the Gross Rent on the distribution yield is set out below:

	Distribution yield (%) pursuant to changes in Gross Rent			
	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005) (Annualised)		**Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)**	
Issue Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
5.0 % below base case	5.88	5.71	6.08	5.90
Base case	**6.00**	**5.82**	**6.31**	**6.13**
5.0 % above base case	6.12	5.93	6.55	6.35

Property Expenses

Changes in Property Expenses (*i.e.* excluding property tax and the Property Manager's fee) will impact the Net Property Income of Suntec REIT and, consequently, the distribution yield. The assumptions for Property Expenses have been set out earlier in this section. The effect of variations in other property expenses on the distribution yield is set out below:

	Distribution yield (%) pursuant to changes in Property Expenses			
	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005) (Annualised)		**Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)**	
Issue Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
5.0 % below base case	6.08	5.90	6.39	6.20
Base case	**6.00**	**5.82**	**6.31**	**6.13**
5.0 % above base case	5.92	5.74	6.23	6.05

Vacancy Allowance

Changes in the vacant period between leases will impact the Gross Rent and Net Property Income of Suntec REIT and, consequently, the distribution yield. The effect of the variations in the vacant period on all expiring leases of the Properties on the distribution yield is set out below:

	Distribution yield (%) pursuant to changes in vacancy allowance			
	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005) (Annualised)		Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
Issue Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
1 month for Suntec City Mall leases and 5 months for Suntec City Office Towers leases	6.07	5.89	6.36	6.17
Base case (2 months for Suntec City Mall leases and 6 months for Suntec City Office Towers leases)	**6.00**	**5.82**	**6.31**	**6.13**
3 months for Suntec City Mall and 7 months for Suntec City Office Towers leases	5.93	5.76	6.27	6.08

Borrowing Costs

Changes in borrowing costs affect the Net Investment Income of Suntec REIT and, consequently, the distribution yield. The effect of variations in borrowing costs on the distribution yield is set out below.

	Distribution yield (%) pursuant to changes in borrowing costs			
	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005) (Annualised)		Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
Issue Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
100 basis points increase in the applicable interest rate	5.42	5.26	5.74	5.57
Base case	**6.00**	**5.82**	**6.31**	**6.13**
100 basis points decrease in the applicable interest rate	6.57	6.38	6.89	6.68

Issue of Deferred Units

The Deferred Units will be issued in six equal instalments, with the first instalment to be issued on the date falling 42 months after the Completion Date and the rest semi-annually thereafter. Any change in Suntec REIT's rental rates, occupancy rates and distributable income can affect the impact of any dilution in the yields of Suntec REIT arising from the issuance of the Deferred Units in the future.

The table below illustrates the pro forma impact assuming that the Deferred Units are all issued immediately on the Listing Date:

	Distribution yield (%) under the scenario that all Deferred Units are issued on Listing Date			
	Forecast Period 2005 (10 months from 1 December 2004 to 30 September 2005) (Annualised)		Projection Year 2006 (Full year from 1 October 2005 to 30 September 2006)	
Issue Price	**S$0.97**	**S$1.00**	**S$0.97**	**S$1.00**
Base case	**6.00**	**5.82**	**6.31**	**6.13**
Scenario assuming that all Deferred Units are issued on the Listing Date	5.04	5.02	5.31	5.28

STRATEGY

The Manager's principal investment strategy is to invest in income-producing real estate which is primarily used for retail and/or office purposes. The Manager's key objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit so as to provide Unitholders with a competitive rate of return for their investment. There is no overlap with the investment mandate of the Fortune REIT which invests in properties used, or substantially used, for retail purposes in Hong Kong.

The Manager intends to pursue its investment strategy within the following strategic guidelines:

- Investments will be for the long-term.
- The investment portfolio will primarily comprise established and income-producing retail and office properties.
- Future investments will be in properties that are primarily used for retail and/or office purposes.

The Manager plans to achieve its key objectives through the following:

- *Active Asset Management Strategy*. Leveraging on the property portfolio's competitive strengths to optimise rentals, occupancies and Net Lettable Areas so as to increase property yields. In particular, the Manager intends to capitalise on the positive impact from the commencement of operations of the two Circle Line MRT stations at the Properties (expected to be in or around 2007/2008).
- *Acquisition Growth Strategy*. Identifying and selectively acquiring income-producing properties that meet the Manager's investment criteria.
- *Capital Management Strategy*. Employing appropriate debt and equity financing policies.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for Suntec REIT will be adhered to for at least three years following the Listing Date, unless otherwise agreed by Unitholders by Extraordinary Resolution in a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Active Asset Management Strategy

The Manager's strategy for organic growth is to actively manage the Properties and develop strong relationships with tenants by providing value-added property related services. Through such active property management, the Manager will seek to maintain high tenant retention levels, reduce vacancy levels and minimise the associated interruptions in rental income, as well as the costs associated with marketing and leasing space to new tenants. Further, the Manager plans to meet its objective of increasing the yields of existing properties and maximising returns from the existing property portfolio through the following strategies:

Improving retail rental rates while maintaining high occupancy rates

The Manager intends to leverage on the robust demand for retail space in Suntec City Mall to continue to improve the retail rental rates while maintaining current occupancy rates.

While Suntec City Mall continues to enjoy a high occupancy level, the Manager will work with the Property Manager to actively manage lease renewals and new leases to minimise vacancy periods, through (i) advancing lease negotiations with tenants whose tenancies are about to expire, (ii) identifying and rectifying leases with below-market rents, (iii) active marketing to secure new tenants for impending vacant space and (iv) managing rental arrears to minimise bad debts. As part of an effort to secure new tenants from the People's Republic of China (the "PRC"), a permanent exhibition and retail centre for products from the PRC has been proposed to be established at the Tropics section of Suntec City Mall.

Suntec City Mall benefits from a robust demand for its retail space, as evidenced by (i) the approximate 14.0% increase in Gross Rent for retail tenancies which were renewed or newly entered into in the first half of 2004, (ii) the high retail occupancy rate of 98.9% as at 30 June 2004 and (iii) the average tenant lease renewal rate of 83.8% in terms of Net Lettable Area for FY2001 to FY2003.

The Manager will also focus on growing Net Property Income by increasing leases with turnover rent or step-up rent provisions. As at 30 June 2004, 41.3% and 30.4% of the retail leases by Net Lettable Area include provisions for turnover rent and contractual stepped increases in rents respectively. The Manager intends, to the extent possible, to build these features into all future lease contracts, thus providing investors in Suntec REIT with the potential to benefit from growth in rental income as well as tenants' turnover.

In addition, the Manager believes that there is potential for upward adjustment of rental rates from the overall average Gross Rent of S$90.20 per sq m per month (S$8.38 per sq ft per month) as at 30 June 2004 when existing tenancies expire or become due for renewal, especially with the opportunities to optimise the tenant mix when the new Circle Line MRT entrance opens at the Galleria and Entertainment Centre sections of Suntec City Mall (see "— Implementing enhancement strategies to capitalise on the MRT Circle Line" and Appendix IX, "Location of New Circle Line MRT Stations").

The Manager will therefore work closely with the Property Manager to continue to deliver retail rental income improvements while maintaining high levels of retail occupancy.

Attracting new office tenants and exploring expansion needs of existing office tenants

The Manager intends to improve the occupancy rates by actively working with the Property Manager to pursue new leasing opportunities, manage lease renewals through advance negotiations with tenants whose tenancies are about to expire and by managing rental arrears. The Manager's leasing strategy will target new office tenants to locate to the Suntec City Office Towers, while exploring the expansion needs of existing office tenants.

Attracting new office tenants

To support Singapore's development as a leading regional business and financial hub, the government has entered into free trade agreements ("FTA") with the United States, Japan, Australia, New Zealand, Jordan and the European Free Trade Association. Impending new FTAs that are targeted to be entered into in the near future include those with the PRC, South Korea, India, Canada, Mexico, Egypt, Bahrain, Sri Lanka and Panama. The Manager believes that this key government initiative should lead to an increasing number of regional companies setting up offices in Singapore.

In attracting new office tenants, the Manager intends to take advantage of Suntec City Office Towers' appeal to foreign companies seeking to establish a business presence in Singapore. Currently, the Sponsor is working closely with IE Singapore (a government agency involved in Singapore's efforts to develop its external economic activities), the Economic Development Board of Singapore and the Singapore Tourism Board to develop its regional marketing effort to promote Suntec City Office Towers as the Singapore base of regional companies. As part of the effort to heighten Suntec City Office Towers' visibility to regional companies, the Sponsor launched the "China@Suntec" programme which encourages companies from the PRC intending to set up subsidiaries and branches in Singapore to be based in Suntec City Office Towers. This programme aims to turn Suntec City into:

- a hub for PRC provincial centres, associations and good quality enterprises;
- a strategic networking alliance to facilitate networking among existing tenants from the PRC and other companies intending to expand into the PRC;
- a choice location for enterprises from the PRC venturing into South-east Asia;
- an event centre for exhibitions, forums, concerts and mall promotions relating to the PRC; and
- a place of interest for delegations from the PRC visiting Singapore.

The "China@Suntec" programme has attracted numerous PRC companies and associations. Major PRC tenants include the China Council for the Promotion of International Trade, Zhejiang International Investment Promotion Centre, Sinoying Singapore Pte Ltd and Baosteel Singapore Pte Ltd. The presence of these PRC companies and associations acts as a catalyst for more tenants from the PRC to set up offices at Suntec City Office Towers. In addition, the Sponsor serves as secretariat for the Chinese Enterprises Association (Singapore) (the "CEA"), an association of more than 100 PRC companies which have set up offices or bases in Singapore. The CEA is actively involved in promoting Singapore as a business hub for PRC companies, in its own capacity and together with IE Singapore and other government agencies involved in developing external economic activities. The related promotional activities have cultivated valuable contacts with PRC companies that may be potential tenants in Suntec City Office Towers.

The Manager will continue the "China@Suntec" programme after the Listing Date, and will work closely with the Property Manager to develop and promote the Properties as the destination of choice for regional companies looking to setting up offices in Singapore.

Exploring needs of existing office tenants

The Manager also intends to focus on opportunities to increase occupancy for Suntec City Office Towers through expansion of space taken by existing tenants. In the seven months ended 31 August 2004, the Suntec City Office Towers achieved a net expansion of 3,341 sq m (35,958 sq ft) of office space by existing tenants (comprising expanded space of 9,381 sq m (100,975 sq ft) less downsized space of 6,040 sq m (65,017 sq ft)), and it is the Manager's intention to continue to explore these opportunities in the future.

In addition, the Manager aims to continue the Sponsor's disciplined approach towards negotiating rental renewals. In this regard, the Sponsor declined to renew the lease with a major tenant which was seeking an unacceptable rental discount as an incentive to renew its lease.

Implementing enhancement strategies to capitalise on the MRT Circle Line

At present, Suntec City is connected to the City Hall MRT interchange by a shuttle bus service and by the underground City Link Mall. When the MRT Circle Line becomes operational (expected to be in or around 2007/2008), Suntec City will be the only property in Singapore to be connected directly to two Circle Line MRT stations (the Convention Centre Station, which will be located directly in front of the Galleria section of Suntec City Mall and the Millenia Station, which will be located next to Suntec Tower Four and the Entertainment Centre section of Suntec City Mall) and to the City Hall MRT interchange.

For Suntec City Mall, the Manager intends to enhance the entrances at the Galleria and Entertainment Centre sections that will be linked to the respective Circle Line MRT stations (see Appendix IX for the planned locations of the Circle Line MRT entrances). The improved access from the two entrance points are expected to increase shopper traffic in those areas and thereby enhance the visibility of shop units around the entrance points. As a result, these shop units, which currently do not possess main road frontage but open into the inner atrium areas in the mall, are expected to be even more attractive to retailers and therefore able to command higher rents. This will give the Manager the opportunity to further re-configure the tenant mix and create new prime shop units fronting the busy thoroughfare around the new Circle Line MRT stations. Such a development should further strengthen the Properties' competitive position, which will improve the Properties' yield.

The Manager will work closely with the Property Manager to optimise the tenant mix and position the various sections of Suntec City Mall to take full advantage of the opportunities afforded by the new MRT Circle Line. A covered walkway is currently being planned to directly link the Millenia Station entrance to the Entertainment Centre. This is expected to improve pedestrian traffic at the Entertainment Centre. In general, the average Gross Rent at the 37,870 sq m Entertainment Centre section of Suntec City Mall is S$52.10 per sq m per month (S$4.84 per sq ft per month) as at 30 June 2004, and should enjoy potential for improvement when the Millenia Station of the MRT Circle Line becomes operational (expected to be in or around 2007/2008). More specifically, the retail units at the ground floor atrium in the Entertainment Centre (with an average Gross Rent of S$62.86 per sq m per month ($5.84 per sq

ft per month) as at 30 June 2004) will benefit from the operation of the Millenia Station, and the Manager expects that these units will have potential for rental improvements.

Continuing to develop tenant alliances to optimise tenant retention

The Manager will work closely with the Property Manager to continually review and implement its alliances with tenants. The current alliances are mutually beneficial for both the Properties as well as the tenants. For example, Suntec City currently partners with a major tenant, who is a global business and technology integrator, to provide all Suntec City tenants with convenient access to an eProcurement portal that offers sale of office products at a significant discount to market price. Suntec City also partners with a major tenant who is a global serviced offices and business solutions provider, to promote virtual office services to businesses who are not yet ready to lease a physical space at Suntec City. Through the service, clients have access to private offices, meeting rooms, executive boardrooms with videoconferencing facilities and high-speed, broadband internet.

The Manager believes that such alliances give rise to features that enhance the attractiveness of the Properties and thereby help to optimise tenant retention.

Developing and promoting a leadership position for Suntec City

The Manager is of the view that emerging developmental trends over the next few years provide Suntec City with an opportunity to establish a visible leadership position which should significantly increase the rental rates and overall yield of the Properties *vis-à-vis* key competitors situated in Raffles City, Marina Square, Orchard Road, and in suburban areas. The Manager will work closely with the Property Manager to capitalise on these trends to promote the Properties as a leading retail and office property in Singapore by leveraging on the following strengths:

(i) strategic and prime location in the Marina Centre area of Singapore's Central Business District;

(ii) convenient access with the opening of the MRT Circle Line (expected to be in or around 2007/2008);

(iii) large catchment of tourists, business travelers, convention participants and office workers;

(iv) strong branding of the "Suntec" name and the Fountain of Wealth;

(v) economies of scale and scope; and

(vi) excellent technological infrastructure.

(See "Business and Properties — Competitive Strengths".)

Maximising atrium space income

The atrium spaces in the Tropics and Entertainment Centre zones of Suntec City Mall occupy a combined area of approximately 1,242 sq m (13,369 sq ft). It is periodically used by existing tenants for events, product launches and promotions. The Manager will work closely with the Property Manager to improve income generated from the atrium space by maximising usable space for events whilst allowing defined rental areas such as kiosks and carts to be introduced within the atrium.

Continuing to minimise Property Expenses

The Manager will work closely with the Property Manager to strive to minimise Property Expenses without compromising quality of services. By minimising operating expenses, the Manager aims to further increase Net Property Income. These expenses include property insurance and maintenance and sinking fund charges payable to the Management Corporation.

The Properties comprises more than half of the total share value of Suntec City. The Sponsor has given an undertaking to arrange for the next annual general meeting of the Management Corporation to take place before the end of 2004 and to propose and exercise all its voting rights as subsidiary proprietor to vote in favour of a resolution to reduce the monthly maintenance charges payable by the subsidiary proprietors of Suntec City with effect from 1 January 2005 onwards. The Manager expects that such

reduction in the payment of the monthly maintenance charges will result in savings of approximately S$4.9 million for the nine months from 1 January 2005 to 30 September 2005 and S$6.6 million for the full year from 1 October 2005 to 30 September 2006. As the Management Corporation has accumulated a substantial surplus of S$44.0 million as at 30 September 2003 in its maintenance fund and sinking fund (including infrastructure upgrading fund) from its past collections of maintenance and sinking fund charges from all the subsidiary proprietors of Suntec City, the Manager is of the opinion that a reduction of the monthly maintenance charges will not affect the quality of management and maintenance services.

The Manager, together with the Property Manager, will constantly explore opportunities for further reduction of Property Expenses.

Acquisition Growth Strategy

The Manager will pursue opportunities for property acquisitions that will provide attractive cash flows and yields together with opportunities for further growth. Acquisition opportunities for Suntec REIT are underpinned by:

- the critical mass of the Properties (independently valued at an aggregate of S$2,150.0 million as at 30 June 2004), which provides sufficient diversification and scale to support the acquisition of additional properties without materially changing Suntec REIT's investment profile; and
- Suntec REIT's sufficiently wide mandate to invest in "income-producing properties that are used, or primarily used, for retail and/or office purposes".

The Manager intends to hold the Properties on a long-term basis. In the future where the Manager considers that any property has reached a stage that offers only limited scope for growth, the Manager may consider selling the property and using the proceeds for alternative investments in properties that meet its investment criteria.

The Manager intends to utilise its existing network of relationships, its ability to identify underperforming assets and its ready access to capital to achieve favourable returns on invested capital and growth in cash flow.

In evaluating acquisition opportunities, the Manager will focus on the following investment criteria with respect to a property under consideration:

- *Yields thresholds*

  The Manager will seek to acquire properties with yields that are above Suntec REIT's cost of capital and which are expected to maintain or enhance returns to Unitholders.

- *Tenant mix and occupancy characteristics*

  The Manager will seek to acquire properties with opportunities to increase rental and tenant retention rates relative to competitive properties in the respective micro-property markets. The properties should have a healthy occupancy with established tenants of good credit standing to minimise rental delinquency and turnover. A key consideration will be the impact of an acquisition on the entire portfolio's tenant, business sector and lease expiry profile.

- *Location*

  The Manager will assess properties in terms of their micro-market locations as well as convenient access to major roads and public transportation.

- *Value adding opportunities*

  The Manager will seek to acquire properties with opportunities to increase occupancy rates and enhance value through proactive property management. The potential to add value through selective renovations or other enhancements will also be assessed.

- *Building and facilities specifications*

  The Manager will acquire buildings with good quality specifications which are in compliance with legal and zoning regulations, with due consideration being given to the size and age of the buildings. The buildings will be assessed by independent experts relating to repairs, maintenance and capital expenditure requirements in the short to medium-term.

Capital Management Strategy

The Manager aims to optimise Suntec REIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Guidelines and intends to use a combination of debt and equity to fund future acquisitions and improvement works at the Properties.

The Manager's capital management strategy involves adopting and maintaining an appropriate gearing level, and adopting an active interest rate management strategy to manage the risks associated with changes in interest rates. By doing so, the Manager believes that Suntec REIT will optimise Unitholders' returns while maintaining operating flexibility when considering capital expenditure requirements.

Debt facilities

Suntec REIT has in place the Facilities comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility, each for a term of five years. The Facilities will be initially drawn to S$748.2 million with the term loan fully drawn on Completion.

Each loan made under the Facilities will bear interest at the relevant Singapore dollar swap offer rate plus a margin. The margin is 0.3% per annum throughout the five years. The Manager currently expects to fix the interest rate for the term loan facility using interest rate swaps of varying tenures which may result in not less than 50.0% of the drawn facility being on a fixed interest rate basis. To this end, the Manager may, if considered appropriate, arrange for the Sponsor to enter into hedging arrangements with a financial institution acceptable to the Trustee to fix the interest rate applicable to a sum of up to S$700.0 million at a forward interest rate of not more than 2.45% (inclusive of all margins), with the intention that such hedging arrangements be novated by the Sponsor to the Trustee (as trustee of Suntec REIT) on or after the Listing Date. Such hedging arrangements, if assumed by the Trustee (as trustee of Suntec REIT), will give Suntec REIT the benefit of certainty in terms of its borrowing costs.

A commitment fee of 0.15% per annum on the unused portion of the revolving credit facility is payable monthly in arrears. A one-time upfront fee, calculated based on the amount of the Facilities, is also payable by Suntec REIT. The Properties are mortgaged to secure payments in connection with the Facilities.

In addition, Suntec REIT has the following additional sources of funds which can be used to pare down its borrowings or to finance capital expenditures:

(i) S$14.1 million of GST recoverable from IRAS in relation to the purchase of a portion of the Properties; and

(ii) tenant's rental deposits in cash, equivalent to S$29.8 million based on the pro forma balance sheet as at 30 June 2004 (assuming that rental deposits which are refunded to tenants are replaced by equivalent tenant deposits from incoming tenants).

Financing Strategy

The Manager aims to optimise its capital structure and cost of capital within the Property Funds Guidelines for borrowing and intends to use a combination of debt and equity to fund future acquisitions and property enhancements. Upon the completion of the acquisition of the Properties, Suntec REIT will initially have an outstanding indebtedness of approximately S$748.2 million, or 34.0 % of the value of its Deposited Property based on the pro forma balance sheet as at 30 June 2004. This indebtedness will be drawn from the Facilities.

Immediately following the completion of the acquisition of the Properties, tenancy deposits equivalent to S$29.8 million in cash based on the pro forma balance sheet as at 30 June 2004 (assuming that rental deposits which are refunded to tenants are replaced by equivalent tenant deposits from incoming tenants) will be used to reduce the outstanding indebtedness to approximately S$718.4 million. Following such reduction of the outstanding indebtedness using the tenancy deposits, the gearing level of Suntec REIT will be reduced to 33.1% of the value of its Deposited Property (adjusted for such reduction of indebtedness). The outstanding indebtedness will be further reduced by S$14.1 million to S$704.3 million (or 32.6% of the value of its Deposited Property, adjusted for such reduction of indebtedness) when the GST paid to IRAS in relation to the purchase of a portion of the Properties is refunded (which the Manager expects to take place before the end of FY2005) and such refund is used to pare down Suntec REIT's borrowings. Following such reduction of the outstanding indebtedness using the refund of GST, the gearing level of Suntec REIT will be further reduced. The Manager intends to adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings.

BUSINESS AND PROPERTIES

Overview

Suntec REIT is a Singapore-based unit trust established with the objective of investing in income-producing real estate and real estate-related assets primarily used for retail and/or office purposes. Suntec REIT seeks to produce regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit.

Suntec REIT will initially invest in and own the Properties. The Manager aims to produce attractive total returns for Unitholders by, among other things:

(i) actively managing Suntec REIT's property portfolio to maximise returns;

(ii) selectively acquiring properties that meet the Manager's investment criteria; and

(iii) employing appropriate debt financing strategies.

Suntec REIT's property portfolio will, on the Listing Date, consist of the following retail and office properties:

- **Suntec City Mall,** which is the largest shopping mall in Singapore with 77,631 sq m of net lettable retail space as at 30 June 2004. Together with 113,850 sq m of net lettable office space at Suntec City Office Towers and 3,125 car park lots as at 30 June 2004, Suntec City is the single largest integrated commercial development in Singapore. Suntec City is situated within the self-contained and integrated Marina Centre area comprising hotels, retail stores, restaurants, sporting facilities, cinemas, and the country's new landmark, Esplanade — Theatres by the Bay. Also within Suntec City is a world-class convention and exhibition centre. Suntec City Mall also has the world's largest fountain, called the "Fountain of Wealth", which is one of the major tourist attractions in Singapore.

  Suntec City Mall is a popular shopping mall among both local shoppers and tourists. Its immediate catchment area includes tourist and business travelers from nearby hotels, a large number of executives and office workers from the five office towers at Suntec City and nearby buildings within the Marina Centre and City Hall areas, and convention participants from the world-class Suntec Singapore International Convention and Exhibition Centre.

- **Suntec City Office Towers**, which comprise prime Grade A quality office properties consisting of strata lots in Suntec Tower One, Suntec Tower Two and Suntec Tower Three, and the whole of Suntec Tower Four and Suntec Tower Five. These properties are currently leased to many major financial institutions, multinational corporations, prominent local companies and other businesses. Suntec City Office Towers offer column-free space with a three-compartment underfloor trunking system and an intelligent building management system. The office units also have commanding views of the city, the Marina Bay area and the sea.

Competitive Strengths

The Manager is of the opinion that the Properties enjoy the following competitive strengths:

- **Strategic and prime location**

  Suntec City is a landmark property strategically located in the Singapore Central Business District's Marina Centre area, within walking distance from the landmark, Esplanade — Theatres by the Bay, and in close proximity to the commercial corridors of Raffles Place and Orchard Road.

  It is easily accessible by roads and is well-served by public transport facilities. Commuters traveling by the MRT can either choose to board the shuttle bus service provided by Suntec City or take a short walk through the underground City Link Mall to City Hall MRT interchange.

The Singapore Master Plan 2003 aims to further develop the Downtown @ Marina Bay areas into an exciting and distinctive waterfront district for business, leisure, and living anchored around the areas' international business and financial hubs which combine modern architecture with arts, cultural, and entertainment attractions.

When the MRT Circle Line becomes operational (expected to be in or around 2007/2008), the Properties will be directly served by two MRT stations: (i) the Convention Centre Station located at the front of the Galleria section of Suntec City Mall and (ii) the Millenia Station located next to Suntec Tower Four and the Entertainment Centre section of Suntec City Mall (see Appendix IX, "Location of New Circle Line MRT Stations"). This will provide significant opportunities to enhance the tenant mix and strengthen the Properties' competitive position so as to increase the overall yield.

- **Large immediate catchment**

  Suntec City has a large immediate catchment of tourists and business travelers from about 5,200 rooms in hotels located within walking distance, such as the Ritz-Carlton, Conrad International, Pan Pacific, The Oriental, Marina Mandarin, Swissotel The Stamford, Raffles The Plaza, and the Raffles Hotel.

  Suntec City, being integrated with the world-class Suntec Singapore International Convention and Exhibition Centre, attracts a large number of convention and exhibition participants. In 2003, Suntec Singapore International Convention and Exhibition Centre hosted about 1,200 events which attracted approximately 1,950,000 local and 380,000 overseas participants[(1)].

  The catchment of tourists from the nearby hotels and Suntec Singapore International Convention and Exhibition Centre positions Suntec City Mall as one of Singapore's tourist hubs. In addition, the famous Singapore DUCKtours, a land and water tour popular with locals and tourists, operates from Suntec City.

  Suntec City's visitor catchment also includes a large number of executives and office workers from the five office towers at Suntec City and nearby buildings within the Marina Centre and City Hall areas. As an illustration of Suntec City's large catchment:

  - approximately 2,000,000 visitors visit Suntec City monthly[(2)];
  - more than 13,000 people work at Suntec City[(3)]; and
  - approximately 10,000 vehicles use the car park at Suntec City daily[(3)].

  This large catchment of tourists, business travelers, convention and exhibition participants as well as office executives and workers contribute to the vibrancy of the Properties.

- **Strong branding of the "Suntec" name and the Fountain of Wealth**

  The "Suntec" name enjoys a strong branding as a result of the Sponsor's marketing efforts, both domestically and internationally, and the Properties' excellent infrastructure. Due to this strong branding, Suntec City is a recognised and desired business address for both retail and office tenants.

  The Fountain of Wealth, listed as the world's largest fountain in the Guinness Book of World Records, is an integral part of Suntec City. Over 300,000 visitors a year are attracted to the Fountain of Wealth[(3)] and it is now a place of interest for both tourists and locals. The Fountain of Wealth is also considered by the Singapore Tourism Board as a tourist attraction and icon.

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(1) Based on surveys conducted, and records kept, by the Sponsor in 2003.

(2) Based on a traffic count survey commissioned by the Common Property Manager in June 2004.

(3) Based on surveys conducted by the Common Property Manager in 2004.

- **Economies of scale and scope**

  Suntec City Mall is the largest shopping mall in Singapore with approximately 77,631 sq m of net lettable retail space. Suntec City as a whole, which comprises Suntec City Mall and about 113,850 sq m of net lettable office space in Suntec City Office Towers and 3,125 car park lots, is the single largest integrated commercial development in Singapore. This provides the Properties with the opportunity to leverage on economies of scale and scope to deliver superior values to its tenants and visitors, both in terms of providing a large variety of attractions within the Properties, such as over 280 shops, a cineplex, hypermarket, food and beverage outlets and recreational facilities, and in terms of cost efficiencies on shared promotion and maintenance expenditures.

- **High occupancy levels**

  High occupancy levels reflect the quality and demand for space in the Properties. As at 30 June 2004, the occupancy rate of Suntec City Mall was 98.9% and the occupancy rate of Suntec City Office Towers was 83.0% (compared to the islandwide market occupancy rate of 89.6% for retail properties and 82.6% for office properties respectively) (see Appendix IV, "Independent Commercial Property Market Overview Report").

- **Quality tenant base**

  The major tenants of the Properties are mainly foreign institutions, multinational corporations and prominent local companies. These quality tenants enhance the stability of the Properties' rental income as they generally have significant long-term space requirements in Singapore.

- **Quality properties with excellent technological infrastructure**

  Suntec City is the single largest integrated commercial development in Singapore and has won numerous awards, including two FIABCI Prix d'Excellence awards (Overall Winner and Commercial/Retail category) in 1999 for real estate projects that embody excellence in many of the disciplines involved in their development and the "Outstanding Contribution to Tourism" award in 1998 from Singapore Tourism Board.

  Suntec City enjoys strong technological infrastructure support, provided through partnerships and alliances with various technology and telecommunications companies, some of which are tenants at Suntec City.

  Broadband facility — Suntec City was built with large riser rooms designed for potential increase in cables to cater for the increase in demand from tenants over time. Currently, three different broadband services providers, Starhub, Tridor and MCI, run fibre optic cables in the risers to deliver cutting-edge multimedia and network capabilities to the tenants and occupiers of Suntec City.

  Telecommunications facility — In partnership with Starhub Ltd, Suntec City provides the Centrex Telecommunications facility, which allows tenants to call each other or conduct phone-meetings via internal extension lines for free.

  Video conferencing facility — In partnership with a media solutions provider, Suntec City offers robust, simple to use and low cost video-conferencing solutions in a special package to its tenants.

  Plasma screen advertising facility — Tenants can advertise through plasma screens installed throughout Suntec City.

The Portfolio

The table below sets out certain other information with respect to the Properties as at 30 June 2004:

Property	Strata Area		Net Lettable Area		Year of completion
	(sq m)	(sq ft)	(sq m)	(sq ft)	
Suntec City Mall[1]	85,326	918,441	77,631	835,615	1994, 1995 and 1997[2]
Suntec City Office Towers[3]					
Suntec Tower One Units	3,776	40,644	3,629	39,063	1995
Suntec Tower Two Unit	217	2,336	217	2,336	1995
Suntec Tower Three Units	30,977	333,433	30,595	329,324	1997
Suntec Tower Four Units	44,080	474,473	43,529	468,546	1997
Suntec Tower Five Units	36,125	388,846	35,880	386,203	1994
Total	200,501	2,158,173	191,481	2,061,087	

Notes:

(1) Includes 2,880 sq m (31,000 sq ft) of space occupied by recreational facilities which is licensed to the Management Corporation for use by all the tenants in Suntec City and excludes void of 4,680 sq m (50,375 sq ft).

(2) Suntec City Mall was completed in phases. The entrances, lobbies and staircases of the retail podium were completed in 1994, the 1st, 2nd and 3rd storeys and part of two basement levels of retail podium were completed in 1995 whilst the three-storey and eight-storey retail block and part of two basement levels were completed in 1997.

(3) Cumulative total Strata Area and Net Lettable Area of 115,175 sq m and 113,850 sq m respectively.

The Properties are comprised in a leasehold estate for a term of 99 years expiring on 29 February 2088.

Gross Revenue

The Properties derived Gross Revenue of S$146.6 million for FY2003 and S$103.2 million for the nine months ended 30 June 2004.

The pro forma Gross Revenue of the Properties for FY2003 and the nine months ended 30 June 2004 are set out in the following table:

Property	FY2003		Nine months ended 30 June 2004	
	(S$ million)	(%)	(S$ million)	(%)
Suntec City Mall	75.1	51.2	58.7	56.9
Suntec City Office Towers	71.5	48.8	44.5	43.1
Total	146.6	100.0	103.2	100.0

Valuation

The Properties were valued by the Independent Valuer on 30 June 2004.

The Appraised Values of the Properties as at 30 June 2004 are set out in the following table:

Property	Appraised Value[(1)]	Percentage of aggregate Appraised Value	Appraised Value per sq ft
	(S$ million)	**(%)**	**(S$)**
Suntec City Mall	1,199.0	55.8	1,435.0
Suntec City Office Towers	951.0	44.2	776.0
Total	2,150.0	100.0	1,043.0

Note:

(1) See Appendix III, "Independent Property Valuation Summary Report".

Purchase Consideration

The purchase consideration for the Properties is S$2,107.0 million, of which the Cash Payment Amount and the Consideration Units are payable on the Completion Date, with the balance payable in Deferred Units in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties — Principal Terms of Purchase").

As part of the commercial agreement between the Manager and the Sponsor, the latter has agreed to accept the Deferred Units in part payment of the purchase consideration for the Properties. The Deferred Units will enable the Sponsor to further participate in any future growth of Suntec REIT's Net Property Income, especially the increase in Net Property Income which is anticipated to result from the MRT Circle Line coming into operation (expected to be in or around 2007/2008). Moreover, deferred payment of consideration is increasingly a feature of property transactions in Singapore and, in the case of Suntec REIT, serves to further align the Sponsor's interest with that of Unitholders beyond the 180-day lock-up period which the Sponsor is subject to in respect of the Consideration Units. In addition, Unitholders may enjoy greater distributions during the period before the instalment payments of Deferred Units fall due. During this period, the Manager will work towards growing Suntec REIT's Net Property Income in order to support the level of distributions when the Deferred Units are issued.

The table below illustrates the Cash Payment Amount as well as the value of the Consideration Units and Deferred Units at the minimum and maximum subscription prices of the Offering Price Range.

	Offering Price of S$0.97 per Unit				Offering Price of S$1.00 per Unit			
Property	**Cash Payment Amount**	**Conside-ration Units**	**Deferred Payment Conside-ration**	**Total**	**Cash Payment Amount**	**Conside-ration Units**	**Deferred Payment Conside-ration**	**Total**
	(S$ million)	**(S$ million)**	**(S$ million)**	**(S$ million)**	**(S$ million)**	**(S$ million)**	**(S$ million)**	**(S$ million)**
Suntec City Mall	737.1	305.6	132.3	**1,175.0**	744.5	315.1	115.4	**1,175.0**
Suntec City Office Towers	584.6	242.4	105.0	**932.0**	590.5	249.9	91.6	**932.0**
Sub-total	1,321.7	548.0			1,335.0	565.0		
Total	1,869.7		237.3	**2,107.0**	1,900.0		207.0	**2,107.0**

The table below illustrates the number of Deferred Units that will be issued in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter at the minimum and maximum subscription prices of the Offering Price Range.

	Offering Price of S$0.97 per Unit	Offering Price of S$1.00 per Unit
Deferred Payment Consideration (S$ million)	237.3	207.0
Total number of Deferred Units (million Units)	244.6	207.0
Number of Deferred Units per instalment (million Units)	40.8	34.5

Occupancy

The table below sets out information on the average occupancy rates of the Properties for FY2001, FY2002, FY2003 and the nine months ended 30 June 2004 as well as the average occupancy rates of the Properties over the entire period.

Property	FY2001	FY2002	FY2003	Nine months ended 30 June 2004	Average over three years and nine months ended 30 June 2004
	(%)	(%)	(%)	(%)	(%)
Suntec City Mall	90.2	88.4	88.1	97.8	90.7
Suntec City Office Towers	96.7	93.0	89.2	83.1	91.0
Weighted average	94.0	91.1	88.7	89.1	90.9

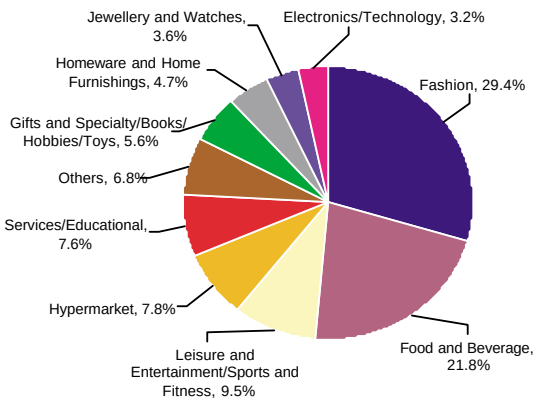
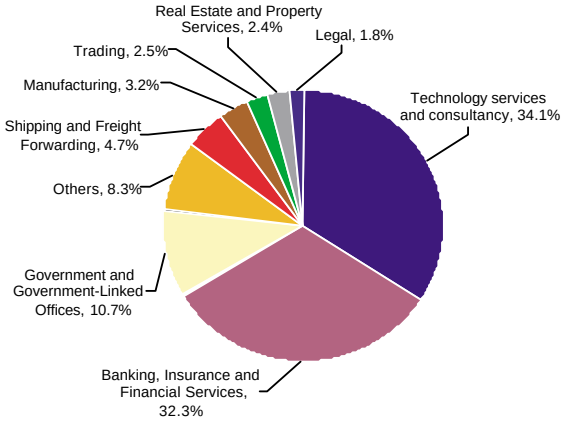
(See "Management's Discussion and Analysis of Financial Conditions and Results — Occupancy Trends" for an analysis of the occupancy rates of the Properties.)

Tenant Profile

The major tenants in Suntec City Mall include many international retailers and local businesses with strong brand names. Other tenants include a cineplex, a fitness club, a hypermarket, gourmet restaurants and food outlets. The 12 largest tenants of Suntec City Mall in terms of Gross Rent together accounted for 33.8% of the total Gross Rent from Suntec City Mall for the month ended 30 June 2004 and 47.2% of the total Net Lettable Area of Suntec City Mall as at 30 June 2004. For the month ended 30 June 2004, no more than 29.4% of the total Gross Rent from Suntec City Mall was derived from any one trade sub-sector.

The major tenants in Suntec City Office Towers comprise government offices, foreign financial institutions, multinational corporations and prominent local companies. The 12 largest tenants of Suntec City Office Towers in terms of Gross Rent together accounted for 55.6% of the total Gross Rent from Suntec City Office Towers for the month ended 30 June 2004 and 46.5% of the total Net Lettable Area of Suntec City Office Towers as at 30 June 2004. For the month ended 30 June 2004, no more than 34.1% of the total Gross Rent from Suntec City Office Towers was derived from any one business sector.

The following charts show the tenant profile of Suntec City Mall and Suntec City Office Towers in terms of monthly Gross Rent by trade sub-sector and business sector respectively:

SUNTEC CITY MALL	SUNTEC CITY OFFICE TOWERS
Portfolio Monthly Gross Rent by Trade Sub-sector (As at 30 June 2004)	**Portfolio Monthly Gross Rent by Business Sector (As at 30 June 2004)**
	

Expiries and Renewals

The tenancies at the Properties are generally for a term of not less than two years with an option to renew for a further term. A large number of the retail tenancies are for terms of two to three years with an option to renew while some office tenancies are for terms of three to five years with an option to renew. In line with normal commercial practice, renewals are generally on the same terms and conditions as the original tenancies except for the rental rate, which will be revised to prevailing market rent.

Future Improvement Works

The Manager intends to review the areas in Suntec City Mall that would directly benefit from the increased traffic arising from the two Circle Line MRT station entrance points when the new MRT Circle Line becomes operational (expected to be in or around 2007/2008), and where necessary, to reconfigure the areas with a view to enhancing the tenant mix and rental returns.

Marketing and Leasing Activities

The Properties are actively marketed by the Property Manager to prospective tenants in desired target groups through advertisements in the print media, direct calls and liaising with property consultants. The consultants and prospective tenants are also regularly updated with the list of available retail or office units for rental. Viewings of the premises are conducted regularly with prospective tenants.

Tenancy Agreements and Lease Management

The tenancy agreements entered into for the Properties contain terms and conditions, including those relating to duration of the tenancy, provision of security deposit as well as alteration and improvement works, generally found in most retail and office tenancies in Singapore. The terms are in line with market practice and procedures. In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as right to space expansion, rent-free fitting out period, subletting and assignment.

When a prospective tenant has committed to a tenancy, a security deposit equal to three months' rent and service charge is usually payable. The tenant will take possession of the premises after it has made the requisite payments and has formally executed the tenancy agreement. Rent and service charge are payable monthly in advance.

As tenant retention is critical to minimising the turnover of tenancies, the Property Manager will maintain close communication and a good working relationship with the existing tenants. Dialogues and meetings for tenancy extension will be held with tenants whose tenancies are due to expire. Arrears management procedures will also be strictly enforced to ensure timely payment of rent. The Manager believes that these proactive steps to retain tenants and reduce rent in arrears will result in a stable income stream for Suntec REIT.

Insurance

The Properties are insured consistent with industry practice in Singapore. This includes property damage and business interruption insurance and public liability insurance (including personal injury) policies. There are no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including acts of war, acts of terrorism and outbreaks of contagious diseases.

Legal Proceedings

None of Suntec REIT, the Manager and the Property Manager is currently involved in any material litigation nor, to the best of the Manager's knowledge, is any material litigation currently threatened against Suntec REIT, the Manager or the Property Manager.

Competition

The retail and office property sectors in Singapore remain highly competitive. The principal competitive factors include rental rates, quality and location of properties, supply of comparable space and changing needs of business users brought about by corporate restructuring or technological advances. The accessibility and trade mix within a retail mall is also a major factor in attracting shoppers and tenants.

Suntec City Mall is the largest shopping mall in Singapore with more than 280 shops offering an extensive range of products and services. Interlinked to the five office towers, it serves both the Suntec City community as well as walk-in shoppers. The mall also benefits from traffic generated by the Suntec Singapore International Convention and Exhibition Centre, a hypermarket, a multi-screen cineplex, a fitness centre and the National University of Singapore Society club house.

Suntec City Mall faces competition from the nearby Marina Square, Raffles City Shopping Centre, City Link Mall and other large scale shopping malls in the Orchard Road shopping belt for both shoppers and retailers. Suntec City Mall is popular with shoppers due to the wide range of products, lifestyle services, food outlets and leisure facilities that it offers. The mall is also attractive to prospective retailers as it has a large immediate catchment of tourists, business travelers, convention and exhibition participants, office workers and local shoppers.

Suntec City Office Towers are intelligent office buildings with large floor plates and advanced building systems that appeal to financial institutions, information technology companies and multinational corporations. The integration of the Suntec City Office Towers with a vibrant shopping mall, Singapore's largest basement car park and a world-class convention and exhibition centre further enhances their appeal to office tenants.

The office towers face immediate competition from other comparable grade A buildings in the Marina Centre area such as Centennial Tower, Millenia Tower and established office buildings in the Raffles Place area such as UOB Plaza, 6 Battery Road and Republic Plaza.

Future Competing Developments

The retail market in Singapore is fairly resilient with limited supply of new retail space and healthy occupancy of existing retail space. Prime rents are generally stable. No major retail developments are expected to be completed in 2004. In 2005, approximately 28,779 sq m of retail space, mainly from the extension to Centrepoint Shopping Centre, Cathay Building, 3 Church Street, Singapore Management University and Changi Airport Terminal 3, is expected to be completed. In addition, approximately 114,651 sq m of retail space is projected to enter the market in 2006, mainly from the completion of HarbourFront Mall. On the suburban front, there are no new malls in the pipeline, although several government sites at MRT stations may become available in the distant future.

The Singapore Government's intention to increase business and employment opportunities within new developments in the Downtown@Marina, Tanjong Pagar and Outram areas may impact the Properties' competitiveness when the new developments are completed. The site at the new BFC in Downtown@Marina is a 3.55 hectare site for comprehensive redevelopment into any or a combination of commercial, retail, residential, entertainment or recreational uses. It includes a 1.8 hectare subterranean lot for an underground mall. The site will yield approximately 438,000 sq m of usable space. The earliest completion date for the first phase of the BFC site, if released in 2004, is likely to be 2008/2009.

The BFC site was made available through the reserve list in May 2004 and will be launched for sale when a developer expresses interest in it. No other office site is expected to be launched in the Government's land sale programme for 2004 and 2005.

SUNTEC CITY MALL

Description

Suntec City Mall is Singapore's largest shopping mall and is made up of a three-storey linear shaped mall and an eight-storey shopping podium. It is strategically integrated with the world-class Suntec Singapore International Convention and Exhibition Centre and interlinked to the five office towers. The mall is segmented into four thematic zones, named the Galleria, the Tropics, the Fountain Terrace and the Entertainment Centre, which are differentiated by trade and tenant mix.

The Galleria is located on part of the first storey of the Suntec Singapore International Convention and Exhibition Centre and comprises prime retail shops which carry international brands. The Tropics has three levels of shops on the 1st, 2nd and 3rd storeys of Suntec City Mall offering a wide variety of lifestyle merchandise. The Fountain Terrace is situated in the first basement level of the shopping mall. It houses the world's largest fountain, called the "Fountain of Wealth", which is ringed by a wide variety of restaurants and food and beverage outlets. The Entertainment Centre houses mainly lifestyle products and services for the family such as a hypermarket, a cineplex, a fitness centre and various entertainment facilities. Suntec City Mall also has three large atria for promotional activities and possesses a landscaped open roof garden above part of the shopping podium for visitors' enjoyment.

Suntec City Mall offers a diverse tenant mix and an extensive range of products and lifestyle services, making it a one-stop shopping, dining, recreation and entertainment destination.

Occupancy

For FY2003 and the nine months ended 30 June 2004, Suntec City Mall had an average occupancy rate of 88.1% and 97.8% respectively. For FY2003, Suntec City Mall generated Gross Revenue of S$75.1 million, or 51.2% of the Gross Revenue generated by the Properties. For the nine months ended 30 June 2004, Suntec City Mall generated Gross Revenue of S$58.7 million, or 56.9% of the Gross Revenue generated by the Properties.

Information about the occupancy rate, Gross Revenue and Net Lettable Area of each of the Galleria, the Tropics, the Fountain Terrace and the Entertainment Centre zones as at 30 June 2004 are as follows:

	Net Lettable Area	Average Gross Rent per month[(1)]	Occupancy rate (as at 30 June 2004)
	(sq m)	(S$)	(%)
Galleria	5,936 (63,898 sq ft)	128.95 per sq m (11.98 per sq ft)	99.8
Tropics	23,274 (250,513 sq ft)	137.46 per sq m (12.77 per sq ft)	99.2
Fountain Terrace	10,551 (113,574 sq ft)	105.70 per sq m (9.82 per sq ft)	98.6
Entertainment Centre	37,870 (407,630 sq ft)	52.10 per sq m (4.84 per sq ft)	98.6
Total/Average	77,631 (835,615 sq ft)	90.20 per sq m (8.38 per sq ft)	98.9

Note:

(1) Computed based on the Gross Rent of leases as at 30 June 2004.

Address

3 Temasek Boulevard Singapore 038983

Strata Area

85,326 sq m (918,441 sq ft)[(1)]

Net Lettable Area (as at 30 June 2004)

77,631 sq m (835,615 sq ft)

Year of Completion[(2)]

1994, 1995 and 1997

Note:

(1) Excludes void of 4,680 sq m (50,375 sq ft).

(2) Suntec City Mall was completed in phases. The entrances, lobbies and staircases of the retail podium were completed in 1994, the 1st, 2nd and 3rd storeys and part of two basement levels of retail podium were completed in 1995 whilst the three-storey and eight-storey retail block and part of two basement levels were completed in 1997.

Title

Leasehold estate expiring 29 February 2088

Appraised Value (as at 30 June 2004)

S$1,199.0 million

Tenant Information

As at 30 June 2004, Suntec City Mall had more than 250 retail tenants. The three largest tenants in Suntec City Mall are Carrefour Singapore Pte Ltd, which operates the Carrefour hypermarket on two levels of the mall, Rock Productions Pte Ltd, which occupies 6,167 sq m of retail space, and Suntec Food & Leisure Pte Ltd, which operates a 28-stall food-court and six restaurants at the Fountain Terrace section of the mall.

The table below sets out information on the 12 largest tenants (in terms of Gross Rent) as at 30 June 2004:

Tenant	Trade sub-sector	Lease expiry date	Net Lettable Area	Percentage of total Net Lettable Area of Suntec City Mall	Percentage of Gross Rent of Suntec City Mall
			(sq m)	(%)	(%)
Carrefour Singapore Pte Ltd	Hypermarket	Dec 2006	13,143	16.9	7.8
Rock Productions Pte Ltd	Others	Jan 2005, Apr 2005 and Apr 2007[1]	6,167	7.9	4.2
Suntec Food & Leisure Pte Ltd	Food and Beverage	Mar 2008 and Jan 2009[2]	3,699	4.8	4.0
Courts (Singapore) Limited	Home Furnishings	Jan 2005[3]	3,653	4.7	3.2
RSH (Singapore) Pte Ltd	Fashion	Apr 2006	2,138	2.8	2.9
Hinckley Singapore Trading Pte Ltd	Fashion	Sep 2004 and May 2006[4]	975	1.2	2.4
Planet Fitness Co. Pte Ltd	Leisure and Entertainment	Jul 2005	2,760	3.6	2.3
G2000 Apparel (S) Pte Ltd	Fashion	Mar 2006 and Apr 2006[5]	776	1.0	2.3
YES! Your Eyewear Specialists Pte Ltd	Services	Jul 2005	912	1.2	1.3
Pasar Gourmet Pte Ltd	Food and Beverage	Jul 2005	948	1.2	1.2
R E & S Enterprises Pte Ltd	Food and Beverage	Jun 2004 and Mar 2007[6]	706	0.9	1.1
Kopitiam Investment Pte Ltd	Food and Beverage	Oct 2006 and Mar 2007[7]	771	1.0	1.1
		Total	36,648	47.2	33.8

Notes:

(1) 3,238 sq m will expire in January 2005, 1,166 sq m will expire in April 2005 and 1,710 sq m will expire in April 2007.

(2) 1,105 sq m will expire in March 2008 and 2,594 sq m will expire in January 2009.

(3) Tenant has downsized by 1,807 sq m and relocated to another unit with effect from 1 October 2004 to make way for the proposed exhibition and retail centre for PRC products.

(4) 604 sq m expired in September 2004 (the lease has been extended by a further six months to March 2005) and 371 sq m will expire in May 2006 (the lease was pre-terminated in September 2004, but the space has been taken up since then and the new lease commences in November 2004).

(5) 448 sq m will expire in March 2006 and 328 sq m will expire in April 2006.

(6) 497 sq m expired in June 2004 and has been renewed till June 2007. 209 sq m will expire in March 2007.

(7) 52 sq m will expire in October 2006 and 719 sq m will expire in March 2007.

Expiries and Renewals

The following table sets out information on leases at Suntec City Mall that have expired and those that have been renewed by the existing tenants during the periods indicated:

	Number of leases expired[1]	Net Lettable Area of expired leases	Number of expired leases renewed	Total renewed Net Lettable Area	Renewal rate by number of expired leases in Suntec City Mall	Renewal rate by expired leased area in Suntec City Mall
		(sq m)		(sq m)	(%)	(%)
FY2001	74	25,711	59	23,474	79.7	91.3
FY2002	125	19,687	102	17,758	81.6	90.2
FY2003	51	10,107	38	5,255	74.5	52.0[2]
Nine months ended 30 June 2004	67	23,618	52	20,647	77.6	87.4
Total/Average	317	79,123	251	67,134	79.2	84.8

Notes:

(1) Excluding leases which were pre-terminated.

(2) The decline in the renewal rate to 52.0% in FY2003 was mainly due to the non-renewal of two major tenants, namely myepb bookstore, which occupied a Net Lettable Area of 2,191 sq m, and e-station, which occupied a Net Lettable Area of 1,251 sq m.

The table below sets out details of expiries in respect of tenancies which, as at 30 June 2004, are scheduled to take place during the periods indicated:

Period	Total number of leases expiring	Net Lettable Area of leases expiring	Expiring leases as a percentage of Net Lettable Area of Suntec City Mall
		(sq m)	(%)
1 Jul 2004 to 30 Sep 2004	16	5,524	7.1
FY2005	118	23,440	30.2
FY2006	78	12,464	16.1
Beyond FY2006	74	32,452	41.8
Recreational facilities	—[1]	2,880	3.7
Vacant space	N.A.	871	1.1
Total	286	77,631	100.0

Note:

(1) The 2,880 sq m (31,000 sq ft) of space occupied by recreational facilities is licensed to the Management Corporation for use by all the tenants in Suntec City. The licence has in the past been renewed on a yearly basis. The current licence expires in October 2005 and can be terminated by either party before then with one month's notice. The Manager currently intends to continue renewing the licence on a yearly basis unless Suntec REIT is able to secure a tenant willing to pay a higher rate on rent for the space.

SUNTEC CITY OFFICE TOWERS

Description

Suntec City Office Towers are Grade A intelligent office buildings comprising the Suntec Tower One Units, the Suntec Tower Two Unit, the Suntec Tower Three Units, the Suntec Tower Four Units and the Suntec Tower Five Units.

Suntec Tower One, Suntec Tower Two, Suntec Tower Three and Suntec Tower Four are 45-storey office buildings integrated with Suntec City Mall. They have commanding views of the city, the Marina Bay and the sea. The office towers offer column-free space with a three-compartment underfloor trunking system and an intelligent building management system. Each office tower is served by 17 high-speed lifts. The office towers have large floor plates ranging from approximately 938 sq m to approximately 1,336 sq m.

Suntec Tower Five has similar building specifications and intelligent features. It is an 18-storey block situated next to the Suntec Singapore International Convention and Exhibition Centre. It has large floor plates of approximately 2,566 sq m and is served by 11 high-speed lifts.

Suntec City Office Towers house many prominent tenants such as government authorities, international information technology companies, financial institutions and professional service companies. Its tenants include the Info-Communications Development Authority of Singapore, UBS AG, Deutsche Bank AG, Oracle, Hewlett-Packard, Jardine Lloyd Thompson, IMC Shipping, Chevron Philips, National Australia Bank, Starwood Asia Pacific, Borland, Chubb, Maxtor International SARL, Veritas and Atos Origin.

Property Particulars

	Suntec Tower One Units	Suntec Tower Two Unit	Suntec Tower Three Units	Suntec Tower Four Units	Suntec Tower Five Units	**Total**
Address of building	7 Temasek Boulevard Singapore 038987	9 Temasek Boulevard Singapore 038989	8 Temasek Boulevard Singapore 038988	6 Temasek Boulevard Singapore 038986	5 Temasek Boulevard Singapore 038985	
Strata Area (sq m)	3,776	217	30,977	44,080	36,125	**115,175**
Net Lettable Area (sq m)	3,629	217	30,595	43,529	35,880	**113,850**
Year of completion	1995	1995	1997	1997	1994	

Appraised Value (as at 30 June 2004)

S$951.0 million

Occupancy

For FY2003 and the nine months ended 30 June 2004, Suntec City Office Towers had an average occupancy rate of 89.2% and 83.1% respectively. For FY2003, Suntec City Office Towers generated Gross Revenue of S$71.5 million, or 48.8% of the Gross Revenue generated by the Properties. For the nine months ended 30 June 2004, Suntec City Office Towers generated Gross Revenue of S$44.5 million, or 43.1% of the Gross Revenue generated by the Properties.

Title

Leasehold estate expiring 29 February 2088.

Tenant Information

As at 30 June 2004, Suntec City Office Towers had 88 tenants. The largest tenants of Suntec City Office Towers include international financial institutions such as UBS AG and Deutsche Bank AG, information technology companies such as Oracle, Hewlett-Packard and government authorities such as the Info-Communications Development Authority of Singapore.

The table below sets out information on the 12 largest tenants (in terms of Gross Rent) of Suntec City Office Towers as at 30 June 2004:

Tenant	Business sector	Lease expiry date	Net Lettable Area	Percentage of total Net Lettable Area of Suntec City Office Towers	Percentage of Gross Rent of Suntec City Office Towers
			(sq m)	(%)	(%)
UBS AG	Banking, insurance and financial services	Mar 2005[1]	12,525	11.0	16.6
Info-Communications Development Authority of Singapore	Government and government-linked offices	Mar 2009[2]	11,403	10.0	9.3
Microsoft Singapore Pte Ltd	Technology services and consultancy	May 2005[3]	4,678	4.1	5.1
Deutsche Bank AG	Banking, insurance and financial services	Apr 2007[4]	5,610	5.0	4.9
Oracle Corporation Singapore Pte Ltd	Technology services and consultancy	Feb 2005[5]	2,999	2.6	4.3
Fuji Xerox Singapore Pte Ltd	Technology services and consultancy	Sep 2004[6]	3,351	3.0	3.6
Hewlett-Packard Singapore (Pte) Ltd	Technology services and consultancy	Mar 2007[7]	2,540	2.2	2.3
Atos Origin (Singapore) Pte Ltd	Technology services and consultancy	Feb 2006	2,076	1.8	2.2
IMC Shipping Co Pte Ltd	Shipping and freight forwarding	Jul 2005	2,155	1.9	1.9
EMC Computer Systems (South Asia) Pte Ltd	Technology services and consultancy	Feb 2007	2,027	1.8	1.9
Chevron Philips Chemicals Asia Pte Ltd	Chemicals	Jun 2008	1,819	1.6	1.8
Jardine Lloyd Thomson Pte Ltd	Banking, insurance and financial services	Mar 2007	1,727	1.5	1.7
Total			52,910	46.5	55.6

Notes:

(1) Lease has been renewed till March 2009. UBS AG may terminate its lease by serving six months' notice on or after 1 October 2007.

(2) Info-Communications Development Authority of Singapore has the right to surrender up to 10.0% of the leased area by serving six months' notice on or before 31 March 2007. Thereafter, it has the right to terminate the lease by serving six months' notice between 1 April 2007 and 31 March 2008.

(3) Microsoft Singapore Pte Ltd's lease will be terminated with effect from 1 December 2004.

(4) Deutsche Bank AG may after 10 October 2005 terminate the lease or surrender up to 15.0% of the lease area, by serving a six months' notice.

(5) Oracle Corporation Singapore Pte Ltd has renewed its lease for 1,326 sq m of the space till February 2008.

(6) Oracle Corporation Singapore Pte Ltd has leased 2,234 sq m of the space vacated by Fuji Xerox Singapore Pte Ltd. The new lease commences in March 2005 and will terminate in February 2008.

(7) Hewlett-Packard Singapore (Pte) Ltd may terminate the lease by serving six months' notice during the period between 1 October 2005 and 1 April 2006.

Expiries and Renewals

The following table sets out information on leases at Suntec City Office Towers that have expired and those that were renewed by the existing tenants during the periods indicated:

Period	Number of leases expired	Net Lettable Area of expired leases	Number of expired leases renewed	Total renewed Net Lettable Area	Renewal rate by number of leases in Suntec City Office Towers	Renewal rate by expired leased area in Suntec City Office Towers
		(sq m)		(sq m)	(%)	(%)
FY2001	26	24,971	17	19,477	65.4	78.0
FY2002	30	17,005	19	12,754	63.3	75.0
FY2003	37	19,230	23	11,538	62.2	60.0
Nine months ended 30 June 2004	54	46,075	38	35,478	70.4	77.0
Total/Average	147	107,281	97	79,247	66.0	73.9

The table below sets out details of expiries in respect of tenancies which, as at 30 June 2004, are scheduled to take place during the periods indicated:

Period	Total number of leases expiring	Net Lettable Area of leases expiring	Expiring leases as a percentage of Net Lettable Area of Suntec City Office Towers
		(sq m)	(%)
1 Jul 2004 to 30 Sep 2004	12	7,600	6.7
FY2005[(1)]	46	32,733	28.8
FY2006	26	12,124	10.6
Beyond FY2006	44	38,719	34.0
Office premises and exhibition and conference areas	N.A.	1,601	1.4
Vacant space	N.A.	21,073	18.5
Total	128	113,850	100.0

Note:

(1) This includes the leases of UBS AG and Oracle Corporation Singapore Pte Ltd, which together accounted for 13.6% of the Net Lettable Area of Suntec City Office Towers. UBS AG has renewed its lease till March 2009 and Oracle Corporation Singapore Pte Ltd has renewed its lease for 1,326 sq m of the space till February 2008.

THE RETAIL AND OFFICE PROPERTY MARKETS IN SINGAPORE

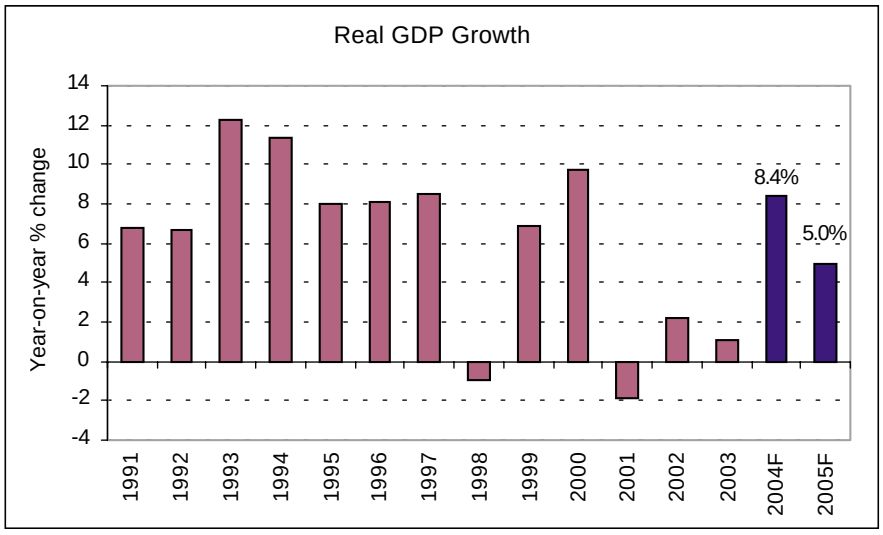
The Manager commissioned CB Richard Ellis (Pte) Ltd, the Independent Property Consultant, to prepare a report on the Singapore retail and office property markets. The following is a summary of the said report.

Economic Overview

Historical Economic Performance

The Singapore economy grew by an average of 6.1% between 1991 and 2003, while growth was on average 8.8% per annum between 1991 and 1997. The lower growth for the 13-year average was primarily because of the economic recessions in 1998 (-0.9%) and 2001 (-1.9%). In 2003, while the economy in the first half was battered by negative factors such as the Iraq war and the SARS outbreak, the economy grew in the second half on the back of the growth in the region and the United States. Overall, the Singapore economy registered a full year growth of 1.1% in 2003.

Looking ahead, the Ministry of Trade and Industry ("MTI") has said that Singapore's economic growth momentum would continue for the rest of the year and into 2005 at more sustainable rates. This is backed by healthy prospects for global economic growth. The MTI believes that interest rates are likely to increase at a pace that will allow smooth adjustments in the major economies. Although oil prices have remained high, futures prices indicate a return to more normal levels over the next year or so. Putting these into perspective, the MTI has revised the growth forecast to 8.0% to 9.0%, up from 5.5% to 7.5% previously.



Sources: Department of Statistics ("DOS"), MAS survey of professional forecasters (September 2004).

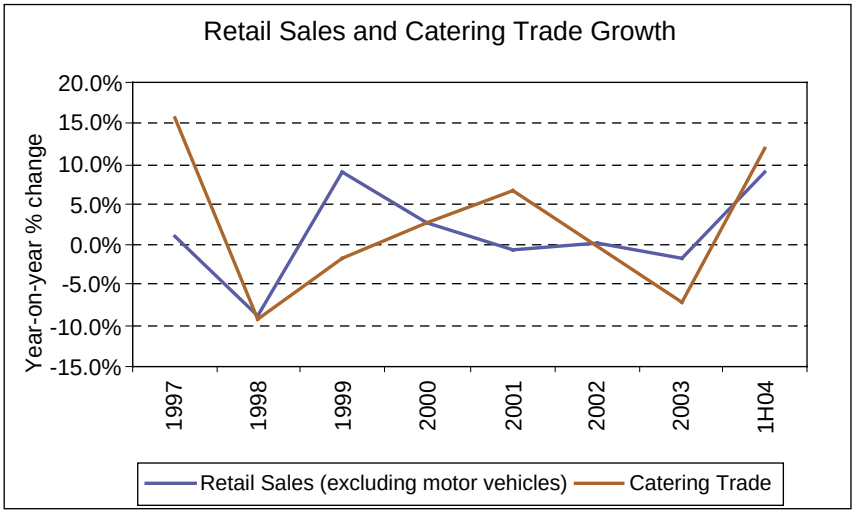
Note: Based on 1995 prices.

Retail Market Review

Retail Sales and Other Indicators

Retail sales

The performance of the retail industry in the first half of 2004 has vastly improved after being hit by the SARS outbreak in 2003. The retail sales index shows better sales in the January to June period of this year, not only compared with the SARS-hit period of 2003 but also pre-SARS 2002. Retail sales (excluding motor vehicles) went up by 9.0% and 6.6% in comparison with 2003 and 2002 respectively. The catering trade index (for restaurants, fast food and cafes) indicates an improvement of 11.9% against 2003 but sales of this segment are still marginally lower (by 1.2%) than in 2002.



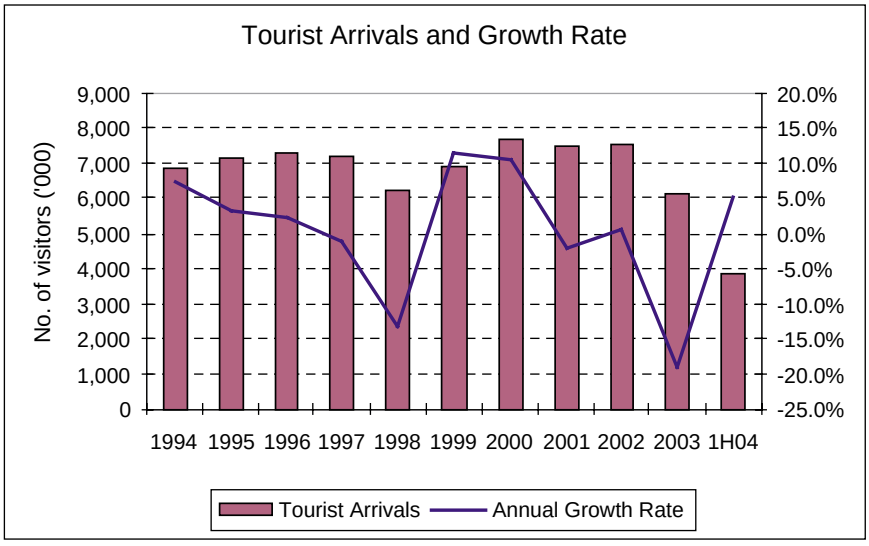
Sources: DOS, CB Richard Ellis Global Research & Consulting.

Note: Growth rates based on dollar sales for 1997-2002; for 2001-2002, based on new series of data (for which methodology was changed); rates for 2003 and the first half of 2004 based on indices.

Tourist arrivals and expenditure

Tourist arrivals in 2004 have made a robust recovery after being badly hit by the SARS outbreak in 2003, surpassing even the 2002 levels. In the first half of 2004, arrivals totalled 3.87 million, up 54.0% year-on-year and 5.1% over the corresponding pre-SARS period in 2002. The most recent three-month period of April to June 2004 saw a total of over two million arrivals for the first time since the third quarter of 2001. A target of the pre-SARS level of 7.6 million has been set for 2004, and this is expected to be met or even surpassed.

Tourist spending makes up about 20.0% of retail and food and beverage sales in Singapore and is a key driver of the retail industry. Tourist retail expenditure (defined as shopping and food and beverage) for 2003 totalled S$2.85 billion or S$465.00 per visitor.

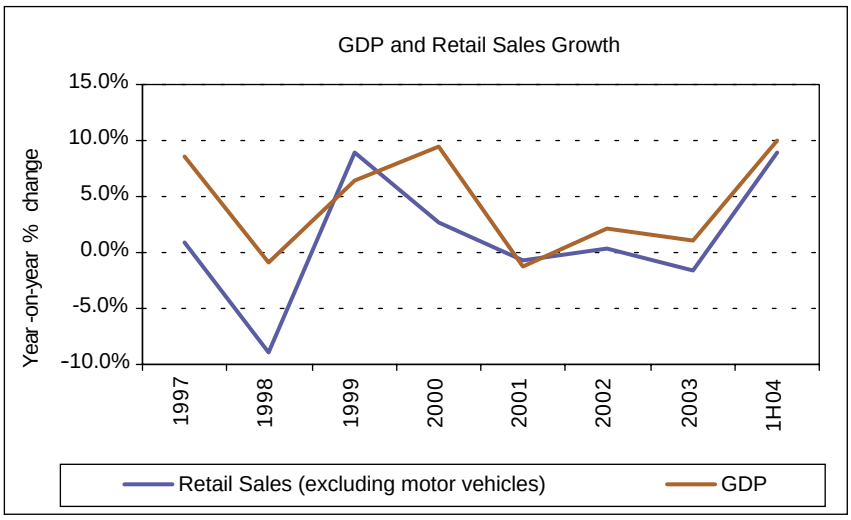


Source: Singapore Tourism Board.

Note: The growth rate shown for the first half of 2004 is compared with the corresponding period in 2002 as the growth rate in 2003 is considered untypical due to the SARS outbreak.

Economy and employment

The performance of the retail industry is closely tied to growth in gross domestic product ("GDP"). For the first half of 2004, the economy grew by 10.0%. While the current unemployment rate of 4.5% in June 2004 is only marginally lower than last year's average, job creation from the economic recovery has helped to keep it stable. Retrenchments have also fallen. The brighter outlook of a projected 8.0% to 9.0% economic growth and 4.0% unemployment rate in 2004 will underpin domestic spending in the next six to 12 months.



Sources: MTI, DOS, CB Richard Ellis Research & Consulting.

Note: Growth rates based on dollar sales for 1997-2002; for 2001-2002, based on new series of data (for which methodology was changed); rates for 2003 and the first half of 2004 based on indices.

Population and retail expenditure per capita

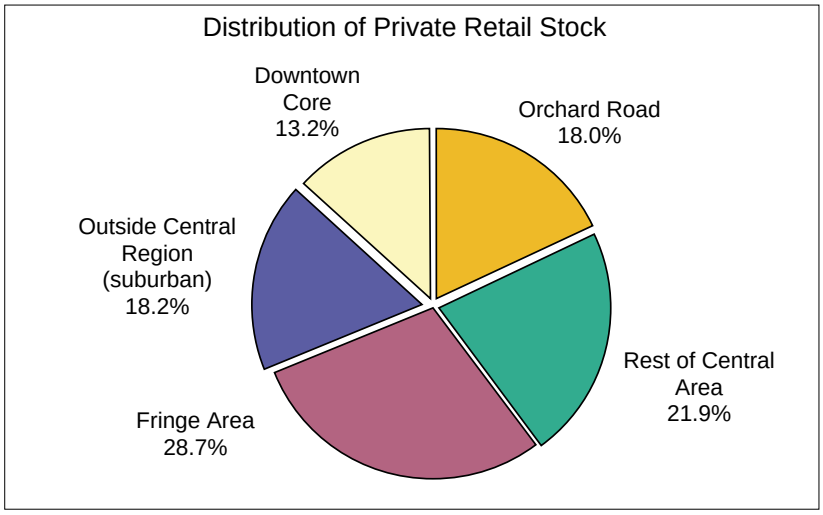
Population growth is another key driver of the retail industry. Singapore's population grew by a compounded annual rate of 2.8% in the 1990s, according to DOS population data. In more recent years since 2000, the rate has slowed down to 1.4%. Nonetheless, population growth will be one of the key foundations to retail sales growth in the long-term.

In comparison, retail spending (measured by retail sales excluding motor vehicles), grew roughly in tandem with population growth in the 1990s, resulting in a fairly stable retail expenditure per capita of S$4,500 on average. Taking the more recent period of 2000 to 2003, retail expenditure per capita has shrunk as retail sales have not grown as much as population. This is probably due to more belt-tightening as a result of tough economic and employment conditions. Retail expenditure per capita is estimated at S$4,000 in 2003.

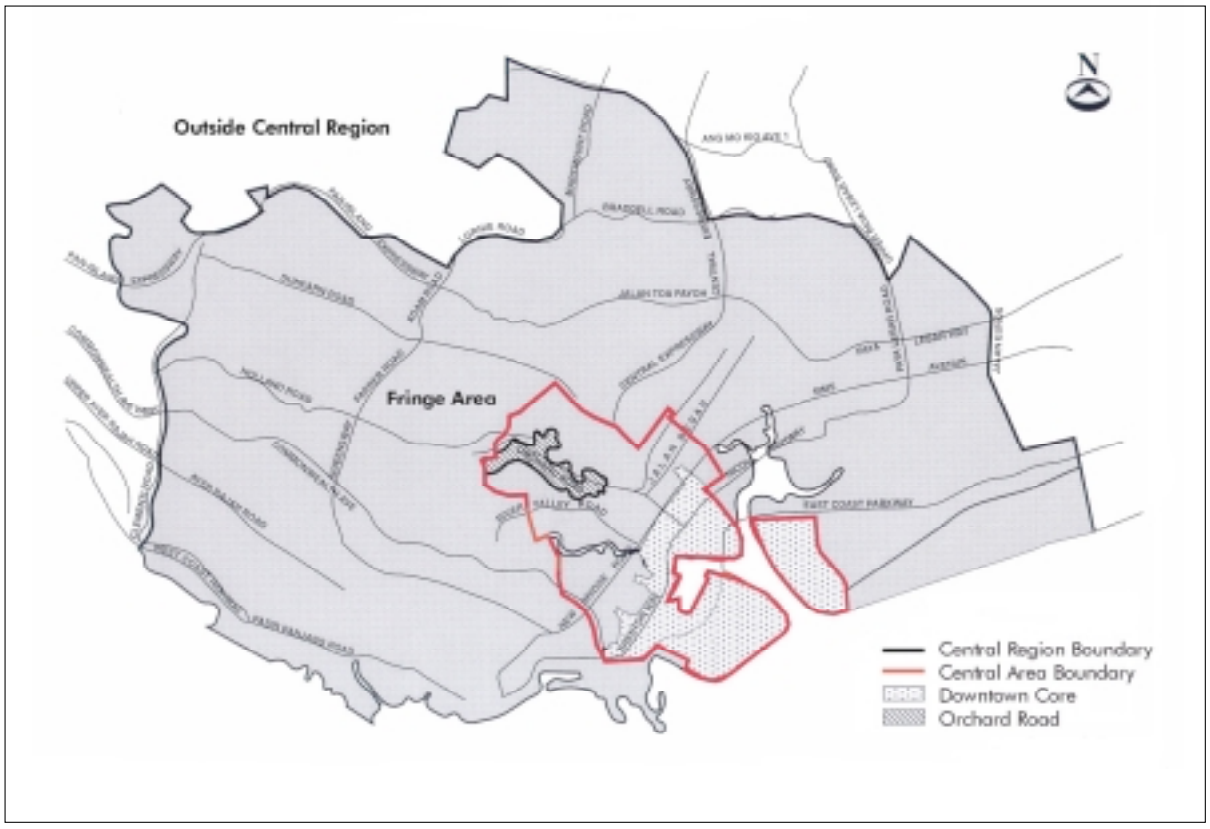
Islandwide Retail Stock

The current stock of retail space from both the private and public sector amounted to 3.153 million sq m (33.94 million sq ft) at the end of the second quarter of 2004, based on statistics from the Urban Redevelopment Authority ("URA"). Of this, 2.011 million sq m (21.65 million sq ft) is private sector retail space.

Of the 2.011 million sq m of private retail space, 53.1% is in the Central Area, with 18.0% in Orchard Road, 13.2% in Downtown Core and 21.9% in Rest of Central Area. The remaining stock is in the Fringe Area (28.7%) and Outside Central Region (18.2%).



Source: URA.



Source: URA.

Note: Planning zones defined by URA. Central Area comprises Downtown Core, Orchard Road, Rest of Central Area, while Central Region comprises Central Area and Fringe Area.

Although retail stock has increased by about 10.0% over the last ten years, the retail stock per capita has shrunk from 9.1 sq ft to 8.1 sq ft. This is because population grew by 22.0% over the same period. However, private retail stock per capita shrank less. The increase in total stock was largely due to an expansion of private stock; public retail stock hardly increased as older Housing and Development Board ("HDB") shops were demolished while new ones were built. It would appear that the Government's release of land for suburban retailing helped to ensure adequate private retail supply to support an increasing population base.

Retail Stock and Population Growth					
	Sq ft (million)		Increase	Sq ft per capita	
	1994	2003		1994	2003
Total retail stock	31.1	34.1	9.6%	9.1	8.1
Private retail stock	18.8	21.7	15.4%	5.5	5.2
Public retail stock	12.2	12.3	0.7%	3.5	3.0
Total population (No. of persons: million)	3.4	4.2	22.3%		

Sources: URA, DOS, CB Richard Ellis Global Research & Consulting.

Relative to other major cities, Singapore does not appear to be "overshopped". In comparison, Hong Kong and Sydney each has 15 sq ft of total retail stock per capita[(1)].

Islandwide Future Supply

Between mid-2004 and 2008, total known retail supply is estimated to be 2.54 million sq ft.

2004

Only a projected 125,000 sq ft of retail space is due for completion in the remaining six months of 2004. No major retail projects are expected and the supply will come from Phase 2 of HarbourFront Centre's refurbishment, addition of space at Junction 8 and HDB's Pioneer Mall. The refurbished Orchard Point (estimated 140,000 sq ft) was completed in the first quarter of 2004 and was mostly for owner occupation by the OG department store. There is therefore very limited new retail supply in 2004. The average annual net supply, based on URA data for the past 10 years and taking into account demolitions, is 298,163 sq ft (private sector space).

Beyond 2004

However, more supply is expected in the next few years including 1.23 million sq ft in 2006, of which one million sq ft will be from HarbourFront Mall. HarbourFront Mall is likely to be the most ambitious retail concept to date with a strong focus on family and lifestyle entertainment theme. It is positioned as a destination centre with the entire Singapore population as its catchment. Other major developments include Cathay Building, Square 2, Central and City Square.

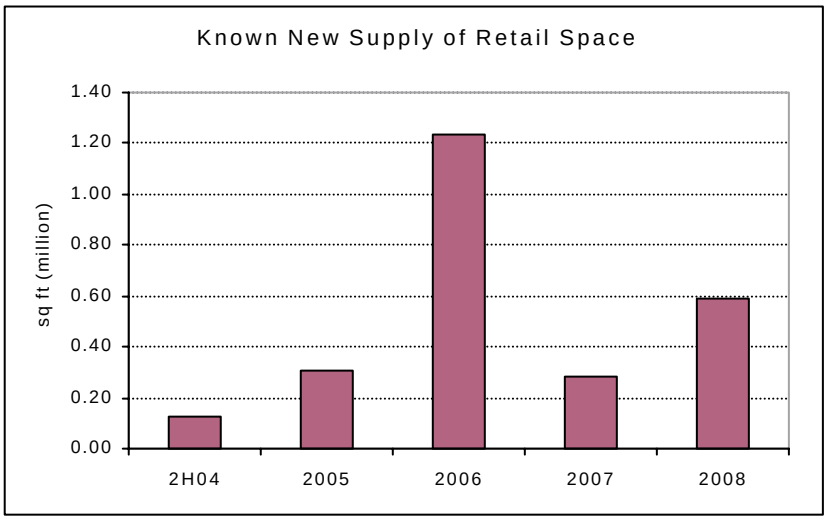
[1] Sources: (Hong Kong) Rating and Valuation Department, Census and Statistics Department; (Australia) CB Richard Ellis Research & Consulting.
Definition of total retail stock: (Hong Kong) Retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices; (Australia) Retail space above 1,000 sq m, including shopping centres, purpose-built bulk goods stores and stand-alone stores in shopping/commercial strips.

Known New Supply (Second half of 2004 to 2008)*						
	Expected Completion	**Proposed Retail Projects**	**Location**	**Planning Region**	**Net Floor Area** (sq ft)**	**Total Net Floor Area** (sq ft)**
1	Third quarter 2004	HarbourFront Centre (Phase 2 refurbishment)	Telok Blangah Road	Fringe Area	20,000	
2	Third quarter 2004	Pioneer Mall	Jurong West	Outside Central Region	55,000	
3	Fourth quarter 2004	Junction 8 (Phase 2 additions)	Bishan Road	Fringe Area	50,000	**125,000**
4	Fourth quarter 2005	Extension to the Centrepoint Shopping Centre	Orchard Road	Orchard	63,000	
5	2005	Cathay Building (redevt)	Handy Road	Rest of Central Area	180,000	
6	2005	3 Church St (retail space in office project)	Church Street	Downtown Core	5,244	
7	2005	Singapore Management University (retail space)	Stamford Road/Bras Basah Road	Rest of Central Area	40,000	
8	2005	Changi Airport Terminal 2 (additions)	Airport Boulevard	Outside Central Region	21,528	**309,772**
9	First quarter 2006	One Raffles Quay (retail space in office project)	Central Blvd/Raffles Quay/ Marina Blvd	Downtown Core	4,058	
10	First quarter 2006	The Frontier Community Club	Jurong West	Outside Central Region	7,530	
11	2006	HarbourFront Mall	Telok Blangah Road	Fringe Area	1,000,000	
12	2006	Square 2	Thomson Road	Fringe Area	109,000	
13	2006	Vision Crest (retail space in residential project)	Penang Road	Orchard	6,862	
14	2006	Fusionpolis	Ayer Rajah Avenue	Fringe Area	106,644	**1,234,094**
15	Fourth quarter 2007	Central (retail podium)	Eu Tong Sen Street	Rest of Central Area	213,000	
16	2007	SLF retail development	Ang Mo Kio Avenue 3/Avenue 8	Outside Central Region	N.A.	
17	2007	Icon (retail space in residential project)	Gopeng Street	Downtown Core	45,000	
18	2007	Marina Boulevard residential development (retail space)	Marina Boulevard	Downtown Core	29,000	**287,000**
19	2008	City Square	Jalan Besar/ Serangoon Road/ Kitchener Road	Fringe Area	450,000	
20	2008	Changi Airport Terminal 3	Airport Boulevard	Outside Central Region	137,564	**587,564**
				Total (Second half of 2004 to 2008)		**2,543,430**

Sources : URA, CB Richard Ellis Global Research & Consulting.

* *As at the end of the second quarter of 2004. New space is considered to be space under construction, additions/extensions and total refurbishment of existing developments.*

** *Estimates only.*



Source: CB Richard Ellis Global Research & Consulting.

Islandwide Retail Demand and Occupancy

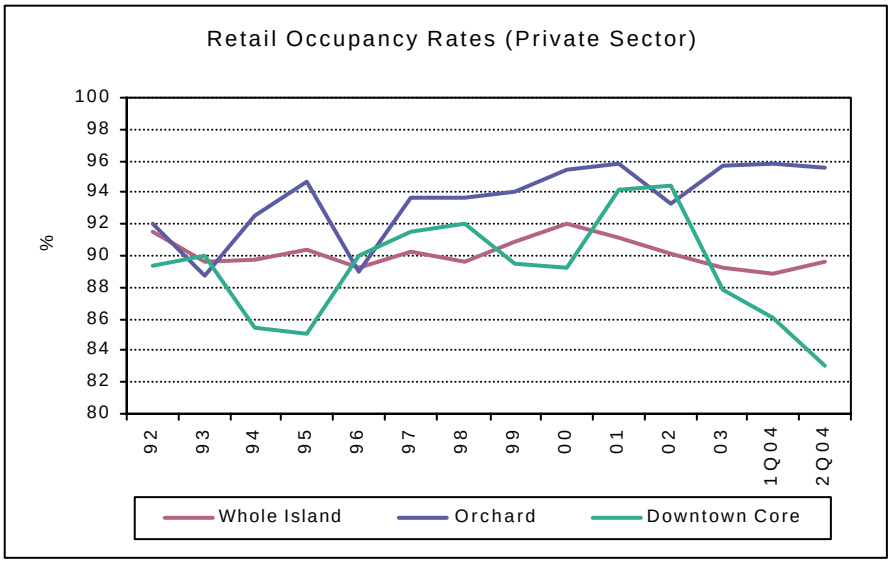
An increased interest in leasing retail space was seen in the first quarter of 2004 after a hiatus during the year-end festive period that ended at Chinese New Year in January this year; this continued into the second quarter. Many retailers were keen to explore locations for expansion or new concepts.

In the first quarter, many of the retailers in expansion mode were major chain stores aiming to increase their reach. In terms of trades, those that added outlets included supermarkets, food courts, education, beauty and fitness (*e.g.* gyms, spas and yoga centres) and entertainment. Food and beverage operators continued to drive demand for space and among them were those at the upper mid-end that chose niche locations with unique flavours, such as “village hubs” and shophouse areas. In the second quarter, expansions and new entrants were seen across all trades.

At the end of the second quarter of 2004, total cumulative demand amounted to 2.865 million sq m (30.84 million sq ft) of which 1.801 million sq m (19.39 million sq ft) was for private sector space.

In the private sector, demand in Rest of Central Area rose by 8,000 sq m (86,112 sq ft) while Orchard Road saw a net increase of 13,000 sq m or 139,932 sq ft. There was negative net demand in Downtown Core, Fringe Area and Outside Central Region. This is most likely for less attractive space, *e.g.* properties or shophouses that are poorly located, not well maintained or old.

At the end of the second quarter of 2004, URA’s islandwide occupancy rate for private sector retail space was 89.6%. In specific planning zones, occupancy rates were 95.6% (Orchard Road), 83.1% (Downtown Core) and 96.2% (Outside Central Region). It should be noted that major well-established malls are enjoying full or nearly full occupancy.



Source: URA.

Retail Rentals

Based on the URA rental index for shop space in the Central Region, retail rents fell 3.4% in 2003 and 0.6% in the first quarter 2004, but rose by 0.8% in the second quarter. The CB Richard Ellis index of islandwide prime rents[(2)] fell by 1.2% in 2003 but rose 0.4% in the first quarter 2004 and another 0.8% in the second quarter.

Trends in Retail Accommodation

The latest trends in the types of retail accommodation reflect a retail landscape that is becoming more varied and consumers that are more discerning and well-travelled.

Most retail businesses are housed in shopping centres in Singapore. This will continue to be the main form of accommodation for retailers. However, the consumer's growing expectations of new concepts also means shopping centres must be upgraded regularly. In 2003, a large number of malls undertook (or planned) refurbishment works, revamped their tenant mix or both. Among them were Plaza Singapura, Liat Towers, Wisma Atria, Millenia Walk, Marina Square, Cathay Cineleisure Orchard and Clarke Quay. The challenge to draw more shoppers as their tastes evolve will become greater.

Suburban malls serving their local residential populations — such as Tampines Mall, Junction 8 and Tiong Bahru Plaza — will also see constant upgrading and improvements in their tenant mix while better, and possibly bigger, suburban malls will be built in the future.

The latest government initiative to welcome warehouse and big box retailing will likely result in the emergence of a new retail segment. Another recent trend is the popularity of village hubs and street level shops, in particular for the food and beverage business.

Benchmarking Analysis

Orchard Road Micro-market

The traditional Orchard Road belt, which includes part of Scotts Road, is well established as Singapore's premier shopping district, both locally as well as internationally.

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[2] Average prime rent is defined as the average rent of units up to 1,000 sq ft on the prime floor (level with heaviest traffic, typically level one) from our basket of major retail centres.

Many of Singapore's successful and prominent shopping centres are found in Orchard Road. Leading local and international retailers and brands make it a point to have a presence here, making Orchard Road synonymous with fashion as well. The larger malls usually have major anchors and a wide variety of trades while there are also those that have a more focused or niche market.

Stock and future supply

The Orchard Road micro-market has 361,000 sq m (3.89 million sq ft) or 18.0% of the total private sector stock. Orchard Road sees almost no new supply in the short term — only Centrepoint plans to build an extension with about 63,000 sq ft of lettable space, scheduled for completion in late 2005. The refurbished Orchard Point (estimated 140,000 sq ft) was completed in the first quarter of 2004, mostly for owner occupation by the OG department store.

Demand and occupancy

Based on URA figures, cumulative demand for Orchard Road private sector space at the end of the second quarter of 2004 was 345,000 sq m (3.71 million sq ft). In the second quarter of 2004, there was no change in demand. The net demand of 13,000 sq m (139,932 sq ft) recorded for the first quarter of 2004 was the same as the net increase in stock, suggesting that the additional stock was fully taken up (*i.e.* the new OG Orchard Point, by its owner-occupiers) during this period. At the end of the second quarter of 2004, Orchard Road occupancy was 95.6%, higher than the islandwide occupancy of 89.6%. This reflects the combined effects of limited supply and healthy demand in the Orchard micro-market.

Rental levels

At the end of the second quarter of 2004, the average prime rent in Orchard Road was S$32.10 per sq ft per month, edging up marginally by 0.3% in the first quarter and further strengthening in the second quarter by 1.3%. The growth in the first half has exceeded the 0.9% decline in 2003. Rents for "super prime" space (the best of the prime space in Orchard Road) averaged S$45.00 per sq ft per month. Compared with prime rents in other micro-markets in the city, Orchard Road rents fell the least in 2003, primarily due to the limited supply and strong occupancy. Prime Orchard Road rents also command a premium over prime rents of other micro-markets.

City Hall/Marina Centre Micro-market

The City Hall/Marina Centre micro-market covers the City Hall and Bugis areas (*i.e.* North Bridge Road, Victoria Street), and Marina Centre. This micro-market is mostly within the Downtown Core planning zone, which also includes Singapore's Central Business District.

Major Shopping Centres in City Hall/Marina Centre Micro-market		
Development	**Lettable Area**	
	(sq m)	**(sq ft)**
Suntec City	77,631	835,615
Marina Square	68,376	736,000
Parco Bugis Junction	40,083	431,453
Millenia Walk	29,729	320,000
Raffles City Shopping Centre	26,177	281,769
Funan The IT Mall	24,639	265,214
Esplanade Mall	8,640	93,000
CityLink	6,891	74,174

Source: CB Richard Ellis Global Research & Consulting.

The redevelopment of Downtown Core that began in the 1980s gave rise to several mixed commercial projects (office, retail, hotel, convention) as it was envisioned to be the financial and commercial hub of Singapore. Most of the projects were built in the late 1980s to late 1990s. Marina Centre is a relatively new part of the city and is situated on reclaimed land. The sale of land parcels here took place over a span of some 10 years, starting in 1978. From these land sales came three mixed developments — Marina Square in 1987 (with a mall, three hotels and some office space); Suntec City between 1994 and 1997 (with a mall, five office towers and a convention centre); and Millenia Singapore between 1995 and 1997 (with a mall, two hotels and two office towers).

While Orchard Road is deemed the premier retail hub in Singapore, the City Hall/Marina Centre micro-market is today a close rival. In particular, Marina Centre began to compete with Orchard Road after it was fully developed and offered an alternative shopping hub. Moreover, two of Singapore's largest malls — Suntec City Mall and Marina Square — are located here.

Marina Centre is likely to see greater activity when the MRT Circle Line is completed and as the Government's plans to develop Downtown@Marina Bay progresses in the coming years. To kickstart the development, the government is planning to build a 1.5 kilometre-long waterfront promenade from Clifford Pier to Marina City Park and a bridge to link the bayfront to Marina Centre, which will complete a 3.4 kilometre loop that will link up all the cultural, entertainment and recreational facilities around the bay. Marina Centre and Downtown@Marina Bay will probably merge and form a broader bayfront precinct. More crowds are expected when new attractions such as the Singapore Flyer, one of the world's tallest observation wheels, are added to the existing Esplanade — Theatres on the Bay and Merlion Park.

Stock and future supply

Total private sector retail stock in Downtown Core amounts to 266,000 sq m (2.86 million sq ft) or 13.2% of islandwide stock. The major malls make up about 90.0% of this stock. No new supply is expected here in the short-term. Although Marina Square is undergoing a major refurbishment, it will not yield any net addition of retail space. The existing space will be reconfigured to form more units instead. In the long term, the new Downtown@Marina Bay will be Singapore's business, financial and entertainment district. Most of the new supply will come from this location.

The waterfront promenade around Marina Bay and link bridge are expected to be completed by 2008. Low-density developments for food and beverage, recreation and lifestyle-related uses with short leases of up to 30 years, located around the bay, will be introduced. The BFC site has been made available for application on the reserve list in May 2004. This development is envisaged to be a mega commercial complex and will likely yield retail space. Out of the maximum gross floor area of 4.7 million sq ft, 40.0% may be allocated to retail, recreation, entertainment or other uses. This site comes with the option of the Central Promontory site, which is slated for an iconic development with a public attraction and complementary uses such as convention, retail, food and beverage and recreation. The total allowable gross floor area is 430,560 sq ft. In addition, both sites come with subterranean lots for an underground mall.

Demand and occupancy

URA figures for Downtown Core show a contraction in private sector demand in the first two quarters of 2004, by 8,000 sq m (86,112 sq ft) and 9,000 sq m (96,876 sq ft) respectively. Cumulative demand at the end of the second quarter of 2004 was 221,000 sq m (2.38 million sq ft). Hence occupancy went down by 4.7 percentage points in the first half of 2004 to 83.1% and is below the islandwide level. The lower occupancy in Downtown Core may be attributed to the vacancies of shophouses and poorer quality space, and the phased refurbishment of Marina Square.

Rental levels

The average monthly prime rent for the City Hall/Marina Centre micro-market remained unchanged in the first quarter of 2004, but improved by 2.4% in the second quarter to S$21.60 per sq ft. It declined by about 3.7% in 2003. Rentals here are generally still below those in Orchard Road, which is considered the premier shopping hub. Currently, the average monthly prime rent for the City Hall/Marina Centre micro-market is about 33.0% lower than that of Orchard Road.

Rental and Occupancy Rate Benchmark

Based on the tenancy as at end-June 2004, the average monthly prime rent of Suntec City Mall (*i.e.* of Level 1 units about 1,000 sq ft or less each) is S$25.86 per sq ft. In comparison, the average monthly prime rent in the City Hall/Marina Centre micro-market is S$21.60 per sq ft while that in Orchard Road is S$32.10 per sq ft. The average monthly rent for all Level 1 specialty space in Suntec City Mall is S$17.58 per sq ft. The significantly lower rate is due to the inclusion of a substantial portion of large (3,000 sq ft or more) retail units. This average rate has potential to increase if more space is carved out for smaller units as seen from the achievable average prime rent.

As for occupancy, Suntec City Mall's rate of 98.9% is higher than the average of 83.1% and 95.6% for the Downtown Core and Orchard Road planning zones respectively at the end of June 2004.

Review of Suntec City Mall

Suntec City Mall is the largest retail mall in Singapore. It is situated at a highly visible location in the city centre, in Marina Centre. The mall has an extensive range of retail trades and amenities that cater to every market segment, from locals to tourists and from children to families. It also has several major anchors that are well-patronised and help to draw shopper traffic. It has numerous strengths that serve as competitive advantages.

Key Strengths

- High profile: It has a high profile as Singapore's largest mall. Regular marketing activities and events using the various atria have successfully attracted high traffic, while major media events such as the millenium celebrations "Countdown 2000" and the Singapore Idol auditions in 2004 helped maintain its high profile.
- Good location and accessibility: Prominent and accessible location in the city centre at a major crossroad (Nicoll Highway and Raffles Boulevard) and within the commercial, hotel and convention hub of Marina Centre. Linked to City Hall MRT interchange via an underground walkway and a free shuttle bus service. Vehicular access at all sides of the building and ample carparking with 3,125 car park lots.
- Large catchment: Large catchment of tourists from over 7,500 rooms in hotels which are within a five to 10 minute drive from Suntec City. Immediate catchment of 2.3 million local and overseas visitors to the Suntec Singapore International Convention and Exhibition Centre in 2003, as well as office workers from Suntec City Office Towers and Marina Centre.
- Wide-ranging tenant mix: Wide range of tenants and trade mix, with a strong food and beverage selection that is well patronised. Food outlets include mini-anchor Marché, two food courts and restaurants/cafes in various clusters, the main one being Fountain Terrace. Strong commercial anchors and mini-anchors, Carrefour hypermarket, Eng Wah cineplex, Planet Fitness, Harvey Norman and Courts, to ensure regular stream of shoppers. Non-commercial anchors, The Rock auditorium with regular crowds, and the National University of Singapore Society also draw traffic into the mall.
- Tourist attraction: It has successfully tapped into the tourist market by positioning itself as a tourist attraction, not just a mall; various components are synergistic to this end — the convention centre, the Singapore Tourism Board information centre with coach bays, the Singapore DUCKtours and the Fountain of Wealth (recognised in the Guinness Book of Records as the largest fountain in the world).

There are also many more opportunities to build on its strengths and improve weaker areas. These are some of the issues that can be reviewed to help strengthen the mall's market positioning, improve the tenant mix and ultimately increase shopper traffic and rents.

Opportunities/Improvements

- Visibility: Signage and transparency of the mall may be improved for greater visibility from street level. Currently, the building facade and signage is more reflective of the Suntec Singapore International Convention and Exhibition Centre, while Suntec City Mall's presence, entrances and signage are less obvious.
- Size: The large size can be further taken advantage of through continual improvement of the tenant mix to provide a varied yet balanced mix. While anchors are vital for a mall of this size, the choice of anchors should also be complementary. The large size may necessitate that the Suntec City Mall is targeted at the widest possible market, but even an identity as the "one-stop shopping centre" or a mall with "everything under one roof" will require a synergistic tenant mix. Clustering or zoning can help to segment the mall to appeal to different groups of shoppers and to give more clarity as to what is available.
- Rental income and retail range: To improve rental levels and expand retail range, existing space can be reconfigured into smaller units, and space from the upper levels of Entertainment Centre can be decanted to lower levels. More than 46.3% of all the leases (based on the total Net Lettable Area of Suntec City Mall) will expire in FY2005 and FY2006 and will allow improvement in tenant mix.
- Zoning/clustering: The current zoning or clustering can be reviewed to improve the tenant mix and strengthen positioning among defined target segments (*e.g.* families, youth and tourists) as well as renaming zones to better reflect the designated tenant mix and positioning. It will also help to channel shopper flow more effectively. Though Suntec City Mall is now zoned into Galleria, Tropics, Fountain Terrace and Entertainment Centre, this seems to aid navigation rather than serve as a branding for each zone that ties with the tenant mix (except perhaps to a small extent in Entertainment Centre where Eng Wah cineplex is located).
- Tenant location: More strategic location of different trades can help shopper flow and make better utilisation of space. This can tie in with the zoning and clustering strategy. All of this will help overcome the limitations from the long layout, which creates a long distance from one end to the other and restricts exposure of retail frontage to shopper traffic with several "corridor" sections, as well as from the lack of a grand entrance that serves as a central focal entry point. For example, having crowd-pulling trades or a strong anchor in Galleria will enhance the sense of arrival at the entrance along Raffles Boulevard. This is the most visible entrance but visitors have to walk through the convention centre lobby. Therefore, having a strong retailer or concept at this end will provide the needed focus.
- Enhancement from the MRT Circle Line: The MRT Circle Line will enhance accessibility as well as boost rental rates. The Entertainment Centre is the furthest from the current MRT access at the front end of Suntec City Mall. The Millenia MRT station with its exit here will greatly shore up this section. There are opportunities to create more retail shops at the Entertainment Centre to better exploit the potential from the Millenia MRT station.
- Marina Bay development: Development of the waterfront around Marina Bay will help make the entire Marina area more attractive. The vision of Downtown@Marina Bay as a place to live, work and play will create a population base that will add to the primary catchment of Suntec City Mall. While more commercial space may be created in the future Downtown@Marina Bay and around the waterfront, which may pose competition to those in Marina Centre, these are just as likely to enhance the attraction of the bay area and in turn benefit existing developments. On the whole, the area is expected to become more vibrant and active.

Retail Competition

While no other mall matches Suntec City Mall in size, competition for shopper traffic is keen as other malls continue to upgrade. The most direct competition comes from the two major malls in Marina Centre — Marina Square and Millenia Walk. In particular, Marina Square is now undergoing a major refurbishment and is the most direct competitor.

Within the City Hall/Marina Centre micro-market are also Raffles City Shopping Centre and Parco Bugis Junction, although the latter is primarily targeted at a younger market segment. Orchard Road as a

whole competes with the City Hall/Marina Centre micro-market and the closest competitor in Orchard Road, in terms of size, is Ngee Ann City.

In the future, competition is likely to come from HarbourFront Mall with its one million sq ft of space. It is similar in many aspects — mass market and tourist appeal, large size with wide range of trades and amenities.

Retail Market Outlook

Retailers have become more optimistic with the economy looking upbeat and consumer sentiment generally positive. Employment is also projected to improve. This will underpin domestic spending. Singapore's tourist arrivals have recovered and with the intensified efforts by the Singapore Tourism Board and industry players to recapture the tourism market, the retail industry is expected to benefit from increased tourist spending. Riding on the anticipation of better trading conditions for the rest of 2004, retailers appear keen to expand or enter the market. Leasing activity should gain greater momentum.

Prime retail rents will remain on the uptrend in 2004 especially if business conditions continue to firm up against a limited supply situation. However, retailers are selective of locations and cautious about operational costs. Thus, while the limited retail stock will put upward pressure on rents, there may be resistance to substantial rental increases.

Beyond 2004, there is further upside to rentals as they have seen a decline of about 18.0% since the last peak at the start of 2001, according to the URA retail index for shop space in the Central Region. However, much depends on the performance of the economy and the retail trade, *i.e.* sustainability and strength of growth, weighed against the new supply coming on stream. Rental growth will likely be moderate in the next few years.

Retail Rental Projection (2004 to 2008)

The projections are made on the assumption that the economy will maintain a healthy annual growth in the years ahead. In 2004, as optimism has become a more prevalent sentiment in the retail industry, a small improvement of 2.0% in rentals is expected. While there is limited new supply this year, marketing for projects completing in 2005 are expected to begin and this may limit further upside.

In 2005, economic growth is expected to continue and trading conditions should be more stable. While new supply is more than the 10-year historical average, it comes on stream after the lean supply in 2004. However, the marketing for the massive HarbourFront Mall will pick up momentum. All in all, rents are expected to firm up further by another 4.0%.

HarbourFront Mall's one million sq ft of space will enter the market in 2006. Competition for tenants will be intense and a marginal rise of 2.0% in rentals is projected.

Rental growth will then resume in 2007 and 2008 at 3.0% and 4.0% respectively. All in all, rentals are expected to grow by 15.0% by 2008.

For Suntec City Mall, we have looked at more specific issues such as direct competition and the impact of the MRT Circle Line. In addition, it is expected to outperform the market as it is a good quality and established mall. This year's increase takes into account the new space arising from Marina Square's refurbishment while 2006 will need to take into account the increase in space arising from the completion of HarbourFront Mall. For renewals, Marina Square will have more of an impact than HarbourFront Mall. The attraction of the MRT Circle Line is likely to drive rental increases in the 12-month run-up to the completion. The MRT Circle Line is scheduled to be completed in 2007 but a delay of six to 12 months is expected due to the construction accident at Nicoll Highway in April 2004. The impact will likely be felt in 2007 and 2008.

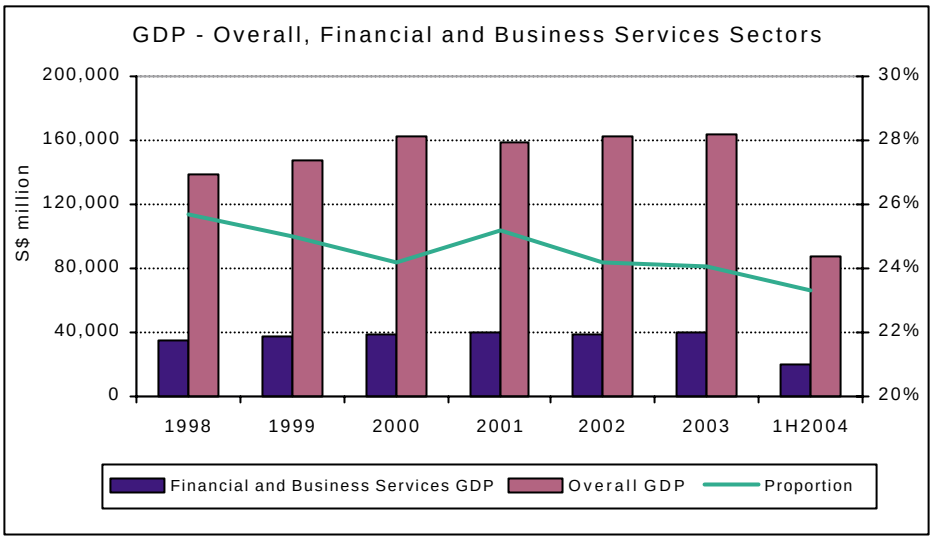
The rental growth projections are summarised below:

	2004	2005	2006	2007	2008
Overall market	2.0%	4.0%	2.0%	3.0%	4.0%
Suntec City Mall	3.0%	5.0%	5.0%	10.0%	8.0%

Office Market Review

Financial And Business Services Sectors

Historically, the financial and business services sectors have been the main drivers of the demand for office space. Reflecting the importance of the financial and business services sectors to the overall economy, the sectors accounted for 24.0% of the overall GDP in 2003. Going forward, it is expected that the sectors will continue to be key pillars of the Singapore economy, accounting for around 25.0% of overall GDP. The other key pillar is the manufacturing sector, which accounted for 24.3% of the GDP in 2003. In the first half of 2004, the financial and business services sectors accounted for 23.3% of the GDP.



Source: MTI.

Note: Based on 1995 prices.

Over the years, Singapore has established itself as an international financial centre. Its sound economic and financial fundamentals, conducive regulatory and business environment, strategic geographic location, skilled and educated workforce, excellent telecommunications and infrastructure, and quality living standards have attracted many reputable international financial institutions to set up operations in Singapore. There is a large and diversified group of local and foreign financial institutions located in Singapore offering a wide range of financial products and services. The presence of these leading institutions has contributed to the vibrancy and sophistication of Singapore's financial industry.

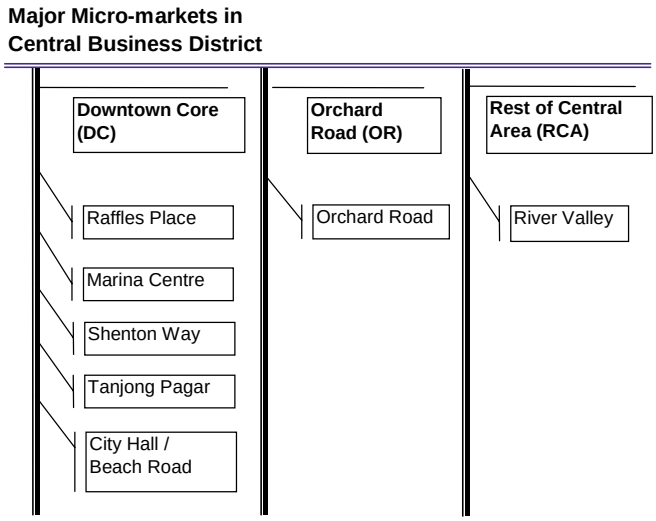
Islandwide Office Stock

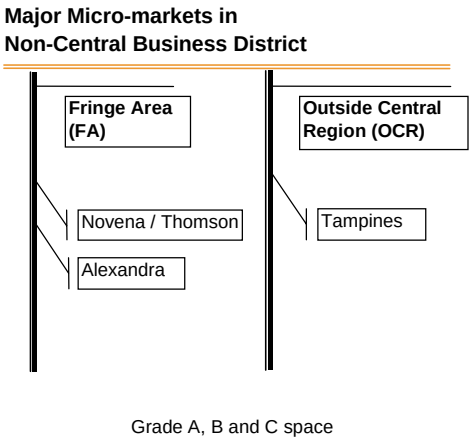
At the end of the second quarter of 2004, the total cumulative office stock in Singapore was 6.487 million sq m (69.83 million sq ft), of which 79.4% was owned by the private sector (including office buildings built on land sold by the government). The remaining 20.6% was owned by government agencies.

The Central Region accounted for 91.0% of the total office stock, or 5.903 million sq m (63.54 million sq ft). This region, as defined by the URA, comprises Central Area (which comprises Downtown Core, Orchard Road and Rest of Central Area) and Fringe Area.

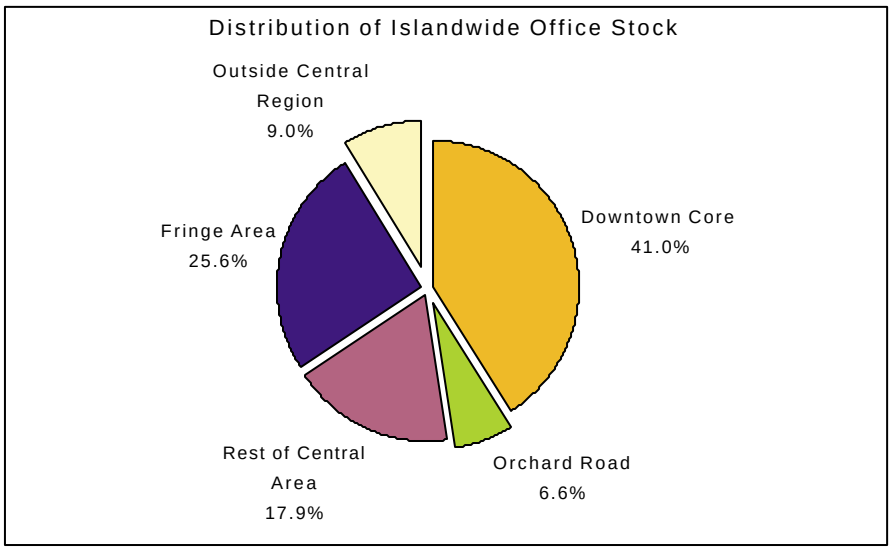
About 65.4% or 4.245 million sq m (45.69 million sq ft) of office space is found in Singapore's Central Business District, which comprises the following office micro-markets:

1. Raffles Place (including Downtown@Marina Bay)
2. Marina Centre
3. Shenton Way
4. Tanjong Pagar
5. City Hall/Beach Road (including Bugis area)
6. River Valley
7. Orchard Road





In Singapore's Central Business District, 91.4% or 3.880 million sq m (41.76 million sq ft) of the office stock is owned by the private sector, while the remaining 8.6% is owned by government agencies. Office buildings in Singapore's Central Business District are generally of better quality in terms of design and building specifications compared to those outside the Central Business District.

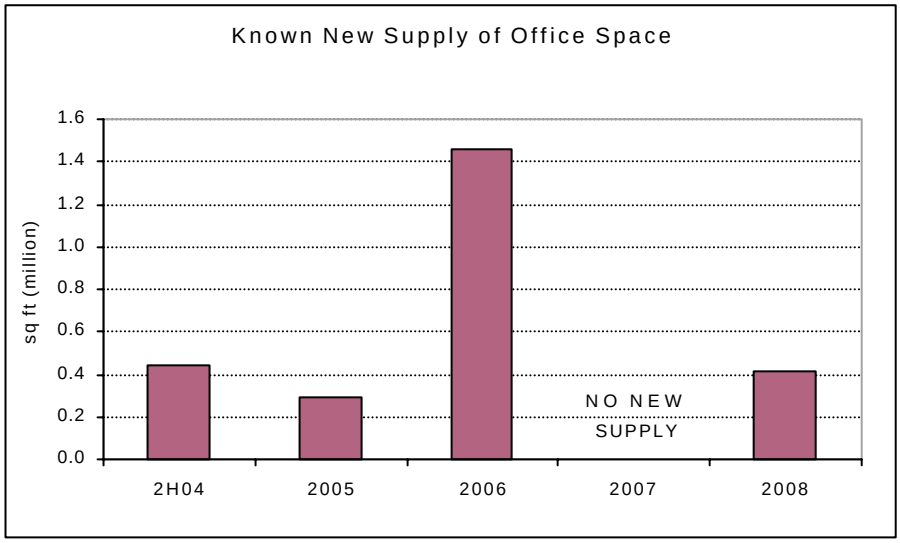


Source: URA.

Future Supply

Known New Supply (Second half of 2004 to 2008)						
	Expected Completion	**Proposed Office Projects**	**Location**	**Micro-market**	**Net Floor Area (sq ft)**	**Total Net Floor Area (sq ft)**
1	Fourth quarter 2004	One George Street	George Street	Raffles Place	440,000	**440,000**
2	Fourth quarter 2005	3 Church Street	Church Street	Raffles Place	292,781	**292,781**
3	First quarter 2006	One Raffles Quay	Marina Boulevard	Raffles Place	1,310,000	
4	Mid-2006	Vision Crest	Penang Road	Orchard Road	148,000	**1,458,000**
	2007	NO NEW SUPPLY				
5	Second quarter 2008	Central	Eu Tong Sen Street	River Valley	411,167	**411,167**
			Total (Second half of 2004 to 2008)		2,601,948	

Source: CB Richard Ellis Global Research & Consulting.



Source: CB Richard Ellis Global Research & Consulting.

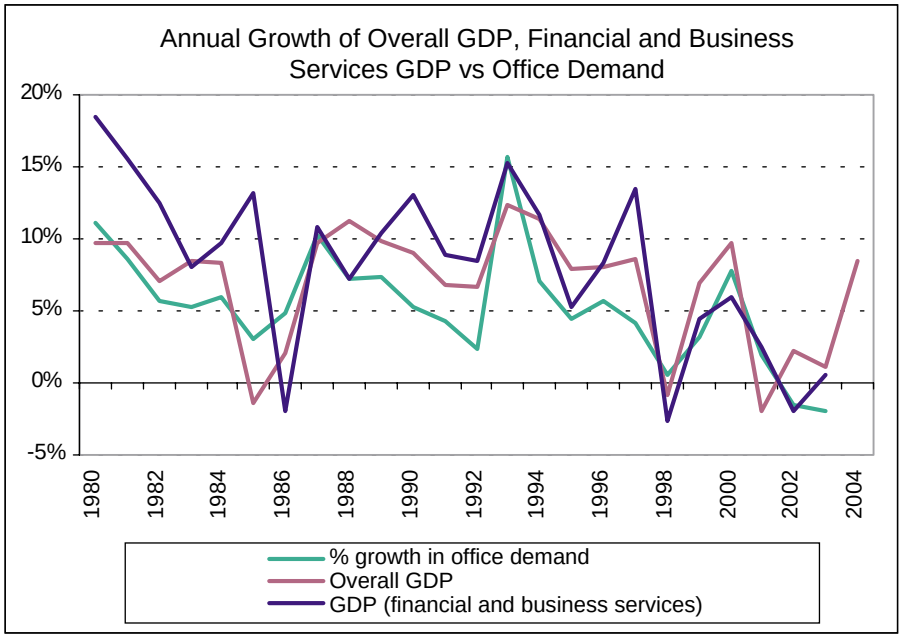
Between the second half of 2004 and 2008, it is estimated that a total of 2.60 million sq ft of new office constructions will come on-stream. This translates to an average annual new supply of 0.52 million sq ft, substantially below the 10-year historical annual new supply of 2.30 million sq ft.

Although these new developments are located in Singapore's Central Business District, more than 71.0% will only materialise between 2006 and 2008. Moreover, there will be no new supply in the Marina Centre micro-market.

For the second half of 2004, about 0.44 million sq ft will be made available while in 2005, 0.29 million sq ft is expected to enter the market. The limited supply in 2005, in particular, will not exacerbate the current vacant stock level and will allow this excess stock to be absorbed gradually. In 2006, there should be healthy demand to absorb the 1.46 million sq ft of new completions. We do not anticipate any new supply in 2007. In 2008, there will be 0.41 million sq ft of new completions. In line with the improved occupancy rate, rents are expected to firm up by the end of 2004 and trend gradually upward.

Office Demand and the Economy

Historically, there is a strong correlation between demand for office space and economic growth, and in particular, the financial and business services sectors (see chart below). As such, the main drivers of office demand are expansions or new set-ups of companies in the financial and business services sectors.



Source: CB Richard Ellis Global Research & Consulting.

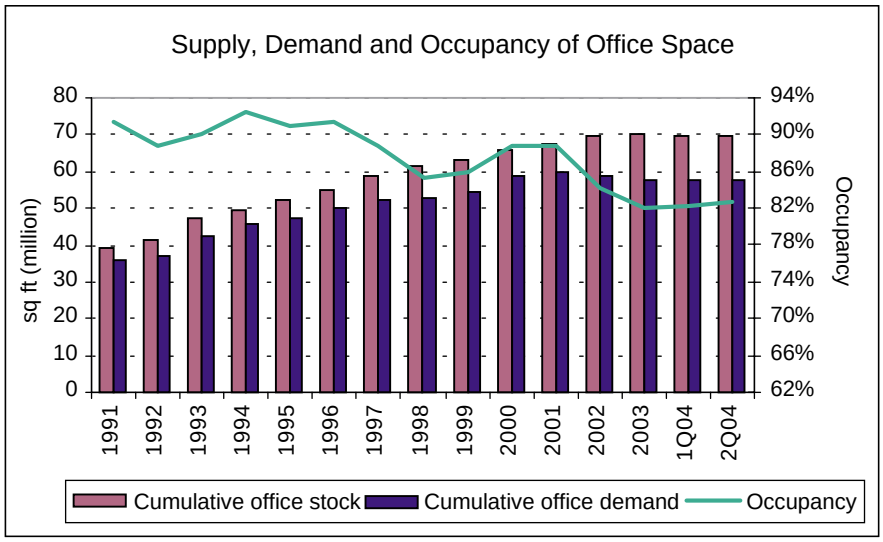
Between 1993 and 1997, the average annual net demand for office space was 2.33 million sq ft, when the economy was growing at an average of 9.7% per annum.

Over a longer period (1993 to 2002) and including the two recessions in 1998 and 2001, the economy expanded at an average of 6.3% per annum, and the average annual net demand for office space was lower at 1.80 million sq ft. In comparison, the average annual new construction was 2.43 million sq ft during the same period. The main reason for the imbalance was the oversupply in 1997 (4.03 million sq ft) and the historic low demand in 1998 (0.30 million sq ft) as well as the contraction in demand in 2002 (-925,704 sq ft).

Based on our observations of the historical performance, it is projected that in the medium to long-run, if the Singapore economy can grow strongly by more than 7.0%, then future annual net demand for office space is likely to recover to more than two million sq ft. If the economy shifts into a mature phase and grows between 3.0% and 7.0% per annum, we estimate that future annual net demand for office space is likely to be lower at 1.20 million sq ft. Realistically speaking, the Singapore economy has entered into its mature phase. The annual office demand of 1.20 million sq ft in the medium term is therefore more likely.

Islandwide Office Demand and Occupancy

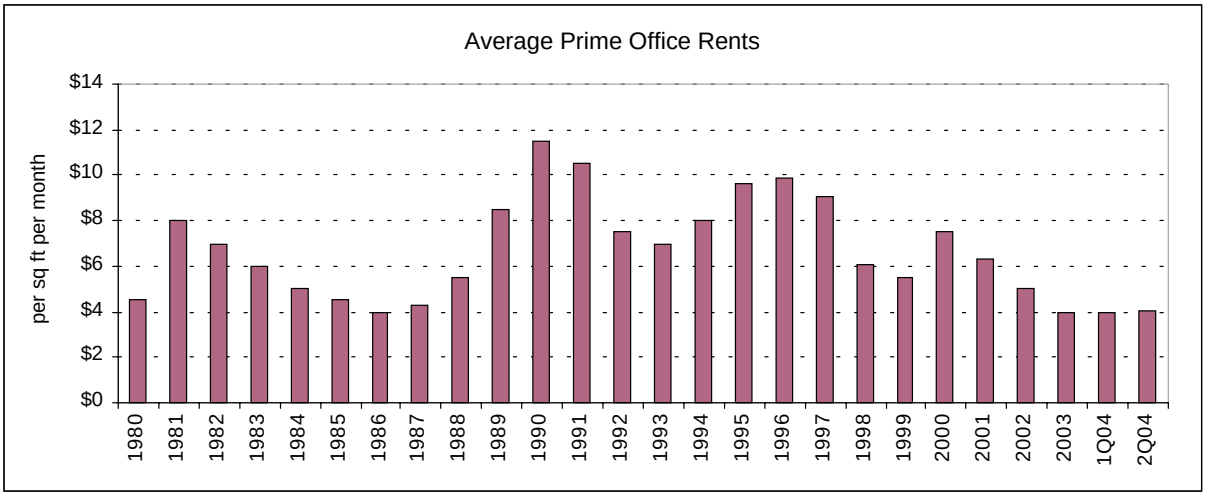
Between 1991 and 2001, demand for office space grew by an average of 1.90 million sq ft (176,516 sq m) every year and was able to match new constructions. Occupancy remained close to or above 90.0% until 1998, when a sharp decline in demand due to the Asian financial crisis caused occupancy to fall to 85.4%. In 2002, office demand contracted due to the global economic slowdown and the general restructuring of companies, while office stock continued to grow. This led to a fall in occupancy to 84.3%. In 2003, demand continued on its downward trend but since there were no major new additions to office stock, occupancy moderated downwards at a slower pace to reach 82.1% by the end of 2003. URA statistics show that islandwide total occupied space increased by 247,572 sq ft (23,000 sq m) to 57.69 million sq ft (5.360 million sq m) in the second quarter of 2004. This is the first quarterly increase in net demand, after ten consecutive quarters of contraction in demand for office space since the fourth quarter of 2001. At end of June 2004, the occupancy rate stood at 82.6%.



Source: CB Richard Ellis Global Research & Consulting.

Rentals

According to the chart below, the last surge in prime office rents occurred in 2000 and lasted for only a year before declining from 2001 for two years. The rise and fall occurred within a much shorter time frame compared to the previous cycles, reflecting recent volatility tied to the regional/global economic turbulence.



Source: CB Richard Ellis Global Research & Consulting.

In the final quarter of 2003, however, there was a detectable increase in leasing enquiries and improvement in overall market sentiment, allowing prime office rents to firm up. The higher volume of leasing enquiries was sustained throughout the first two quarters of 2004. This was reflective of brighter business prospects and, most encouragingly, increases in headcounts being planned by a number of companies such as foreign financial institutions and larger information technology ("IT") firms.

The turnaround in demand signals the beginning of a market recovery which we believe will be led by the Grade A office segment. Indeed, leasing activity so far this year has been driven by the flight-to-quality factor encouraged by the historically low rents in prime buildings. It is estimated that the occupancy in these Grade A buildings has risen to about 92.0% in the second quarter of 2004, from about 90.0% in the previous quarter.

In contrast, there was limited demand for non-prime office space in the second quarter of 2004. With continued high vacancy, landlords must necessarily keep rentals at the current competitive levels in order to retain existing tenants and attract the smaller number of new tenants interested in such space.

After 13 quarters since the end of 2000, the average prime office rent made its first turnaround, edging up to S$4.05 per sq ft per month at the end of the second quarter of 2004, 1.25% higher than the S$4.00 per sq ft in the previous quarter. This was mainly due to an upward rental movement in a selected number of the very best quality buildings, which were the focus of much of the resurgence in leasing interest. The rise in prime office rents was in line with the 0.7% increase in URA's office rental index, the first quarterly increase after 12 consecutive quarters of decline.

Office Property Transactions and Capital Values

The past two years were particularly tough for the office market with an unprecedented contraction in demand in both years, resulting in a 20.6% and 20.0% decline in prime office rents in 2002 and 2003 respectively. Occupancy rates also fell to 84.3% in 2002 and 82.1% in 2003, from 88.7% in 2001. Consequently, there was only a handful of significant or major office building transactions in the past two years. The strata-titled sales market also saw a low volume of activity, confined largely to the smaller and older strata-titled buildings.

It is estimated the average prime capital value to be S$980 per sq ft at the end of June 2004, unchanged from the preceding quarter but 2.0% below that for the same period a year ago.

In February 2004, Ngee Ann Development purchased 268 Orchard Road for a total of S$135.0 million, or S$1,018 per sq ft based on the net lettable area of 132,605 sq ft. In June 2004, The Globe was acquired for S$19.0 million, or S$486.00 per sq ft based on the net lettable area of about 39,126 sq ft.

Major Office Property Transactions

Property	Date	Price (S$ million)	Net Lettable Area (sq ft)	Price (S$ per sq ft)	Tenure (years)	Buyer
The Globe	Jun 2004	19.00	39,126	486	99	Hotel Royal's Lee family
Dapenso Building	Mar 2004	27.00	59,321	455	99	Hotel Royal
268 Orchard Road	Feb 2004	135.00	132,605	1,018	Freehold	Ngee Ann Development
MacDonald House	Aug 2003	36.00	78,649	458	Freehold	N.A.
#14-03/04/05/ 06/07 John Hancock Tower	Jul 2003	8.14	10,129	804	Freehold	N.A.
Capital Square asset securitisation	Nov 2002	490.00	376,715	1,300	99	Queensley Holdings
HB Robinson	Feb 2002	38.00	65,614	579	Freehold	Ho Bee Investment

Source: CB Richard Ellis Global Research & Consulting.

Emerging Office Trends

Business Continuity Plans

The 11 September 2001 terrorist attacks in the United States and the SARS outbreak have heightened the awareness of business continuity plans. Companies have been prompted to develop business continuity plans that go beyond the disaster recovery model. They are looking at parallel teams or splitting up personnel to ensure that operations can still continue. Some are separating backroom and frontline operations, while others are locating some personnel from every department/function in off-site locations.

This will influence future decision-making on where companies will locate their operations, considerations being given to the quality of buildings and enhanced safety features offered by building owners.

US-Singapore Free Trade Agreement ("USSFTA")

The USSFTA was signed on 6 May 2003 and came into effect on 1 January 2004. It covers a wide-range of goods, services and industries, including the financial services sector. In particular, the USSFTA will give US banks better access to Singapore's retail banking sector.

The USSFTA, together with other FTAs signed earlier with, amongst others, New Zealand, Japan, European Free Trade Association and Australia, will help attract more multinational corporations to establish offices in Singapore.

Office occupation cost competitiveness

Singapore's office occupation cost has declined globally over the past six years since 1997 and this has improved our competitiveness in attracting foreign companies to set up their offices here. According to the latest CB Richard Ellis Global Market Rent report based on occupation costs in June 2004, total office occupation cost in Singapore ranked 60th (US$2.36 per sq ft per month) globally. This is in sharp contrast to the 8th position (US$6.87 per sq ft per month) Singapore occupied back in mid-1997.

On a regional basis, Singapore's latest ranking of 60th is significantly lower than Seoul's 18th position, Hong Kong's 24th position and Shanghai Puxi's 47th position.

Total Occupation Cost		
Ranking	**City**	**US$ per sq ft per month**
1	London (West End), England	14.78
2	London (City), England	9.96
3	Tokyo (Inner Central), Japan	9.69
4	Tokyo (Outer Central), Japan	8.78
5	Paris, France	6.99
6	Birmingham, England	6.20
7	Edinburgh, Scotland	5.78
8	Manchester, England	5.74
9	Dublin, Ireland	5.65
10	Moscow, Russia	5.51
18	Seoul, South Korea	4.52
24	Hong Kong	4.03
37	Shanghai (Pudong), China	3.12
46	Beijing, China	2.82
47	Shanghai (Puxi), China	2.79
55	Melbourne, Australia	2.44
59	Washington, US	2.41
60	**Singapore**	**2.36**

Source: CB Richard Ellis Global Research & Consulting.

Downtown@Marina Bay

In June 2003, the government announced the Draft Master Plan for the Central Region. The plan aims to create a vibrant business and entertainment hub in the city, provide a more diverse range of facilities for sports and the arts, retain its rich heritage and identity, while offering homes in familiar areas. It is envisaged that there will be more commercial developments in Outram, Tanjong Pagar and Downtown@Marina Bay. In particular, Downtown@Marina Bay includes the existing CBD and extends to the reclaimed area of Marina South.

In May 2004, the URA released the 3.55-ha BFC "white" site for sale on the reserve list. The BFC site can yield 4.7 million sq ft (438,000 sq m) of gross floor area and includes a 1.8-hectare subterranean lot. At least 60.0% of the gross floor area has to be constructed for office use. Up to a maximum of 40.0% of the gross floor area can be for other commercial uses, as well as complementary hotel, residential, entertainment and recreation uses.

The development of the BFC site will be phased over a period of up to 18 years. The long-term project will enhance Singapore's competitiveness to attract more financial institutions and companies to house their activities in Singapore.

Even if the BFC project were to take off in the second half of 2004, it is expected that the construction of its first phase will only commence when tenant demand for the space has been identified and completion of the first phase is likely to be in 2008/9, at the earliest. The BFC is therefore unlikely to have a real impact on occupancies and rents until 2008.

The sites fronting Marina Bay will be progressively developed over the next 15 to 20 years. According to the URA, a two-prong growth strategy combining a seamless extension from Raffles Place, as well as from Marina Centre along Bayfront will offer flexibility and options for development. This will allow early introduction of activities and development in the Bayfront area.

Factors Impacting Prospects

Productivity

In its 2002 report, Business Environment Risk Intelligence ranked Singapore's labour force top in terms of productivity among other developed nations such as Japan, United States, Switzerland and Belgium. The Singapore labour force has been rated top by Business Environment Risk Intelligence for a record 21 consecutive years since 1980. While this reflects Singapore's high competitiveness, it also means that future office job growth is likely to be moderate and the additional demand for office space resulting from increases in staff strength is likely to take a longer time to see significant growth.

Outsourcing

Outsourcing is driven by the need to be cost competitive and it is a trend that will be reflected in the way businesses are conducted across all sectors. A number of functions have been outsourced to varying degrees by banks. These include back office processing operations, support functions such as data centre management, lease management, facilities management and IT services. Outsourcing has and will continue to lead to a rationalisation of office space usage across all industries.

Mergers and acquisitions

Probably the single biggest factor that will have a significant impact on office space is mergers and acquisitions. Such activities will occur in both international and local financial institutions, and typically will result in a reduction of headcount and therefore office space requirement.

Banking liberalisation

Further liberalisation of the local banking scene could bring in new players since the Government announced the second round of banking liberalisation in late June 2001. Major measures include the issuance of two more Qualifying Full Banks licences to foreign banks in addition to the four licences already issued. Effective from 1 January 2005, Qualifying Full Banks will be allowed to establish up to 25 service locations from the existing 15.

On balance, it is believed that continued strong growth in the Singapore economy will result in a net increase of space. Singapore's highly regarded infrastructure will continue to attract multinational corporations that use Singapore as the launch pad for their regional business expansion plans. In addition, financial incentives offered by the government are also key to attracting financial institutions to set up operations in Singapore.

In essence, these incentives are the continuing efforts of the MAS in enticing financial institutions that are not already in Singapore to set up operations and for those which have, to expand their business lines. This will in turn translate into additional demand for office space.

Office Market Outlook

Two-tier Office Market Recovery

It is anticipated that a two-tier office market recovery will develop through the rest of 2004. While the prime office segment will see further improvement in demand, the non-prime segment is likely to face continued depressed demand. On a positive note, improvement in the economy is widely anticipated and that should augur well for office space demand as it is closely correlated with economic growth. The Government has revised up its GDP growth forecast to between 8.0% and 9.0% in 2004. The forecast growth is much higher than 2003's actual growth of 1.1%.

Prime Office Rental Projection (2004 to 2008)

The prime office market will improve in 2004 due to a number of factors. First, the flight-to-quality factor at a historically low rental level will continue to attract office space occupiers to upgrade to better quality space. Second, the level of interest from occupiers will become more broad-based. This is partly due to an easing of capital expenditure restrictions. Third, there is evidence that recruitment activity by companies is on the rise. Last, it is highly likely that there will be increased leasing activity, including a number of larger pre-commitments to new office developments. In past economic downturns, finalisation of anchor tenant leasing deals often act as a stimulus to recovery. Prime average rents are expected to move upwards by 10.0% by the end of 2004.

The improvement in the office market is likely to continue more strongly in 2005, if economic recovery is maintained. Demand should improve and with only a limited new supply of 292,781 sq ft for the whole year, vacancies should decline more significantly. Prime average rents are projected to increase by around 11.0% in 2005.

In 2006, assuming economic growth is sustained, there should be healthy demand for office space to at least match the 1.46 million sq ft of new completions. As a result, rental growth should be sustained and prime average rents should rise by about 14.0% by the end of the year.

No major completions are anticipated in 2007 and if the economy continues to grow at a steady and sustainable pace, prime office rents should rise by more than 3.0% by the end of the year.

The strength of rental growth will be constrained by the current overhang of high vacancies. High rental growth is therefore unlikely until vacancy levels fall to around 10.0% which will probably happen after 2008, based on projected absorption rates.

In summary, we expect average prime rents to trend gradually upwards as the demand momentum picks up in line with economic growth for the coming years.

Forecast of Average Prime Office Rent							
	First quarter 2004	**Second quarter 2004**	**End 2004**	**End 2005**	**End 2006**	**End 2007**	**End 2008**
Expected change (Year-on-year)	N.A.	1.25%*	10.0%	11.4%	14.3%	3.6%	0.0%
Forecast rental (per sq ft per month)	S$4.00	S$4.05	S$4.40	S$4.90	S$5.60	S$5.80	S$5.80
Forecast rental (per sq m per month)	S$43.06	S$43.59	S$47.36	S$52.74	S$60.28	S$62.43	S$62.43

Source: CB Richard Ellis Global Research & Consulting.

** Quarter-on-quarter.*

Benchmarking Analysis

Raffles Place Micro-market

The premier office micro-market is centred around the Raffles Place MRT interchange and covers the area bounded by Boat Quay, Collyer Quay, Church Street and Synagogue Street. China Square at Church Street, comprising six 99-year leasehold commercial land parcels, forms another office node that has become an extension of the micro-market.

Stock and future supply

The Raffles Place micro-market has a total office stock of 9.03 million sq ft, or 19.7% of the total office stock in Singapore's Central Business District. The table below shows the breakdown of the known new supply in Raffles Place between the second half of 2004 and 2008.

	2H04	**2005**	**2006**	**2007**	**2008**
New supply (sq ft)	440,000	292,781	1,310,000	0	0
New supply (sq m)	40,877	27,200	121,702	0	0
% of total new supply	87.8%	100.0%	89.8%	0.0%	0.0%

Source: CB Richard Ellis Global Research & Consulting.

Demand and occupancy

The average office occupancy rate in the Raffles Place micro-market stood at 85.2% at the end of June 2004.

Rental levels

Prime office rents in the Raffles Place micro-market averaged at S$4.05 per sq ft at the end of June 2004.

Marina Centre Micro-market

Widely perceived as complementary to Raffles Place, this micro-market is a mixed office/shopping/ hotel location bounded by Nicoll Highway, Raffles Avenue and Rochor Road.

Office supply comes from only a handful of good quality buildings, such as One Raffles Link, Suntec City (with five office towers), Millenia Tower and Centennial Tower. These buildings have proven to be very popular with financial institutions and computer-related companies. For example, tenants in Suntec City are predominantly IT firms, fund management companies, financial institutions and insurance companies. In Millenia Tower, tenants include Merrill Lynch and Citibank. In One Raffles Link, tenants include Goldman Sachs and Credit Suisse First Boston and in Suntec City, UBS AG, Deutsche Bank and Lehman Brothers are major tenants. Technology companies that have a presence include Hewlett Packard and Oracle.

Stock and future supply

The Marina Centre micro-market accounts for about 3.94 million sq ft, or 8.6% of the total office stock in Singapore's Central Business District. No new supply is expected between the second half of 2004 and 2008.

Demand and Occupancy

The average office occupancy rate of the Marina Centre micro-market stood at 86.5% at the end of June 2004.

Rental Levels

Office rents in the Marina Centre micro-market averaged at S$4.60 per sq ft at the end of June 2004.

	Raffles Place	**Marina Centre**
Total stock (million sq ft)	9.03	3.94
Total stock (million sq m)	0.839	0.366
% of total stock in Central Business District	19.7%	8.6%
Occupancy rate (%)*	85.2%	86.5%
Average monthly rent (S$ per sq ft)	S$4.05	S$4.60
Average monthly rent (S$ per sq m)	S$43.59	S$49.51

Source: CB Richard Ellis Global Research & Consulting.

* *Excluding sublet space.*

Prime Grade A Office Market

Stock

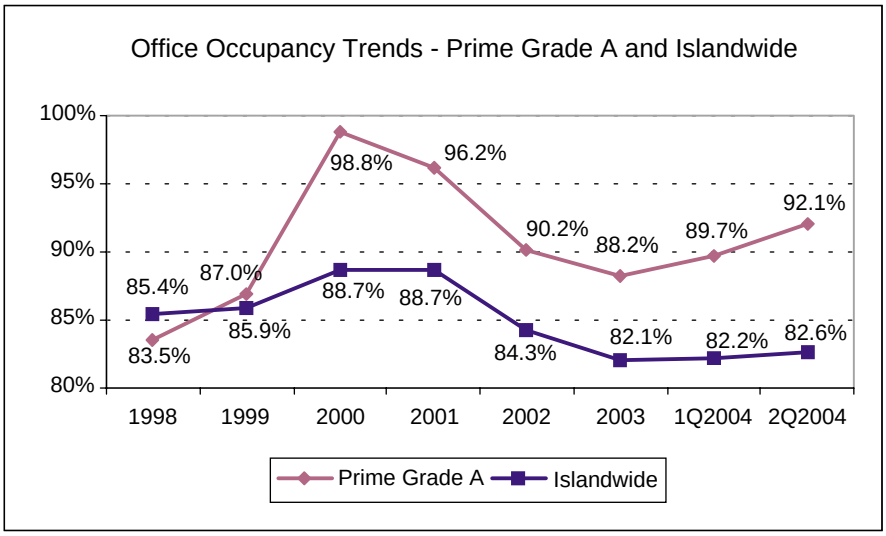
The total stock of prime Grade A office space is estimated to be about 6 million sq ft located in Marina Centre and Raffles Place micro-markets.

Future supply by micro-markets

Between the second half of 2004 and 2008, only two new office buildings can be categorised as prime Grade A office properties. They are One George Street (440,000 sq ft), which will be completed by the end of 2004, and One Raffles Quay (1,310,000 sq ft) which will be completed in 2006. The limited new supply of prime Grade A office space over the next five years should bode well for its rental performance in the same period.

Occupancy levels

The chart below depicts that the outperformance of occupancy rate trends of prime Grade A office space *vis-à-vis* the islandwide occupancy rate since 1999. In the first quarter of 2004, the average occupancy rate of prime Grade A office space rose to almost 90.0% from 88.0% in the previous quarter, compared to the flat islandwide office occupancy. In the second quarter, the average prime Grade A occupancy rate rose further to about 92.0%. The islandwide occupancy rate however increased only marginally. The healthy demand for prime Grade A office space in the first six months of 2004 was mainly due to the flight-to-quality factor.



Source: CB Richard Ellis Global Research & Consulting.

Rental levels

The table below summarises our rental projections of prime Grade A office space between 2004 and 2008. These projections are based on the assumptions such as sustainable economic growth during the said period and continued strong demand for prime Grade A office space.

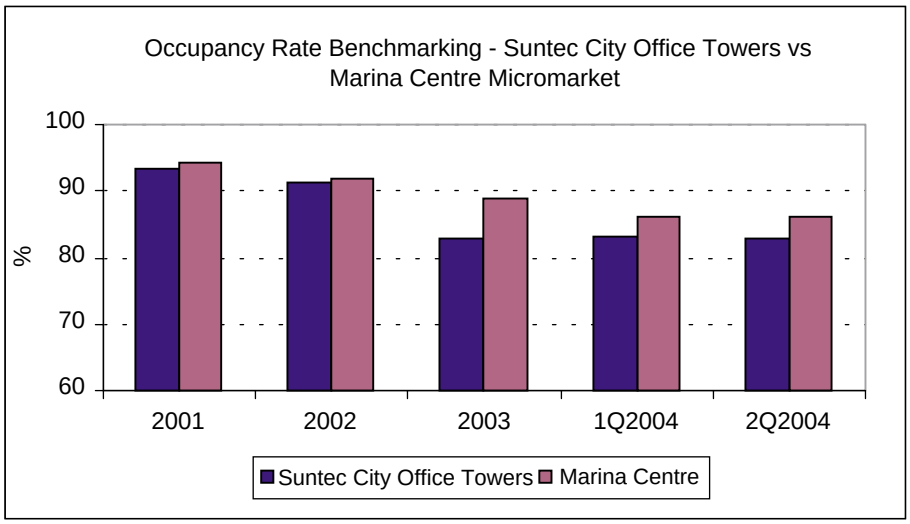
Forecast of Average Prime Grade A Office Rent							
	First quarter 2004	**Second quarter 2004**	**End 2004**	**End 2005**	**End 2006**	**End 2007**	**End 2008**
Expected change (Year-on-year)	N.A.	2.2%*	11.1%	12.0%	16.1%	0.0%	0.0%
Forecast rental (per sq ft per month)	S$4.50	S$4.60	S$5.00	S$5.60	S$6.50	S$6.50	S$6.50
Forecast rental (per sq m per month)	S$48.44	S$49.51	S$53.82	S$60.28	S$69.97	S$69.97	S$69.97

Source: CB Richard Ellis Global Research & Consulting.

** Quarter-on-quarter.*

Rental and Occupancy Rate Benchmark

The average occupancy of the Suntec City Office Towers as at 30 June 2004 was 83.0%, lower than the average occupancy rate in the Marina Centre micro-market of 86.5%. The lower occupancy rate at Suntec City could have been exacerbated by the exit of its IT tenants since the collapse of the internet boom in 2000.



Source: CB Richard Ellis Global Research & Consulting.

As at 30 June 2004, the average gross rent of the Suntec City Office Towers was S$4.63 per sq ft per month (S$49.84 per sq m per month). This is in line with the average prime office gross rent in the Marina Centre micro-market of S$4.60 per sq ft per month (S$49.51 per sq m per month).

Rental Outlook of Suntec City Office Towers

We believe that the Suntec City Office Towers will first need to improve its average occupancy rate of 83.0% (as at 30 June 2004), as it is lagging behind the average occupancy rate of Marina Centre micro-market of 86.5% for the same period. In order to achieve higher occupancy, any rental growth will be moderate for the next two years. However, beyond 2006, the expected completion of the MRT Circle Line (Stage 1), will further improve the accessibility of the office towers as they will be served by two MRT stations, namely Convention Centre and Millenia. The better infrastructure will support higher rental growth of the Suntec City Office Towers in 2007 and 2008. A 10.0% growth per annum over 2007 and 2008 is therefore expected.

	2004	**2005**	**2006**	**2007**	**2008**
Expected change (year-on-year)	0.0%	0.0%	5.0%	10.0%	10.0%

THE MANAGER AND CORPORATE GOVERNANCE

The Manager of Suntec REIT

The Manager, ARA Trust Management (Suntec) Limited, was incorporated in Singapore under the Companies Act on 30 August 2004. The Manager is wholly owned by ARA Asset Management Limited, which is in turn 70.0% owned by Mr Lim Hwee Chiang, John and 30.0% indirectly owned by Cheung Kong (Holdings) Limited, an associate of Dr Li Ka-Shing, an Ultimate Shareholder (see "— Loan to the Manager's Shareholder" for certain information about the shareholders of the Manager). The Manager has a paid-up capital of S$1.0 million, its registered office is located at 9 Temasek Boulevard, #09-01, Suntec Tower Two, Singapore 038989 and its telephone number is (65) 68359232.

Directors of the Manager

The Board of Directors of the Manager (the "Board") is entrusted with the responsibility for the overall management of the Manager. The following table sets forth information regarding the directors of the Manager:

Name	Age	Address	Position
Mr Chiu Kwok Hung, Justin	54	Suite 39-B, Tregunter III Tregunter, 14 Tregunter Path Mid-Levels Hong Kong	Chairman and Director
Mr Lim Hwee Chiang, John	48	23 Jalan Nipah Singapore 488828	Director
Mr Ip Tak Chuen, Edmond	52	Flat B2, 10/F, Park Place No 7 Tai Tam Reservoir Road Hong Kong	Director
Mr Tan Kian Chew	50	17 Sea Breeze Avenue Singapore 487541	Independent Director
Mrs Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei)	63	5000D Marine Parade #12-14, Singapore 449287	Independent Director
Mr Lim Lee Meng	48	1F Pine Grove #08-29 Singapore 595001	Independent Director

Information on the business and working experience of the directors is set out below:

Mr Chiu Kwok Hung, Justin is the Chairman of the Manager. He is also the Chairman of ARA Asset Management (Singapore) Limited, which is the manager of Fortune REIT. Fortune REIT is the first cross-border real estate investment trust publicly listed on the SGX-ST and it holds a portfolio of five retail malls in Hong Kong as at 30 June 2004. Mr Chiu is also an executive director of Cheung Kong (Holdings) Limited. He joined Cheung Kong (Holdings) Limited in 1997 and has been an executive director since 2000, heading the real estate sales, marketing and property management team.

Mr Chiu has more than 26 years of international experience in real estate in Hong Kong as well as other countries and is one of the most respected professionals in the retail property sector in Hong Kong. He is also a financial columnist for two major newspapers in Hong Kong.

Prior to joining Cheung Kong (Holdings) Limited, Mr Chiu was with Hang Lung Development Company Limited for 15 years from 1979 to 1994 and Sino Land Company Limited for three years from 1994 to 1997. He was responsible for retail and commercial leasing as well as property management in those companies.

He holds a Bachelor of Sociology degree and a Bachelor of Economics degree from Trent University in Toronto and is a fellow of the Hong Kong Institute of Real Estate Administration. Mr Chiu is also a member of the Shanghai Committee of The Chinese People's Political Consultative Conference.

Mr Lim Hwee Chiang, John is a Director of the Manager. He is also a Director and the Chief Executive Officer of the ARA group of companies, which includes ARA Asset Management (Singapore) Limited, the manager of Fortune REIT. From 1997 to 2002, Mr Lim was an Executive Director of GRA (Singapore) Private Limited ("GRA"), which is a wholly-owned subsidiary of Prudential (US) Real Estate investors, where he was instrumental in setting up a US$200,000,000 programme for investing in Asia's retail malls. His responsibilities included overseeing some of its developments and key clients' accounts. He also had overall responsibility for GRA's investment and asset management activities in Southeast Asia.

Mr Lim has over 20 years of experience in real estate and prior to joining GRA, he was the founder and Managing Director of The Land Managers, a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong, and China from 1996 to 1997. He was also the General Manager of Singapore Labour Foundation Management Services Pte Ltd for five years from 1991 to 1995. Prior to this, he worked for DBS Land Limited (now known as CapitaLand Limited after its merger with Pidemco Land Pte Ltd), a public listed Singapore-based real estate development and investment company for 10 years from 1981 to 1990. He was involved in many retail projects during that period, including the pre-opening and marketing, leasing and property management of the Raffles City shopping complex from 1986 to 1989.

Mr Lim holds an Engineering degree (First Class Honours), a Master of Science degree as well as a Diploma in Business Administration from the National University of Singapore. He also sits on the board of Teckwah Industrial Corporation Ltd, which is a public listed company, as an Independent Director and a member of the audit committee.

Mr Ip Tak Chuen Edmond is a Director of the Manager. He is also a Director of ARA Asset Management (Singapore) Limited and an alternate director of SCDPL. Since 1993, Mr Ip has been an Executive Director of Cheung Kong (Holdings) Limited and is responsible for its finance department, overseeing all financial and treasury functions of Cheung Kong (Holdings) Limited and its subsidiaries, particularly in the field of corporate and project finance. He has been an Executive Director of Cheung Kong Infrastructure Holdings Limited since its incorporation in May 1996 and Deputy Chairman since February 2003, and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. since June 2002, overseeing the areas of corporate finance, strategic acquisition and investments of both companies. He is also a Non-executive Director of TOM Group Limited.

Prior to joining Cheung Kong (Holdings) Limited, he held a number of senior financial positions in major financial institutions and had over 16 years of experience in the Hong Kong financial market covering diverse activities such as banking, capital markets, corporate finance, securities brokerage and portfolio investments.

Mr Ip holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration from the University of British Columbia.

Mr Tan Kian Chew is an Independent Director of the Manager. Mr Tan is also the Chief Executive Officer of NTUC FairPrice. He served in the Republic of Singapore's Navy from 1976 to 1983 and held the position of Head of Naval Operations. He left the Navy to join the Singapore Government's elite Administrative Service in 1983 and served in the Ministry of Trade and Industry. At that time he was also appointed to the Board of Directors of NTUC FairPrice Co-operative Ltd. In 1988, he was posted to the Prime Minister's Office where he served as the Principal Private Secretary to the then Deputy Prime Minister, Mr Ong Teng Cheong. Mr Tan was awarded the PPA(P) Singapore Public Administration Medal (Silver).

Mr Tan left the Administrative Service to join NTUC FairPrice in 1992 as its Assistant General Manager and was subsequently promoted to Chief Executive Officer in 1997.

Mr Tan holds a Honours degree (First Class) in Mechanical Engineering from the University of Aston in Birmingham. He has also completed the Advance Management Program at Harvard University in 2000.

Mrs Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei) is an Independent Director of the Manager. She is also an Independent Director of ARA Asset Management (Singapore) Limited, the manager of Fortune REIT. Mrs Sng was also appointed as an Independent Non-Executive Director of Cheung Kong Infrastructure Holdings Limited on 23 September 2004.

She is currently the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd for business development in the areas of defence and industrial and commercial systems projects, including intelligent building and property management systems. Singapore Technologies Electronics Ltd is a member of Singapore Technologies Pte Ltd in which Mrs Sng was the Director, Special Projects (Northeast Asia) in 2000 and was a consultant in 2001. Mrs Sng is concurrently the Advisor of InfoWave Pte Ltd, a newly established company which specialises in the design, development and supply of mobile platform and wireless, communications technologies.

Prior to her appointments with Singapore Technologies Pte Ltd and Singapore Technologies Electronics Ltd, Mrs Sng was the Managing Director of CapitaLand Hong Kong Ltd, which was involved in investments in Hong Kong and East Asia, including Japan and Taiwan. CapitaLand Limited, which is listed on the SGX-ST, is the property arm of Singapore Technologies Pte Ltd.

Mrs Sng spent 15 years, from 1983 to 1997, in Hong Kong as the Centre Director and then Regional Director of the Singapore Economic Development Board and the Singapore Trade Development Board respectively to promote bi-lateral investment and trade between Singapore, Hong Kong and South China. Mrs Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997.

Before joining the overseas offices of the Singapore Government in Hong Kong, Mrs Sng worked in Australia in the late 1960s for one and a half years and in Japan in the early 1970s for two and a half years in the field of international marketing for consumer products.

Mrs Sng graduated in 1963 with a Bachelor of Arts degree from the then Nanyang University in Singapore and she has wide experience in various fields of industrial, investment, business development, strategic and financial management, especially in property investment and management.

In 1996, on Singapore's National Day, Mrs Sng was conferred the title of PPA(P) — Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the then President of Singapore, Mr Ong Teng Cheong, for her contribution to the country.

Mr Lim Lee Meng is an Independent Director of the Manager. He is currently a senior partner of Chio Lim & Associates, a member firm of Horwath International. Mr Lim is also an independent director of ARA Asset Management (Singapore) Limited, which is the manager of Fortune REIT, Teckwah Industrial Corporation Ltd, Datapulse Technology Limited, Tye Soon Ltd and Europtronic Group Ltd. He also serves as the chairman of the audit committees of Teckwah Industrial Corporation Ltd, Datapulse Technology Limited and Europtronic Group Ltd.

Mr Lim is also a practising member of the Institute of Certified Public Accountants of Singapore, an associate member of the Institute of Chartered Secretaries and Administrator and a member of the Singapore Institute of Directors.

Mr Lim graduated from the then Nanyang University of Singapore with a Bachelor's of Commerce (Accountancy) in May 1980. He also has a Master of Business Administration degree from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore (1989) and an ICSA qualification from the Institute of Chartered Secretaries and Administrators.

From 1980 to 1984, Mr Lim was an auditor with Arthur Young & Company and from 1984 to 1987, he was the group financial controller with the Lauw & Sons group of companies.

A list of the present and past directorships of each Director of the Manager over the last five years preceding 28 October 2004 is set out in Appendix VIII, "List of Present and Past Principal Directorships of Directors and Executive Officers".

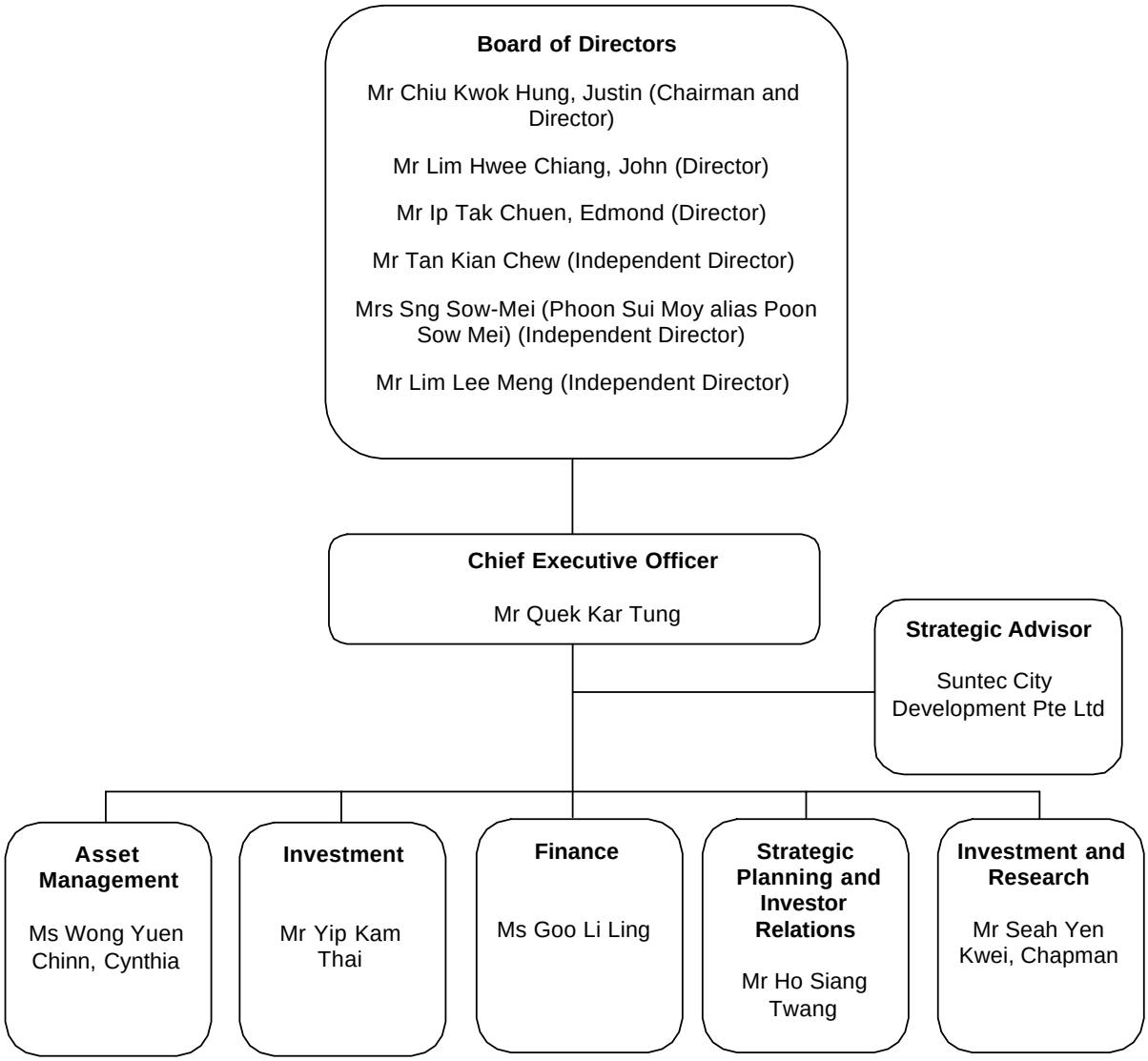
Experience and Expertise of the Board of Directors

The directors of the Manager have the appropriate expertise to act as directors of the Manager, as evidenced by their business and working experience set out above. Mr Chiu Kwok Hung, Justin, Mr Lim Hwee Chiang, John, Mr Ip Tak Chuen, Edmond, Mrs Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei) and Mr Lim Lee Meng are also directors of other public listed companies in Singapore and therefore have the appropriate experience to act as directors of the Manager and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. These directors are also directors of ARA Asset Management (Singapore) Limited, the manager of Fortune REIT, and are thus familiar with the operations of a real estate investment trust.

Mr Tan Kian Chew has experience as a director of a public listed company but has requested the Manager to arrange for the relevant training to update him on the roles and responsibilities of a director of the manager of a public listed real estate investment trust subsequent to the listing of Suntec REIT.

In addition, the directors of the Manager will, subsequent to the listing of Suntec REIT, be briefed by the Property Manager to acquaint them with the operations of the Properties.

Management Reporting Structure of the Manager:



Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager is responsible for working with the Board to determine the strategy for Suntec REIT. The Chief Executive Officer will also work with the other members of the Manager's management team to ensure that Suntec REIT is operated in accordance with the Manager's stated investment strategy. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of Suntec REIT.

He is responsible for strategic planning, the day-to-day operations of Suntec REIT and working with the Manager's investment, asset management, financial and compliance personnel in meeting the strategic, investment, and operational objectives of Suntec REIT.

The **Asset Management Manager** is responsible for formulating the business plans of Suntec REIT's properties with short, medium and long-term objectives, and with a view to maximising the rental income of Suntec REIT via active asset management. The Asset Management Manager works closely with the Property Manager to implement Suntec REIT's strategies so as to ensure that its properties maximise their income generation potential and minimise their expense base without compromising the marketability of the rentable space. The Asset Management Team led by the Asset Manager focuses on the operations and implementation of the short to medium-term objectives of Suntec REIT's portfolio and supervises the Property Manager in the implementation of Suntec REIT's strategies.

The **Investment Manager** is responsible for identifying, researching and evaluating potential acquisitions with a view to enhancing Suntec REIT's portfolio or divestments where a property is no longer strategic or fails to enhance the value of Suntec REIT's portfolio or fails to be yield accretive. The Investment Team led by the Investment Manager also recommends and analyses potential asset enhancement initiatives. In order to support these various initiatives, the team develops financial models to test the financial impact of different courses of actions. These findings will be research-driven to help develop and implement the proposed initiatives.

The **Finance Manager** is in charge of the Finance Team, which is primarily responsible for the finances of Suntec REIT. A very large part of the Finance Team's functions will be focused on the financial management of Suntec REIT, and the development of a comprehensive system of business score cards and key performance indicators to facilitate the effective management of Suntec REIT. The Finance Manager's responsibilities cover the projection of the rental returns, accounting for the rental collections and the operating expenses incurred in the course of managing and operating the properties of Suntec REIT, and monitoring any outstanding rents. The Finance Team is also responsible for preparing statutory accounts, co-ordinating with external auditors, managing tax affairs, managing borrowings and preparing performance reports of Suntec REIT for investors.

The **Strategic Planning and Investor Relations Manager** is responsible for facilitating the strategic planning and strategic management of Suntec REIT, and for communicating and liaising with Unitholders. This includes regular statutory reporting such as annual reports to Unitholders and reporting to the SGX-ST in compliance with the Listing Manual. The principal objectives of the Strategic Planning and Investor Relations Team lead by the Strategic Planning and Investor Relations Manager is to facilitate the creation of Unitholders' value and to provide exceptional service to Unitholders by maintaining continuous disclosure and transparent communications with Unitholders and the market. The Strategic Planning and Investor Relations Manager will assist the Chief Executive Officer in facilitating and co-ordinating the formulation of strategic plans focused primarily on the creation of Unitholders' value, and to promote and market Suntec REIT to existing and prospective investors and the media through regular communications, roadshows, events and a website.

The **Investment and Research Manager** is responsible for identifying and researching political, economic and real estate developments and evaluating their impact on the strategic and business objectives of Suntec REIT. The Investment and Research Team led by the Investment and Research Manager develops and maintains forecasting, risk management, statistical, benchmarking and financial models for monitoring and evaluating the impact of economic trends and real estate developments on the strategic and business objectives and plans of Suntec REIT.

Role of the Strategic Advisor

Suntec City Development Pte Ltd is the Strategic Advisor of the Manager. SCDPL is also the Sponsor and the Property Manager and has managed the Properties since their completion.

SCDPL as the strategic advisor is responsible for providing consultancy advice to the Manager with respect to the management of the Properties, including, among others, advising on:

- the formulation of long-term strategic plans to establish and maintain the Properties as a leading office and retail destination and to maintain their competitive edge against existing and new competitors;
- the formulation and implementation of short and medium-term business plans and budgets for the Properties;
- strategic business cooperation with Suntec Singapore International Convention and Exhibition Centre, and assisting Suntec REIT in co-ordinating joint business initiatives and activities with Suntec Singapore International Convention and Exhibition Centre;
- retention strategies for anchor tenants of the Properties;
- strategies for identifying and attracting prospective anchor tenants for the Properties;
- the formulation of long-term property maintenance strategies and capital budgets that maximise value for the Unitholders by, among others, maintaining the competitiveness of the Properties; and
- the design and implementation of a strategic management system that facilitates the formulation, implementation, and monitoring of strategic initiatives.

(See "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Strategic Advisor Agreement".)

The Manager will be able to tap on and benefit from the strategic experience and business network of SCDPL to ensure continuity and to position the Properties for further growth. SCDPL could also play a key role in helping to co-ordinate and facilitate strategic cooperation between the Properties and the Suntec Singapore International Convention and Exhibition Centre which it will continue to own.

Executive Officers of the Manager

Information on the working experience of the executive officers of the Manager is set out below:

Mr Quek Kar Tung is the Chief Executive Officer of the Manager. He has 26 years of corporate and professional experience. Mr Quek joined ARA Asset Management Limited in March 2004 and has since been actively involved in the establishment of a private property fund and also in the preparatory work related to the public listing of Suntec REIT. Prior to this, from 2002 to 2004, he was the Managing Director of Global Team Investments Limited where he was engaged in private equity and mergers and acquisition activities, and also had a short stint with ERGO Tru Asia Limited. He was the Senior Vice President (Trading and Risk Management) of Singapore Petroleum Company Limited from 2001 to 2002.

Prior to joining the Manager, Mr Quek had played key roles as the Chief Financial Officer of some major Singapore-based property and hospitality groups. When he was with Raffles Holdings Limited from 2000 to 2001, he played a key role in the securitisation of the Raffles City Complex (with junior and senior bonds being publicly listed on the SGX-ST) and was also closely involved in the acquisition of the Swissotel group. When he was with First Capital Corporation Limited from 1993 to 1996, he was closely involved in the management of the First Capital group's portfolio of real estate development in Singapore and in the Asia-Pacific region. He also played a key role in First Capital Corporation Limited's hostile take-over bid for Yeo Hiap Seng Limited and in its acquisition of Brierley Investments Limited. When he was with Pidemco Land Pte Ltd (which was subsequently merged with DBS Land Limited to form CapitaLand Limited) from 1990 to 1991, he was instrumental in facilitating the formulation of the Pidemco Land group's strategic plans and initiatives following the transfer of the real estate portfolio of the Urban Redevelopment Authority to the group.

As Senior Vice President (Finance) of Singapore Power Limited and Managing Director of its subsidiary, SP Capital Limited from 1996 to 2000, he played a key role in pioneering the group's regional investments, including the origination of the acquisition of SPI Powernet (the monopoly electricity transmission network company in the state of Victoria, Australia). At the group level he was responsible for Singapore Power Limited's Corporate Finance, Treasury, Corporate Secretariat, Legal, and Public Relations Divisions.

He also helped pioneer the development of the Singapore Financial and Commodity Futures Markets, in his role as the Deputy Chief Executive Officer of the Singapore International Monetary Exchange ("SIMEX") from 1988 to 1990 and as the General Manager of the Singapore Commodity Exchange (previously RAS Commodity Exchange ("RAS")) from 1991 to 1993. At SIMEX, he was directly responsible for the Clearing House, Trading Floor, Projects, Finance, and Information Technology divisions. Mr Quek was actively involved in many of SIMEX's joint overseas marketing activities with the MAS, the Singapore Stock Exchange, and the Singapore Trade Development Board to promote the development of the country's financial futures market. He was also responsible for overseeing and managing the construction of SIMEX's trading facility at the OUB Centre. Initially, as the Executive Secretary of the Rubber Association of Singapore (a Statutory Board responsible for the supervision of Singapore's rubber market) and subsequently as the General Manager of the RAS, he played a central role in overseeing the closure of the Statutory Board and the establishment of the privatized RAS, including the development of Singapore's commodity futures legislations and the RAS Exchange Rules. He was also actively engaged in marketing and promoting the newly established commodity exchange overseas, including the United States, UK, Japan, Thailand, Malaysia and Indonesia.

Mr Quek started his professional career when he trained as a Chartered Accountant with Peat, Marwick Mitchell & Co in Glasgow, United Kingdom from 1978 to 1981. On completion of his training, he joined Price Waterhouse, Singapore in 1981, where he was promoted to the position of Audit Manager before leaving the profession for the commercial sector in 1986.

Mr Quek is a Chartered Accountant and is a member of the Institute of Chartered Accountants of Scotland. He is also a Singapore Certified Public Accountant and a member of the Institute of Certified Public Accountants of Singapore. He holds a Bachelor of Science degree in Naval Architecture & Ocean Engineering from Glasgow University, a Master in Business Administration (Distinction) degree from Manchester University, and a Master in Technology (Knowledge Engineering) degree from the National University of Singapore.

Ms Wong Yuen Chinn, Cynthia is the Asset Manager of the Manager. She has more than 19 years of experience in the property market, mostly with property developers, where she managed and marketed a wide range of properties, including retail, office and mixed-use developments. Her experience also spans business development and investment responsibilities for the region, including Singapore, Malaysia, Myanmar, Indonesia and Australia covering the retail, office and service apartment sectors.

Prior to joining the Manager, she was Vice President, Retail with CapitaLand Commercial Limited where she was overseeing the asset enhancement initiative, leasing strategy, tenant mix formulation to maximise yields and the preparation of a property for injection into a real estate investment trust. She also served in PREMAS International, another subsidiary of CapitaLand Limited where the ambit of her appointment spanned strategy, planning and business development and she held a concurrent appointment as Country Director for China. Ms Wong was with Jones Lang LaSalle Property Consultants Pte Ltd from 2000 to 2002, where, in her last appointment as National Director, Head of Research, South Asia, she held profit and loss accountabilities for the research departments in Singapore, Thailand, Philippines, Indonesia and India and worked collaboratively with the research department of Jones Lang Wootton in Malaysia. She was also actively involved in leading the market with real estate reviews, presentations to target business groups, conducting market studies and investment advisories for the region.

From 1997 to 2000, she was Senior Manager, Business Development and Special Projects at Marina Centre Holdings Pte Ltd where she supervised a feasibility study for a major retail revamp of Marina Square to reposition the shopping mall effectively against other competing properties. Her earlier track record included business development responsibilities in Centrepoint Properties Limited. She also

spearheaded the set-up of the management operations of Northpoint Shopping Centre in 1992. Ms Wong also established both the Business Development and the Property Management departments for the Wing Tai group of companies and was involved in the sale, lease and management of residential, commercial and mixed-use projects under Tong Eng Brothers and acquired project management experience in the then National Productivity Board in the initial years of her career.

Ms Wong holds a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

Mr Yip Kam Thai is the Investment Manager of the Manager. He has over 11 years of experience in real estate investment and marketing in regional property markets. Prior to joining the Manager, he was one of the principal partners of Maxus Holdings Pte Ltd, a boutique property consultancy company providing investment sales, leasing and property management services to companies and individuals. At the same time, Mr Yip was also an appointed Asset Manager of CB Richard Ellis (Pte) Ltd where he was responsible for asset management and property enhancement studies of existing commercial properties.

Mr Yip was the Vice President (Special Projects) of listed media and education group Panpac Media Group Ltd from 2002 to 2003. He was responsible for business development ventures in Singapore, Malaysia and the PRC. Prior to joining Panpac Media Group Ltd, he co-founded an online property services portal which was acquired by Grierson Pte Ltd, a joint venture between Panpac Media Group Ltd and listed Malaysian conglomerate YTL Corporation Berhad. As Chief Operating Officer of Grierson Pte Ltd from 2000 to 2002, Mr Yip was responsible for developing and deploying real estate driven e-solutions that facilitate property investment, management and marketing processes to major real estate players in Asia.

In 1998, Mr Yip joined Chesterton International Property Consultants Pte Ltd as Manager (Corporate Services) where he was responsible for business development and corporate account servicing to local clients and multinational companies.

Mr Yip began his career in 1993 in the marketing and business development divisions of listed property group Tuan Sing Holdings Ltd where he was the property manager in charge of leasing the company's commercial, industrial and residential portfolio, marketing of new residential projects and sourcing of property investments in Asia. During that period, he was involved in major real estate acquisitions and divestments of the company's commercial and residential properties in the Singapore and Hong Kong real estate markets.

Mr Yip holds a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore. He also has a registered House Agent licence from the Comptroller of Property Tax in Singapore.

Ms Goo Li Ling is the Finance Manager of the Manager. Prior to joining the Manager, she was the Finance Director of Teledata (Singapore) Limited, which is publicly listed on the SGX-ST. As Finance Director, she was responsible for the full spectrum of financial functions, including the financial management, treasury, mergers and acquisitions, divestments, accounting, and financial reporting of Teledata (Singapore) Limited and its subsidiaries. Prior to joining Teledata (Singapore) Limited in 2001, she was the Vice President (Group Finance) at BeXcom Pte Ltd where she was also responsible for the full spectrum of financial functions of the company.

Ms Goo started her career with KPMG upon graduation in 1992 and was a Manager before leaving the profession for the commercial sector in 2000. At KPMG she was engaged in the audits of a wide range of companies whose activities include banking, media, manufacturing, and investment holding.

Ms Goo holds a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University and is a Singapore Certified Public Accountant. She also holds a Diploma in Marketing from the Chartered Institute of Marketing of the United Kingdom.

Mr Ho Siang Twang is the Manager for Strategic Planning and Investor Relations of the Manager. Prior to joining the Manager, he was an Assistant Vice President of GIC Special Investments Pte Ltd ("GICSI"), a wholly-owned subsidiary of the Government of Singapore Investment Corporation ("GIC"). At GICSI, he worked in the team that was responsible for the stewardship of GICSI's investments across Asia, including Thailand, Indonesia, Philippines, Korea and Australia. His responsibilities include evaluating and facilitating divestments, negotiating the terms and conditions of equity and debt restructuring, and reviewing the relevant legal documents. He also helped to evaluate new investment opportunities in a broad-range of private equity investments relating to venture capital, growth situations and management buyouts in the United States of America, Europe and Asia. At the portfolio level, he was responsible for reporting the performance of the portfolio to GICSI's senior management and Board of Directors. He also developed a risk management framework covering qualitative and quantitative measures, and helped to put together a performance benchmark system to enhance management's evaluation of GICSI's portfolio of fund investments.

Between 1995 to 1997, Mr Ho was an internal auditor with the Internal Audit Department of GIC. He was responsible for assessing the adequacy of and compliance to controls with respect to the risks of investing in various asset classes, including foreign exchange, money market, fixed income and equity instruments. He also assisted in IT audits and pioneered the use of Computer-Assisted-Audit-Techniques (CAATs). During that period, he was also teaching at the Institute of Banking and Finance on a part-time basis.

Mr Ho is a holder of the Chartered Financial Analyst charter and is a Singapore Certified Public Accountant. He holds a Bachelor of Accountancy from the Nanyang Technological University and a post-graduate diploma in Systems Analysis from the Institute of Systems Science.

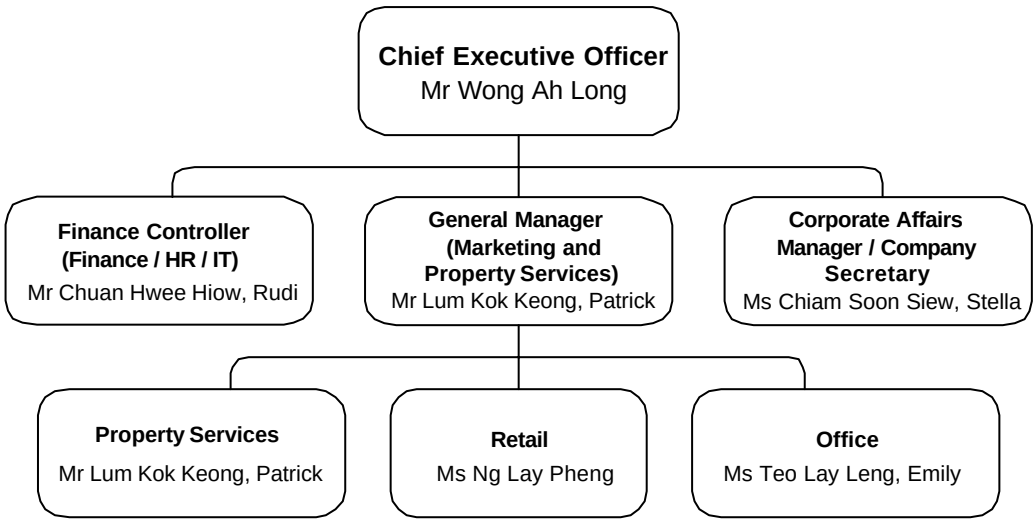
Mr Seah Yen Kwei, Chapman is the Investment and Research Manager of the Manager. Prior to joining the Manager, he was a Relationship Manager in the corporate banking division of DBS Bank Ltd from 2002 to 2004 where he was responsible for evaluating the financing requirements of large corporations in the real estate and construction industries, as well as identifying new business opportunities for generating fee income from products and services for activities in the debt and equity capital markets, trade finance, treasury, and mergers and acquisitions.

From 1999 to 2002, Mr Seah was a Research Analyst with Pidemco Land Limited (which was subsequently merged with DBS Land Limited to form CapitaLand Limited). During his time with the group, his responsibilities include undertaking macroeconomic and real estate market research on the local and Asia Pacific markets, performing financial analysis on real estate companies, statistical analysis of economic, property and financial market indicators, and the use of quantitative models for forecasting property trends.

Mr Seah holds a Bachelor of Engineering (Civil) degree (First Class Honours) from the University of Birmingham, United Kingdom and is currently a level 2 candidate of the Chartered Financial Analyst programme.

A list of the present and past directorships of each Executive Officer of the Manager over the last five years preceding 28 October 2004 is set out in Appendix VIII, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Management Reporting Structure of the Property Manager



Executive Officers of the Property Manager

SCDPL has been appointed as the property manager of Suntec REIT. Information on the working experience of the Executive Officers of the Property Manager is set out below:

Mr Wong Ah Long is the Chief Executive Officer of the Property Manager. He has more than 30 years of experience in all aspects of construction, property developments (including mechanical and engineering building services), estate management and office and mall management, both locally and overseas.

During his eight years with SCDPL, he was instrumental in transforming Suntec City into one of the most successful single commercial developments in Singapore and in positioning Suntec City as a premier office and shopping centre in Singapore. Mr Wong's management system has been patented in Hong Kong and its patent application in the United States of America is currently pending approval.

Mr Wong's management team has won many international awards for Suntec City, *e.g.* FIABCI Prix d'Excellence in 1999 for the best and most successful project in the office and retail sector.

Prior to joining the Sponsor in 1996, Mr Wong was the General Manager of DBS Land and was responsible for the Property, Engineering and Estate Management arms of the group. He was with Singapore Technologies Pte Ltd's construction arms: Reliance Contractor Pte Ltd and CDC Construction Pte Ltd. He was also with PT Darmo Satellite Town — Surabaya, Indonesia.

Mr Wong is currently the Deputy Chairman of NUS Council — the highest governing body of the National University of Singapore, Deputy Chairman of Board of Trustees of Institute of South-East Asian Studies (ISEAS), President of FIABCI — Singapore Chapter and a member of Singapore — Zhejiang Economic and Trade Council.

Mr Wong holds a Honours degree in Applied Chemistry (2nd Class Upper Division) and a Masters degree in Business Administration from University of Singapore.

Mr Wong also sits on the boards of Suntec City Management Pte Ltd, REDAS.Com Pte Ltd, Sunteccity.Com Pte Ltd, Professional Enhancement and Academic Research Link Pte Ltd and NTUC Club Investments Pte Ltd. He is also an Independent Director of Shining Corporation Ltd, a listed company.

Mr Lum Kok Keong, Patrick is the General Manager (Marketing and Property Services) of the Property Manager for more than seven years. He has more than 22 years of experience in the real estate industry in Singapore, Malaysia and Indonesia.

As the General Manager in charge of marketing and property services in the Property Manager, Mr Lum works closely with the Chief Executive Officer to formulate and implement corporate strategies of the Property Manager. He has responsibility for developing and evaluating strategic business plans, business opportunities, marketing and mass communications, as well as property services operations. He is responsible for marketing services to secure new tenants and renewals for both the office and retail space. He is also responsible for planning and maintaining Suntec City Mall's competitive edge through targeted promotional events in the shopping mall, as well as all public relations and tourism development activities for the Properties. Additionally, he oversees the property management services of the Properties.

Mr Lum holds a Bachelor of Science degree in Estate Management from the National University of Singapore, Bachelor of Laws degree (Honours) from Wolverhampton University (UK), Diploma in Finance from ACCA (UK) and a Diploma in Business Administration from Heriot Watt University (UK). He is also a member of the Singapore Institute of Arbitrators.

Mr Chuan Hwee Hiow, Rudi is the Financial Controller of the Property Manager and has worked with SCDPL for more than four years. He is overall in charge of Finance, Human Resource and Information Technology. Mr Chuan has more than 20 years of working experience in various industries, namely audit, shipping, consumer products and chemicals. He has six years of working experience in the real estate industry, with two years at UIC Limited and four years with SCDPL.

Mr Chuan as the Financial Controller in the Property Manager is in charge of Finance, Human Resource and Information Technology and his responsibilities include setting up operational systems, maintaining policies and guidelines, executing controlling functions and managing the centralised administration within the Property Manager. He is also responsible for lease administration, rental billings and collection, arrears management, service charge determination and property tax assessment.

Prior to joining the Sponsor, Mr Chuan was the Senior Finance Manager of NatSteel Chemicals Limited, a wholly-owned subsidiary of public listed NatSteel Limited from 1995 to 2000. Apart from all financial aspects of the company, his responsibilities include due diligence studies into possible business ventures.

Mr Chuan was the Service and Finance Manager of Effem Foods Inc, a wholly-owned subsidiary of the US chocolate manufacturer, Mars Incorporated, from 1993 to 1994, where he was responsible for the financial and administrative aspects of the Asia business (except Japan, China, Hong Kong and India). He also worked for one year as the Financial Controller of Mars Confectionary of Australia, in Ballarat in 1995.

From 1990 to 1993, he was the Chief Accountant at Unilever Singapore Pte Ltd where he was responsible for all financial aspects of the company, including budgeting process, foreign exchange dealings/hedgings and management reporting process.

Mr Chuan was the senior accountant at Freights Links Express Pte Ltd from 1989 to 1990. He was a Project Analyst at UIC Limited from 1986 to 1988, where he was part of the projects team that study and evaluate potential takeover targets.

Mr Chuan started his career as an Auditor with Price Waterhouse, Singapore in 1982, where he stayed for four years before leaving the profession for the commercial sector in 1986.

Mr Chuan holds a Bachelor of Commerce degree in Accounting from the Otago University of New Zealand and a Masters degree in Business Administration from the State University of New York. Mr Chuan has been a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore since 1988.

Ms Chiam Soon Siew, Stella is currently the Corporate Affairs Manager/Company Secretary of the Property Manager. She joined SCDPL in 1989 as its legal counsel. She has more than 24 years of experience in the real estate industry in Singapore.

She is overall responsible for the corporate and commercial legal work of the Property Manager and its subsidiaries. She is also overall responsible for the custodian, corporate secretarial work and compliance functions of the Property Manager and its subsidiaries.

She has substantial experience in broad corporate legal advisory and corporate secretarial responsibilities including progressive senior mandates in a statutory board (the Housing and Development Board) and two listed companies (Straits Steamship Co Ltd and Sim Lim Investments Limited) with diversified financial and commercial interests.

She has considerable expertise in property-related transactions from planning mega, mixed-use facilities, and competence in legal department infrastructure such as systems, policies and procedures, standard documentation, corporate compliance, legal risk management and capability as in-house counsel in partnership with line management.

She holds a Bachelor of Laws degree from the University of Singapore and is admitted to the Singapore Bar.

Ms Ng Lay Pheng is the Senior Marketing Manager (Retail) of the Property Manager and has worked with the Property Manager for 12 years. She has more than 18 years of experience in the real estate industry.

As the Senior Marketing Manager (Retail), she oversees the marketing and leasing activities of Suntec City Mall. Her responsibilities include formulation and implementation of marketing strategies and key tenant relationships as well as lease management functions covering lease documentation and working with the Finance Team on property tax matters, rental collection and arrears management. She also reviews and oversees the improvement works to Suntec City Mall, and works closely with the Property Services team on tenants' fitting-out and operations matters.

Ms Ng joined SCDPL in 1992. Prior to heading the retail department from 1998, Ms Ng was the Assistant Manager of the Office department and was responsible for the sales and leasing activities of the office towers.

Ms Ng holds a Bachelor of Science (Estate Management) degree from the National University of Singapore.

Ms Teo Lay Leng, Emily has been the Marketing Manager (Office) of the Property Manager for more than three years. She has more than 12 years of experience in the real estate industry.

As the Marketing Manager (Office), Ms Teo overseas the marketing and leasing activities. Her responsibilities include formulation and implementation of marketing, strategies and key tenant relationships, as well as lease management functions covering lease documentation and working with the Finance Team on property tax matters, rental collection and arrears management, lease renewals and lease management of the office towers in Suntec City.

She is also involved in the development of new market segments and products such as the "China@Suntec" strategy, and the collaboration with tenants in marketing initiatives such as "Suntec Suites" and "Suntec Digital Office".

Prior to joining the Property Manager, she was the Assistant Manager (Property Marketing) of the then Properties Division of the PSA Corporation Ltd (now Mapletree Investments Pte Ltd), where her responsibilities included the marketing, leasing activities and lease administration of office and retail space in the commercial buildings in Maritime Square (now HarbourFront development).

Ms Teo holds a Bachelor of Business Administration degree from the National University of Singapore.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of Suntec REIT. The Manager's main responsibility is to manage Suntec REIT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of Suntec REIT and give recommendations to the Trustee on the acquisition, divestment or enhancement of assets of Suntec REIT in accordance with its stated investment strategy.

The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that Suntec REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for Suntec REIT on an arm's length basis and on normal commercial terms.

Further, the Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of Suntec REIT's properties.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Guidelines), the Trust Deed, the Tax Ruling and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow on behalf of Suntec REIT (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Suntec REIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that Suntec REIT's total borrowings exceed 35.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property immediately prior to the time the borrowing is incurred.

In the absence of fraud, negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Trust Deed by the Manager. The Manager may, in managing Suntec REIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint such person(s) to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Manager's Management Fees

The Manager is entitled to the following management fees:

(i) a Base Fee of 0.3% per annum of the value of the Deposited Property; and

(ii) a Performance Fee of 4.5% of Suntec REIT's Net Property Income.

The Manager has agreed to receive, for a period of six years after the Listing Date, 80.0% of its management fees in the form of Units and the balance in cash. The portion of management fees payable in the form of Units shall be payable quarterly in arrears and the portion of management fees payable in cash shall be payable monthly in arrears. When management fees are payable to the Manager in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with the relevant amount of the management fees attributable to the relevant period at an issue price equal to the "market price", being the volume weighted average price per Unit for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days of the relevant period in which the management fees accrue or, where the Manager believes that such market price is not a fair reflection of the market price of a Unit, such amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit.

Units issued to the Manager in payment of the Manager's management fees are equally entitled to receive distributions as with all other Units. Subject to the Manager's undertaking to the MAS not to deal in the Units during certain specified periods (see "— Corporate Governance of the Manager" for further details), the Manager may, at its option, sell any such Units issued and is entitled to keep any gains made on such sale for its own account.

Any increase in the rate or any change in the structure of the Manager's management fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Manager is also entitled to:

- an acquisition fee of 1.0% of the acquisition price of any real estate purchased directly or indirectly by Suntec REIT (pro rated if applicable to the proportion of Suntec REIT's interest in the real estate acquired). The acquisition fee is payable as soon as practicable after the completion of an acquisition. However, no acquisition fee is payable for the acquisition of the Properties. The acquisition fee will be paid in the form of cash; and
- a divestment fee of 0.5% of the sale price of any real estate directly or indirectly sold or divested by Suntec REIT (pro rated if applicable to the proportion of Suntec REIT's interest in the real estate sold). The divestment fee is payable as soon as practicable after completion of a divestment. The divestment fee will be paid in the form of cash.

Given the Manager's objective of producing attractive total returns to Unitholders by, among other things, selectively acquiring properties that meet its investment criteria, the Manager will continually be seeking new properties which are suitable for acquisition by Suntec REIT. The acquisition fee remunerates the Manager for the work it does in, among other things, identifying suitable properties, evaluating their investment merits, conducting necessary due diligence, negotiating the terms of acquisition and formulating the financing arrangements.

Although it is intended that Suntec REIT will hold properties on a long-term basis, in the event that the Manager considers selling property in Suntec REIT's portfolio, the Manager will have to find a buyer for the property and negotiate the terms of disposal. The divestment fee remunerates the Manager for the work it does in this regard.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of Suntec REIT shall be paid by the Manager to such persons out of the acquisition fee or the divestment fee received by the Manager, and not additionally out of the Deposited Property of Suntec REIT.

Any increase in the maximum permitted level of the acquisition fee or divestment fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Annual Reports

An annual report will be issued by the Manager to Unitholders within three months from the end of each accounting period of Suntec REIT, containing, among other things, the following key items:

(i) details of all real estate transactions entered into during the accounting period;

(ii) details of Suntec REIT's real estate assets;

(iii) if applicable, with respect to investments other than real property:

  (a) a brief description of the business;

  (b) proportion of share capital owned;

  (c) cost;

  (d) (if relevant) directors' valuation and in the case of listed investments, market value;

(e) dividends received during the year (indicating any interim dividends);

(f) dividend cover or underlying earnings;

(g) any extraordinary items; and

(h) net assets attributable to investments;

(iv) cost of each property held by Suntec REIT;

(v) the Manager's objective for each property held by Suntec REIT;

(vi) annual valuation of each property of Suntec REIT;

(vii) analysis of provision for diminution in value of each property of Suntec REIT (to the extent possible);

(viii) annual rental income for each property of Suntec REIT;

(ix) occupancy rates for each property of Suntec REIT;

(x) remaining term for each of Suntec REIT's leasehold properties;

(xi) amount of distributable income held pending distribution;

(xii) details of assets other than real estate;

(xiii) details of Suntec REIT's exposure to derivatives;

(xiv) details of Suntec REIT's investments in other property funds;

(xv) details of borrowings by the Trustee and other financial accommodation to the Trustee in relation to Suntec REIT;

(xvi) value of the Deposited Property and the net asset value of Suntec REIT at the beginning and end of the financial year under review;

(xvii) the prices at which the Units were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Units were traded on the SGX-ST during the accounting period;

(xviii) volume of trade in the Units during the accounting period;

(xix) the aggregate value of all transactions entered into by the Trustee (for and on behalf of Suntec REIT) with an "interested party" (as defined in the Property Funds Guidelines) or with an "interested person" (as defined in the Listing Manual) during the financial year under review;

(xx) total operating expenses of Suntec REIT in respect of the accounting period, including expenses paid to the Manager and interested parties (if any) and the Trustee, and taxation incurred in relation to Suntec REIT's properties;

(xxi) historical performance of Suntec REIT, including rental income obtained and occupancy rates for each property in respect of the accounting period and other various periods of time (*e.g.* 1-year, 3-year, 5-year or 10-year) and any distributions made;

(xxii) total amount of fees paid to the Trustee;

(xxiii) name of the manager of Suntec REIT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

(xxiv) total amount of fees paid to the Manager, including any Units issued and the price(s) at which they were issued in part payment thereof;

(xxv) total amount of fees paid to the Property Manager;

(xxvi) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable; and

(xxvii) any extraordinary items.

The first report will cover the period from 1 November 2004 to 30 September 2005.

Additionally, Suntec REIT will announce its net asset value on a quarterly basis. Such announcements will be based on the latest available valuation of Suntec REIT's real estate assets and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Guidelines). The first such valuation will be conducted by 30 September 2005.

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation approved by the Trustee to act as the manager of Suntec REIT.

Also, the Manager may be removed by notice given in writing by the Trustee if:

(1) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;

(2) the Manager ceases to carry on business;

(3) the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any material obligation imposed on the Manager by the Trust Deed;

(4) the Unitholders, by a resolution duly passed by a majority consisting of 75.0% or more of the total number of votes represented by all the Units in issue entitled to vote on the matter (a "Special Extraordinary Resolution") at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed, shall so decide;

(5) for good and sufficient reason, the Trustee is of the opinion, and so states in writing, that a change of the Manager is desirable in the interests of the Unitholders; or

(6) the MAS directs the Trustee to remove the Manager.

Where the Manager is removed under sub-paragraph (5) above, the Manager has a right under the Trust Deed to refer the matter to arbitration within one month of such writing by the Trustee. Any decision made pursuant to such arbitration proceedings is binding upon the Manager, the Trustee and all Unitholders.

Corporate Governance of the Manager

The following outlines the main corporate governance practices of the Manager:

Board of Directors of the Manager

The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is also responsible for the strategic business direction and risk management of Suntec REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Board has established a framework for the management of the Manager and Suntec REIT, including a system of internal control and a business risk management process. The Board consists of six members, three of whom are independent directors. None of the directors of the Manager has entered into any service contract directly with Suntec REIT.

The composition of the Board is determined using the following principles:

(1) the Chairman of the Board should be a non-executive director of the Manager;

(2) the Board should comprise directors with a broad range of commercial experience including expertise in funds management and the property industry; and

(3) at least one-third of the Board should comprise independent directors.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Audit Committee

The Audit Committee is appointed by the Board from among the directors of the Manager and is composed of three members, a majority of whom (including the Chairman of the Audit Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit Committee are Mr Tan Kian Chew, Mrs Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei) and Mr Lim Lee Meng, all of whom are independent directors. Mr Tan Kian Chew has been appointed as the Chairman of the Audit Committee. The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit Committee's responsibilities also include:

(1) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

(2) monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines;

(3) reviewing the financial statements and the internal audit report; and

(4) monitoring the procedures established to regulate Related Party Transactions (as defined herein), including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Guidelines relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "Related Party Transactions").

Dealings in Units

Company policy encourages the directors and employees of the Manager to hold Units but prohibits them from dealing in the Units:

(1) in the period commencing one month before the public announcement of Suntec REIT's annual and semi-annual results and (where applicable) property valuations and two weeks before the public announcement of Suntec REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and

(2) at any time while in possession of price sensitive information.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two business days after the date on which it acquires or disposes of any Units, as the case may be. The Manager has also undertaken that it will not deal in the Units in the period commencing one month before the public announcement of Suntec REIT's annual and semi-annual results and (where applicable) property valuations and two weeks before the public announcement of Suntec REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

Management of Business Risks

The Board will meet quarterly or more often if necessary and will review the financial performance of the Manager and Suntec REIT against a previously approved budget. The Board will also review the business risks of Suntec REIT, examine liability management and will act upon any comments from the auditors of Suntec REIT.

The Manager has appointed experienced and well-qualified management to handle the day-to-day operations of the Manager and Suntec REIT. In assessing business risks, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual development projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and Suntec REIT and discuss any disclosure issues.

Conflicts of Interest

The Manager has instituted the following procedures to deal with conflicts of interest issues:

(1) The Manager will not manage any other real estate investment trust which invests in the same type of properties as Suntec REIT.

(2) All executive officers will be employed by the Manager.

(3) All resolutions in writing of the directors of the Manager in relation to matters concerning Suntec REIT must be approved by a majority of the directors, including at least one independent director.

(4) At least one-third of the Board shall comprise independent directors.

(5) In respect of matters in which a director of the Manager or his Associates have an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the directors of the Manager and must exclude such interested directors.

(6) Under the Trust Deed, (i) the Manager and its Associates are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Manager or any of its Associates has a material interest, (ii) (for so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect) the Strategic Advisor and its Associates (as defined in the Listing Manual) are prohibited from being counted in a quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Strategic Advisor and/or any of its Associates have a material interest and (iii) for so long as ARA Trust Management (Suntec) Limited is the manager of Suntec REIT and Cheung Kong (Holdings) Limited and/or Mr Lim Hwee Chiang, John are controlling shareholders (as defined in the Listing Rules) of ARA Trust Management (Suntec) Limited, Cheung Kong (Holdings) Limited and its Associates, or Mr Lim Hwee Chiang, John and his Associates, are prohibited from being counted in the quorum for or voting at any meeting of Unitholders convened to consider a matter in respect of which Cheung Kong (Holdings) Limited or its Associates or, as the case may be, Mr Lim Hwee Chiang, John or his Associates, has a material interest.

(7) It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Suntec REIT with a related party of the Manager or (for so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect) the Strategic Advisor or an Associate of the Strategic Advisor, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Suntec REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The directors of the Manager will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Suntec REIT with a related party of the Manager or (for so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect) the Strategic Advisor or an Associate of the Strategic Advisor, and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager or (as the case may be) the Strategic Advisor or an Associate of the Strategic Advisor shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party or (as the case may be) the Strategic Advisor or an Associate of the Strategic Advisor.

Influence by Directors and Substantial Shareholders of the Strategic Advisor

Apart from Dr Li Ka-Shing, corporations controlled by Dr Li-Ka Shing (through Cheung Kong (Holdings) Limited, a company listed on the Hong Kong Stock Exchange and which indirectly owns a 30.0% interest in the Manager), Associates of Cheung Kong (Holdings) Limited and Mr Edmund Ip (who is a nominee director of the Strategic Advisor appointed by Dr Li-Ka Shing), the Manager believes that none of the directors or substantial shareholders of the Strategic Advisor have any influence on the decision-making process of the Board or the management of the Manager.

Related Party Transactions

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of Suntec REIT and the Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Guidelines).

The Manager will maintain a register to record all Related Party Transactions which are entered into by Suntec REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into. The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Suntec REIT. The Audit Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Fund Guidelines have been complied with. Further, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Suntec REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Suntec REIT's net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Suntec REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisors, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Advice and recommendations provided by the Strategic Advisor to the Manager pursuant to the Strategic Advisor Agreement will be reviewed by the independent directors of the Manager, and such advice and recommendations will be adopted by the Manager only if all of the independent directors unanimously decide that the Manager should do so. No such advice or recommendations will be adopted by the Manager without such unanimous decision by all of the independent directors of the Manager. Further, the Board of Directors of the Manager shall not be permitted to override or veto any decision of the independent directors not to adopt the advice or recommendations provided by the Strategic Advisor to the Manager.

Where matters concerning Suntec REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Suntec REIT with a related party of the Manager or Suntec REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Suntec REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or Suntec REIT. If the Trustee is to sign any contract with a related party of the Manager or Suntec REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

Save for the transactions described under "— Related Party Transaction In Connection with the Setting Up of Suntec REIT" and "— Certain Other Related Party Transactions", Suntec REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of Suntec REIT's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Suntec REIT's annual report for the relevant financial year.

For so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect, all transactions between Suntec REIT and the Strategic Advisor and/or its Associates shall be considered as interested person transactions and the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines as may from time to time be prescribed by the SGX-ST shall apply to such transactions.

Additionally, for so long as Cheung Kong (Holdings) Limited and/or Mr Lim Hwee Chiang, John are controlling shareholders (as defined in the Listing Manual) of the Manager and the Manager is the manager of Suntec REIT, all transactions between Suntec REIT and these said controlling shareholders and/or their Associates shall be considered as interested person transactions and the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines as may from time to time be prescribed by the SGX-ST shall apply to such transactions.

Role of the Audit Committee for Related Party Transactions

The Audit Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system and with the relevant provisions of the Listing Manual as well as the Property Funds Guidelines. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Related Party Transactions In Connection with the Setting Up of Suntec REIT

The Trustee, on behalf of Suntec REIT, has entered into a number of transactions with the Manager and certain related parties of the Manager in connection with the setting up of Suntec REIT. These Related Party Transactions are as follows:

(1) The Trustee has entered into the Trust Deed with the Manager. The terms of the Trust Deed are generally described in "— Manager's Management Fees" and "The Formation and Structure of Suntec REIT".

(2) The Trustee has entered into a Call Option Agreement with the Sponsor for the acquisition of the Property. Pursuant to the Call Option Agreement, the Trustee was granted the right to require the Sponsor to enter into the Property Sale and Purchase Agreement for the sale of the Properties to the Trustee. The Call Option Agreement and the Property Sale and Purchase Agreement are more particularly described in "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Description of the Agreements to Acquire the Properties".

    The aggregate purchase price of the Property is S$2,107 million (see "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation-Description of the Agreements to Acquire the Properties").

    Based on its experience, expertise and knowledge, the Manager believes that the Call Option Agreement and the Property Sale and Purchase Agreement reflect normal commercial terms and are not prejudicial to the interests of Suntec REIT and the Unitholders.

    For other Related Party Transactions entered into in connection with the Property Sale and Purchase Agreement, see "Other Related Party Transaction" below.

(3) The Trustee and the Manager have entered into a Property Management Agreement with the Property Manager for the operation, maintenance, management and marketing of the Properties. This agreement is more particularly described in "Certain Agreements Relating to Suntec REIT and the Properties and Information on the Management Corporation — Property Management Agreement".

The Manager considers that the Property Manager has the necessary expertise and resources to perform the property management, lease management and marketing services for the Properties.

Based on its experience, expertise and knowledge of contracts, the Manager believes that the Property Management Agreement was made on normal commercial terms and is not prejudicial to the interests of Suntec REIT and the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other transactions with the Manager or any related party of the Manager in connection with the setting up of Suntec REIT.

Other Related Party Transactions

Watson's Lease

Watson's Personal Care Stores Pte Ltd, an Associate of the Manager, has on 6 August 2004 accepted the letter of offer for the lease of the retail premises at #01-085/087/089 Suntec City Mall with a Net Lettable Area of 153 sq m (1,646 sq ft). The lease is for a term of three years with effect from 1 October 2004, with an option to renew for a further term of three years. The rent is S$275.56 per sq m per month (S$25.60 per sq ft per month), or 8.0% of the tenant's gross sale, whichever is the higher. The service charge and the promotion fund contributions payable by the tenant is S$12.92 per sq m per month (S$1.20 per square ft per month) and S$2.15 per sq m per month (S$0.20 per sq ft per month).

After taking into consideration, among other things, rental variances due to shop size, trade and location, the Manager believes that the tenancy agreement with Watson's Personal Care Stores Ltd ("Watson's Lease") was made on commercial terms and is not prejudicial to the interest of Suntec REIT and the Unitholders.

Property Manager's Lease

The Trustee will lease to the Property Manager the office premises at Suntec Tower Five #07-03 with a floor area of 465 sq m (5,000 sq ft) (the "Property Manager's Office Premises") for a term of three years commencing on the Listing Date for use by the Property Manager and its employees in the provision of the services under the Property Management Agreement. The lease will provide for the Property Manager to pay a rent of S$45.21 per sq m per month (S$4.20 per sq ft per month) inclusive of service charge of S$10.76 per sq m per month (S$1.00 per sq ft per month), and the GST chargeable thereon. The Property Manager will have an option to renew the lease of the Property Manager's Office Premises for a further term of three years at the prevailing market rent and at the prevailing service charge.

The Manager believes that the tenancy agreement with the Property Manager (the "Property Manager's Lease") was made on commercial terms and is not prejudicial to the interest of Suntec REIT and the Unitholders.

Management Corporation Agreement

The Common Property Manager, a wholly-owned subsidiary of the Sponsor, entered into the Management Corporation Agreement with the Management Corporation on 5 December 2003 pursuant to which the Common Property Manager was appointed as the managing agent to manage, administer and maintain the common property. The Common Property Manager's appointment is for a period from 5 December 2003 to the next annual general meeting of the Management Corporation unless otherwise extended by mutual agreement or terminated in accordance with the provisions of the Management Corporation Agreement.

Under the terms of the Management Corporation Agreement, the Common Property Manager is entitled to receive on the first of every calendar month, a fee equivalent to 3.0% of the aggregate expenditure

of the Management Corporation plus the applicable GST thereon. Furthermore, the Common Property Manager is entitled to reimbursement from the Management Corporation's management fund for, among other things, the costs of rental, electricity charges, telecom bills, *etc*. for the maintenance office and staff costs for employees engaged by the Common Property Manager for carrying out its duties.

The Manager believes that the Management Corporation Agreement with the Management Corporation was made on normal commercial terms and is not prejudicial to the interest of Suntec REIT and the Unitholders.

Exempted Agreements

The fees and charges payable by Suntec REIT to the Manager under the Trust Deed, the Property Management Agreement, the Watson's Lease, the Property Manager's Lease and the Management Corporation Agreement (collectively, the "Exempted Agreements"), each of which constitutes a Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar as, in respect of each such agreement, there is no subsequent change to the rates and/or basis of the fees charged thereunder which will adversely affect Suntec REIT. In addition, any renewal of the Watson's Lease, the Property Manager's Lease and the Management Corporation Agreement will be subject to Rules 905 and 906.

Future Related Party Transactions

As a real estate investment trust, Suntec REIT is regulated by the Property Funds Guidelines and the Listing Manual. The Property Funds Guidelines regulate, among other things, transactions entered into by the Trustee (for and on behalf of Suntec REIT) with an interested party relating to Suntec REIT's acquisition of assets from or sale of assets to an interested party, Suntec REIT's investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for Suntec REIT's properties. Depending on the materiality of transactions entered into by Suntec REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Guidelines may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all interested person transactions, including transactions already governed by the Property Funds Guidelines. Depending on the materiality of the transaction, Suntec REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). The rent, service charge and promotion fund contributions payable under the Watson's Lease and the Property Manager's Lease for the initial term of three years and the fees and charges payable under the other Exempted Agreements are not subject to Rules 905 and 906 of the Listing Manual (see "— Related Party Transactions — Related Party Transactions in connection with the setting up of Suntec REIT" and "— Related Party Transactions — Other Related Party Transactions"). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines relating to interested person transactions as may be prescribed by the SGX-ST to apply to real estate investment trusts.

The Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to tenancy agreements and/or licence agreements to be entered into with interested persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements of Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of Suntec REIT and the Unitholders.

Both the Property Funds Guidelines and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is *prima facie* governed by both sets of rules. Where matters concerning Suntec REIT relate to transactions entered or to be entered into by the Trustee for and on behalf of Suntec REIT with a related party (either an "interested party" under the Property Funds Guidelines or an "interested person" under the Listing Manual) of the Manager or Suntec REIT, the Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question.

The Manager is not prohibited by either the Property Funds Guidelines or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of Suntec REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of Suntec REIT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its "connected persons" (as defined in the Listing Manual) and any director of the Manager are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

Loan to the Manager's Shareholder

Action Advantage Limited, a wholly owned subsidiary of Cheung Kong (Holdings) Limited, has provided a loan of S$1,000,000 to ARA Asset Management Limited, the sole shareholder of the Manager. The purpose of the loan was to finance ARA Asset Management Limited's subscription of the shares in ARA Asset Management (Singapore) Limited, a related corporation of the Manager. As security for the loan, Mr Lim Hwee Chiang, John, a director and shareholder of 70.0% of the shares in ARA Asset Management Limited, has executed a second mortgage over his shares in ARA Asset Management Limited in favour of Action Advantage Limited. The first share mortgage over Mr Lim's shares in ARA Asset Management Limited was executed in favour of Winchesto Finance Company Limited, a wholly-owned subsidiary of Cheung Kong (Holdings) Limited, pursuant to a loan granted by Winchesto Finance Company Limited to ARA Asset Management (HK) Limited, a wholly-owned subsidiary of ARA Asset Management Limited, for the general corporate funding purposes of ARA Asset Management (HK) Limited and ARA Asset Management Limited.

THE FORMATION AND STRUCTURE OF SUNTEC REAL ESTATE INVESTMENT TRUST

The Trust Deed is a complex document and the following is a summary only. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of Suntec REIT. The Trust Deed is available for inspection at the registered office of the Manager at 9 Temasek Boulevard, #09-01, Suntec Tower Two, Singapore 038989.

The Trust Deed

Suntec REIT is a real estate investment trust constituted by the Trust Deed and is principally regulated by the SFA and the CIS Code (including the Property Funds Guidelines).

The Trust Deed was entered into on 1 November 2004 between ARA Trust Management (Suntec) Limited, as the manager of Suntec REIT, and HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Suntec REIT.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

The provisions of the SFA and the CIS Code (including the Property Funds Guidelines) prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Manager, the Trustee and the Unitholders under the Trust Deed. The Property Funds Guidelines also impose certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, a general limit on their level of borrowings (up to a maximum of 35.0% of the value of their deposited property at the time the borrowing is incurred) and certain restrictions with respect to interested party transactions.

Operational Structure

Suntec REIT is established with a principal investment policy to invest in real estate and real estate-related assets and the Manager must manage Suntec REIT so that the principal investments of Suntec REIT are real estate and real estate-related assets (including shares in companies whose primary purpose is to hold or own real estate and real estate-related assets). The current investment strategy of Suntec REIT is to invest in quality income-producing properties which are primarily used for retail and/or office purposes. Suntec REIT aims to generate returns for its Unitholders by owning, buying, selling and actively managing such properties in line with its investment strategy. Subject to the restrictions and requirements in the Property Funds Guidelines, the listing rules of SGX-ST and the Tax Ruling, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate. Although the Manager may use certain financial instruments for hedging purposes, it presently does not have any intention to invest in options, warrants, commodities, futures contracts, unlisted securities and precious metals. For further details of the investment objectives and policies of the Manager, see Clause 10 of the Trust Deed.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee.

Each Unit represents an undivided interest in Suntec REIT. A Unitholder has no equitable or proprietary interest in the underlying assets of Suntec REIT and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of Suntec REIT. A Unitholder's right is limited to the right to require due administration of Suntec REIT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of Suntec REIT (or any part thereof), including all its Authorised Investments (as defined in the Trust Deed), and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the assets of Suntec REIT or any part thereof or lodge any caveat or other notice affecting the real estate assets and real estate-related assets of Suntec REIT (or any part thereof), or require that any Authorised Investments forming part of the assets of Suntec REIT be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as Suntec REIT is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or delisted permanently, the Manager shall pursuant to the Depository Services Agreement appoint CDP as the Unit depository for Suntec REIT, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units. The Manager or the agent appointed by the Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a lock-up and the expiry date of such lock-up and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to subscribe for (or purchase) Units and to own Units.

Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units in Suntec REIT.

The Manager has the exclusive right to issue Units for the account of Suntec REIT. The issue of Units for the purpose of an initial public offering of Units shall be at an Issue Price (as defined in the Trust Deed) initially stated to be in the range of S$0.97 to S$1.00 per Unit, with the actual Issue Price within such range to be determined by the Manager on or before the Listing Date. However, the Manager's right to make such a determination may be ceded to the Underwriters and the Manager has agreed that in relation to the Offering, the Offering Price will be determined following a book-building process by the Underwriters and fixed by agreement between the Underwriters and the Manager.

In relation to the initial issue price of Units by Suntec REIT, the Manager is not bound to accept an application for fewer than 1,000 Units. No fractions of Units shall be issued and the Manager shall in respect of each Unitholder's entitlement to Units truncate but not round off to the nearest whole Unit and any balance arising from such truncation shall be retained as part of the Deposited Property.

Units, when listed on the SGX-ST, may be traded on the SGX-ST and settled through CDP. For so long as Suntec REIT is listed on the SGX-ST, the Manager may, subject to the provisions of the Listing Manual and the Trust Deed, issue further Units at Issue Prices to be determined in accordance with the following provisions:

(1) Units may be issued on a Business Day at the "market price" per Unit, which is the volume weighted average price per Unit for all trades on the SGX-ST, in the ordinary course of trading, for the period of 10 Business Days immediately preceding the relevant Business Day or, where the Manager believes that such market price is not a fair reflection of the market price of a Unit, such amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit.

(2) The Issue Price of a Unit for a rights issue offered on a *pro rata* basis to all existing Unitholders must not be less than 50.0% of the "market price" per Unit on the Business Day preceding the day on which the intention to make the offer or issue is announced. Unless the MAS by notice in writing allows otherwise, any such rights entitlement must be tradable on the SGX-ST or the Recognised Stock Exchange on which Suntec REIT is listed. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this sub-paragraph (2).

(3) The Issue Price of a Unit for any reinvestment of distribution arrangement under the Trust Deed must not be less than 90.0% of the "market price" of a Unit as at the Business Day immediately following the Record Date (as defined in the Trust Deed) for the determination of Unitholders' entitlements to distributions. The Trustee must ensure that such an issue is made at a price that is in accordance with the terms specified in this sub-paragraph (3).

(4) The Issue Price of a Unit issued other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders must be determined in accordance with the conditions set out in sub-paragraphs (5), (6) or (7) below, as applicable.

(5) New Units may be issued, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, without the prior approval of Unitholders in a meeting of Unitholders if:

(i) the issue (together with any other issue of Units in the same financial year other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, including Units which may be issued to the Manager in payment of the Manager's management fee but excluding Units to be issued to the Sponsor in satisfaction of the Deferred Payment Consideration for the purchase of the Properties) is of Units which in aggregate value would not, immediately after the issue, exceed 10.0% (or such other percentage as may, from time to time, be prescribed by the MAS) of the value of the Deposited Property (including the value of any property acquired or to be acquired by Suntec REIT pursuant to which the new Units are issued), provided that the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20.0% of the outstanding Units (or such other percentage of outstanding Units as may, from time to time, be prescribed by SGX-ST); and

(ii) if such an issue is made at a discount to the "market price", the discount does not exceed 5.0% or such other percentage as may, from time to time, be prescribed by the MAS.

(6) Where Units are listed, any issue of new Units exceeding any of the thresholds in sub-paragraphs (5)(i) and (ii) above will require specific prior approval of Unitholders by Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened by the Manager in accordance with the Trust Deed. In addition, any issue of new Units, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, must comply with the following:

(i) where no prior approval of Unitholders has been obtained for such issue, the Trustee must ensure that the conditions set out in sub-paragraphs (5)(i) and (ii) above are complied with;

(ii) if an issue of new Units (together with any other issue of Units in the same financial year other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, including Units which may be issued to the Manager in payment of the Manager's management fee, but excluding Units to be issued to the Sponsor in satisfaction of the Deferred Payment Consideration for the purchase of the Properties) would, immediately after the issue, exceed 10.0% (or such other percentage as may, from time to time, be prescribed by the MAS) of the value of the Deposited Property (including the value of any property acquired or to be acquired by Suntec REIT pursuant to which the new Units are issued), or if it exceeds the number of Units represented by 20.0% of the outstanding Units (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SGX-ST), specific prior approval must have been obtained at a meeting of Unitholders by Extraordinary Resolution to be convened by the Manager in accordance with the Trust Deed. If relevant in the circumstances, specific prior approval of Unitholders by Extraordinary Resolution must also have been obtained to permit the issue of Units to the Manager in payment of the Manager's Base Fee and/or Performance Fee if the issue of Units contemplated hereunder exceeds any of the percentage limits stated above;

(iii) unless otherwise permitted by the MAS in writing, the Trustee, the Manager and their related parties, the directors and immediate family members of the directors of the Trustee and the Manager, and (for so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect) the Strategic Advisor and its Associates may only participate in a private placement (which, for the avoidance of doubt, shall not include any issue of Units by way of a preferential offering of Units on a *pro rata* basis to all existing Unitholders or an offering of Units to the public through the Internet or the automated teller machines of participating banks which is carried out without preference to any particular group of investors) with prior specific approval of the Unitholders at a general meeting at which the person to whom the placement is to be made, its directors and immediate family members of those directors as well as its related corporations must, unless otherwise permitted by the MAS in writing, abstain from voting; and

(iv) for the purposes of sub-paragraph (5) above and this sub-paragraph (6), "market price" shall mean the volume weighted average price for trades done on the SGX-ST on the day the placement agreement or equivalent agreement is signed. The volume weighted average price shall be calculated based on the trades done for a full market day, or if trading in the listed Units is not available for a full market day, the volume weighted average price shall be calculated based on the trades done on the preceding market day up to the time the placement agreement or equivalent agreement is signed.

(7) Where Units are issued as full or partial consideration for the acquisition of an investment by Suntec REIT in conjunction with an issue of Units pursuant to the provisions described in sub-paragraphs (2), (5) or (6) above to raise cash for the balance of the consideration for the said investment (or part thereof) or for acquiring other investments in conjunction with the said investment, the Manager shall have the discretion to determine that the issue price of Units so issued as consideration shall be the same as the issue price for the Units issued in conjunction therewith pursuant to the provisions described in sub-paragraphs (2), (5) or, as the case may be, (6) above.

In addition to the above provisions in the Trust Deed, the aggregate number of additional Units which Suntec REIT may issue (other than Units to be issued to the Sponsor in satisfaction of the Deferred Payment Consideration for the purchase of the Properties) without obtaining Unitholders' approval in every Prescribed Period shall not exceed 50.0% of the number of Units in issue as at the date of the commencement of the relevant Prescribed Period, of which the aggregate number of Units issued other than on a *pro rata* basis to existing Unitholders shall not exceed 20.0% of the number of Units in issue as at the said date. The first Prescribed Period will commence on the Listing Date and terminate on 30 September 2005.

If in connection with an issue of a Unit, any requisite payment of the Issue Price for such Unit has not been received by the Trustee before the seventh Business Day after the Unit was agreed to be issued (or such other date as the Manager and the Trustee may agree), the Manager may cancel its agreement to issue such Unit and upon notice being given to the Trustee, such Unit will be deemed never to have been issued or agreed to be issued. In such an event, the Manager may, at its discretion, charge the investor (and retain the same for its own account) (i) a cancellation fee of such amount as the Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit and (ii) an amount (if any) by which the Issue Price of such Unit exceeds the repurchase price applying if such Unit was requested to have been repurchased or redeemed on the same day.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual, suspend the issue of Units during:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the Manager or the Trustee (as the case may be) might seriously prejudice the interests of the Unitholders as a whole or of the Deposited Property;

- any breakdown in the means of communication normally employed in determining the price of any assets of Suntec REIT or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of Suntec REIT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of Suntec REIT or in the payment for such asset of Suntec REIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;
- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS; or
- when the business operations of the Manager or the Trustee in relation to Suntec REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or the Trustee (as the case may be) and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Manager or the Trustee (as the case may be).

In the event of any suspension while Suntec REIT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

Redemption of Units

When Units are Listed on the SGX-ST

Unitholders have no right to request the Manager to repurchase or redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. However, under the Trust Deed, the Manager may decide to make any offer to repurchase or redeem Units (in which case the repurchase price shall be the Current Unit Value per Unit (as defined in the Trust Deed)). In the event the Manager so decides, such repurchase or redemption must comply with the Property Funds Guidelines and the listing rules of the SGX-ST. Any offer of repurchase or redemption of Units shall be offered on a *pro rata* basis to all Unitholders.

The Manager may also, subject to the listing rules of the SGX-ST, suspend the repurchase or redemption of Units for any period when the issue of Units is suspended pursuant to the terms and conditions of the Trust Deed (see "— Suspension of Issue of Units").

When Listed Units are Suspended or Delisted

If the listed Units have been suspended from trading for at least 60 consecutive calendar days or delisted from the SGX-ST, the Manager is required to offer to redeem the Units within 30 calendar days from such suspension or de-listing. In offering such redemption, the Manager is required to offer to redeem Units representing in value at least 10.0% of the Deposited Property.

Should a trading suspension be lifted within 30 calendar days after the suspension, the Manager has the option to withdraw any redemption offer made. Should the trading suspension be lifted after the offer period to redeem has commenced, the Manager is required to satisfy all redemption requests which have been received prior to the date the trading suspension is lifted. The Manager will not be obliged to satisfy those redemption requests received after the date the trading suspension is lifted.

When Units are Suspended Indefinitely or Permanently Delisted

If Suntec REIT continues to be suspended indefinitely or has been permanently delisted from the SGX-ST, the Manager is required to offer to redeem Units at least once a year after the first offer to redeem Units on a suspension or de-listing explained above has closed. In other words, Suntec REIT will then be treated as an unlisted property fund.

Redemption Procedures

The Manager will send an offer notice to Unitholders in the event of any offer to redeem the Units. Unitholders wishing to redeem will be asked to respond by sending a request for repurchase or redemption. Following receipt of such request for repurchase or redemption, the repurchase price for the Units that are the subject of the request shall be paid by the Manager to the Unitholder as soon as practicable (and as may be prescribed by the Property Funds Guidelines) after the date of the receipt of the request. The repurchase price shall be the Current Unit Value of the relevant Unit on the day the request is accepted by the Manager less the Repurchase Charge (as defined below) and less an amount to adjust the resultant total downwards to the nearest whole cent. The Repurchase Charge is a charge upon the repurchase or redemption of a Unit of such amount as may from time to time be fixed by the Manager generally or in relation to any specific or class of transaction provided that it shall not exceed 2.0% (or such other percentage as the Manager and the Trustee may agree) of the repurchase price at the time the request for repurchase or redemption of the Unit is accepted by the Manager and that this charge shall not apply while the Units are listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or been permanently delisted.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

(1) receive income and other distributions attributable to the Units held;

(2) receive audited accounts and the annual reports of Suntec REIT; and

(3) participate in the termination of Suntec REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Suntec REIT less any liabilities, in accordance with their proportionate interests in Suntec REIT.

No Unitholder has a right to require that any asset of Suntec REIT be transferred to him.

Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

(1) Suntec REIT ceasing to comply with applicable laws and regulations; or

(2) the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the Issue Price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of Suntec REIT in the event that the liabilities of Suntec REIT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Amendment of the Trust Deed

Subject to the third paragraph below, save where an amendment to the Trust Deed has been approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed, no amendment may be made to the provisions of the Trust Deed unless the Trustee certifies, in its opinion, that such amendment:

(1) does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;

(2) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or

(3) is made to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the competent authorities, alter certain provisions in Clause 10 of the Trust Deed relating to the use of derivatives.

Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, Suntec REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or one tenth in number of Unitholders (whichever is the lesser) requests a meeting to be convened.

A meeting of Unitholders when convened and held in accordance with the Trust Deed may:

(1) by Extraordinary Resolution and in accordance with the Trust Deed, sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;

(2) by Extraordinary Resolution and in accordance with the Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Manager's management fees, acquisition fee and divestment fee and the Trustee's fee;

(3) by Extraordinary Resolution and in accordance with the Trust Deed, sanction any issue of Units by the Manager other than by way of, among others, an issue of Units as described in sub-paragraphs (1) to (7) of "The Formation and Structure of Suntec REIT — Issue of Units";

(4) by Extraordinary Resolution and in accordance with the Trust Deed, remove the auditors;

(5) by Extraordinary Resolution and in accordance with the Trust Deed, remove the Trustee;

(6) by Special Extraordinary Resolution and in accordance with the Trust Deed, remove the Manager; and

(7) by Extraordinary Resolution and in accordance with the Trust Deed, direct the Trustee to take any action pursuant to Section 295 of the SFA.

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, 14 days' notice at the least (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. The quorum at a meeting shall not be less than two Unitholders present in person or by proxy of one-tenth in value of all the Units for the time being in issue. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed, and each such notice may, in general, be given by advertisement in the daily press and in writing to each stock exchange on which Suntec REIT is listed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

Voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more Unitholders present in person or by proxy, or holding or representing one tenth in value of all the Units represented at the meeting. On a show of hands, every Unitholder has one vote. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Neither the Manager nor any of its Associates shall be entitled to be counted in the quorum for or vote at a meeting convened to consider a matter in respect of which the Manager or its and/or any of its Associates has a material interest. For so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect, the Strategic Advisor and its Associates are also prohibited from be counted in the quorum for or voting at any meeting of Unitholders convened to approve any matter in which the Strategic Advisor and/or any of its Associates has a material interest.

In addition, for so long as ARA Trust Management (Suntec) Limited is the manager of Suntec REIT and Cheung Kong (Holdings) Limited and/or Mr Lim Hwee Chiang, John are controlling shareholders (as defined in the Listing Rules) of ARA Trust Management (Suntec) Limited, Cheung Kong (Holdings) Limited and its Associates or Mr Lim Hwee Chiang, John and his Associates, are prohibited from being counted in the quorum for or voting at any meeting of Unitholders convened to consider a matter in respect of which Cheung Kong (Holdings) Limited or its Associates or, as the case may be, Mr Lim Hwee Chiang, John or his Associates, has a material interest.

Substantial Holdings

The Trust Deed has incorporated by contract the provisions of the Companies Act relating to reporting requirements applicable to substantial shareholders of companies. Generally, Substantial Unitholders will be required to notify the Manager of its deemed and direct holdings and any subsequent change in the percentage level of such holdings or its ceasing to hold over 5.0% or more of the total number of Units within two Business Days of acquiring such holdings or of such changes or such cessation. Upon such notification by Unitholders, the Manager will promptly announce such substantial interests or changes to the SGX-ST. These notification requirements in the Trust Deed would be enforceable as a matter of contract.

Directors' Declaration of Unitholdings

Under the Trust Deed, the directors of the Manager and (for so long as the Strategic Advisor Agreement with the Strategic Advisor continues to be subsisting and in effect) the directors of the Strategic Advisor are required to give notice to the Manager of their acquisition of Units or to changes to the number of Units which they hold or in which they have an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which they hold or in which they have an interest, as applicable. Upon such notification, the Manager will promptly announce such interests or changes to the SGX-ST.

A director of the Manager or the Strategic Advisor is deemed to have an interest in Units in the following circumstances:

(1) Where the director is the beneficial owner of a Unit (whether directly through a direct Securities Account or indirectly through a depository agent or otherwise), he is deemed to have an interest in that Unit.

(2) Where a body corporate is the beneficial owner of a Unit and the director is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate, he is deemed to have interest in that Unit.

(3) Where the director's spouse or infant child (including step-child and adopted child) has any interest in a Unit, he is deemed to have an interest in that Unit.

(4) Where the director, his spouse or infant child (including step-child and adopted child):

    (i) has entered into a contract to purchase a Unit;

(ii) has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;

(iii) has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or

(iv) is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder,

the director is deemed to have an interest in that Unit.

(5) Where the Property subject to a trust consists of or includes a Unit and the director knows or has reasonable grounds for believing that he has an interest under the trust and the Property subject to the trust consists of or includes such Unit, he is deemed to have an interest in that Unit.

The Trustee

The trustee of Suntec REIT is HSBC Institutional Trust Services (Singapore) Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at 30 June 2004, the Trustee has a paid-up capital of S$5,150,000. The Trustee has a place of business in Singapore at 21 Collyer Quay, #10-01 HSBC Building, Singapore 049320. The Trustee is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

(1) acting as trustee of Suntec REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Suntec REIT with a related party of the Manager or Suntec REIT are conducted on normal commercial terms, are not prejudicial to the interests of Suntec REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question;

(2) holding the assets of Suntec REIT on the trusts contained in the Trust Deed for the benefit of the Unitholders; and

(3) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of Suntec REIT.

The Trustee has covenanted in the Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

(1) a person or entity to exercise any of its powers or perform its obligations; and

(2) any real estate agents or managers, including a Related Party of the Manager, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Although the Trustee may borrow money and obtain other financial accommodation for the purposes of Suntec REIT, both on a secured and unsecured basis, the Manager must not direct the Trustee to incur a liability if to do so would mean that total liabilities of Suntec REIT exceed 35.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property in accordance with the provisions of the Property Funds Guidelines (see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources").

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Guidelines), the Tax Ruling and all other relevant laws. It is responsible for safe custody of Suntec REIT's assets and must cause Suntec REIT's accounts to be audited. It can also appoint valuers to value the real estate assets and real estate-related assets of Suntec REIT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, negligence, wilful default, breach of duty or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of Suntec REIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, negligence, wilful default, breach of trust or breach of the Trust Deed. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of Suntec REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement of the Trustee

The Trustee may retire or be replaced under the following circumstances:

(1) The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).

(2) The Trustee may be removed by notice in writing to the Trustee by the Manager:

  (i) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;

  (ii) if the Trustee ceases to carry on business;

  (iii) if the Trustee fails or neglects after reasonable notice from the Manager to carry out or satisfy any material obligation imposed on the Trustee by the Trust Deed;

  (iv) if the Unitholders by Extraordinary Resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the Trust Deed, and of which at least 21 days' notice has been given to the Trustee and the Manager, shall so decide; or

  (v) if the MAS directs that the Trustee be removed.

Trustee's Fee

Under the Trust Deed, the maximum fee payable to the Trustee is 0.25% per annum of the value of the Deposited Property, subject to a minimum of S$9,000 per month, excluding out-of-pocket expenses and GST. In addition, Suntec REIT will pay the Trustee a one-time inception fee of S$15,000. The actual fee payable to the Trustee will be agreed in writing between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property.

The Trustee's fee will be subject to annual review commencing on the first anniversary of the Listing Date.

Any increase in the maximum permitted amount or any change in the structure of the Trustee's fee must be passed by an Extraordinary Resolution of Unitholders at a Unitholders' meeting convened and held in accordance with the provisions of the Trust Deed.

Termination of Suntec REIT

Under the provisions of the Trust Deed, Suntec REIT shall end on the earlier of:

- the date 20 years after the date of the death of the last survivor of all the lineal descendants male and female of his late Majesty King George the Sixth of England living at the date of the Trust Deed;

- the date on which Suntec REIT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed, as described below; or
- the date on which Suntec REIT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed, as described below.

The Manager may in its absolute discretion terminate Suntec REIT by giving notice in writing to all Unitholders and the Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue Suntec REIT;
- if the net asset value of the Deposited Property shall be less than S$50,000,000 after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and
- if at any time Suntec REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, Suntec REIT may be terminated by the Trustee by notice in writing in any of the following events, namely:

- if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue Suntec REIT; and
- if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate Suntec REIT pursuant to the paragraphs above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it therefor and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of Suntec REIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of Suntec REIT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Suntec REIT before applying the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in Suntec REIT.

CERTAIN AGREEMENTS RELATING TO SUNTEC REIT AND THE PROPERTIES AND INFORMATION ON THE MANAGEMENT CORPORATION

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of Suntec REIT. The agreements are available for inspection at the registered office of the Manager at 9 Temasek Boulevard, #09-01, Suntec Tower Two, Singapore 038989 for a period of six months from the date of this Prospectus.

Description of the Agreements to Acquire the Properties

Call Option Agreement

On 12 November 2004, the Trustee entered into the Call Option Agreement with the Sponsor pursuant to which the Trustee was granted the right to require the Sponsor to enter into the Property Sale and Purchase Agreement for the sale of Properties to the Trustee. The Sponsor has agreed that when the call option under the Call Option Agreement is exercised, it will enter into the Property Sale and Purchase Agreement with the Trustee on the same day.

Exercise of Call Option and Completion

It is intended that the call option under the Call Option Agreement will be exercised by the Trustee on the Listing Date and that the sale and purchase of the Properties will be completed on the same date.

Principal Terms of Purchase

The principal terms of the Property Sale and Purchase Agreement are summarised below:

- the Purchase Price of the Properties is S$2,107.0 million, which is a discount to the aggregate Appraised Value of S$2,150.0 million for the Properties;
- the Purchase Price is apportioned as to (i) S$931,980,000 for Suntec City Office Towers and (ii) S$1,175,020,000 for Suntec City Mall;
- the Purchase Price is to be paid in the following manner:
  - (a) the Completion Amount is to be paid partly with the Cash Payment Amount and partly by the allotment and issue of 565,000,000 Consideration Units to the Sponsor on the Completion Date. The Cash Payment Amount will be the balance of the Completion Amount after deducting the aggregate value of the Consideration Units; and
  - (b) the Deferred Payment Consideration is to be paid to the Sponsor in six equal instalments, the first of which is to be made on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter. The entire Deferred Payment Consideration is to be paid by the issue of Deferred Units to the Sponsor. On each payment due date, the Sponsor will be entitled to receive such number of Units as may be purchased with the relevant instalment amount of the Deferred Payment Consideration at the Offering Price per Unit;
- the Completion Amount for Suntec City Mall is an amount equal to S$1,042,683,860 plus 55.8% of the Adjustment Sum and the Completion Amount for Suntec City Office Towers is an amount equal to S$827,016,140 plus 44.2% of the Adjustment Sum;
- the Deferred Payment Consideration for Suntec City Mall is an amount equal to S$132,336,140 minus 55.8% of the Adjustment Sum and the Deferred Payment Consideration for the purchase of Suntec City Office Towers is an amount equal to S$104,963,860 minus 44.2% of the Adjustment Sum;
- the "Adjustment Sum" refers to the difference between (i) the amount equivalent to the Offering Price multiplied by 1,287.0 million Units; and (ii) S$1,248.4 million, less the additional selling commissions payable to Citigroup, DBS Bank and Deutsche Bank under the Underwriting Agreement;

- the Properties will be sold subject to and with the benefit of all existing tenancies and licence agreements as from the Completion Date;
- on completion, the Sponsor will grant to the Purchaser and the Manager licences to use trade marks (including the word "SUNTEC") and certain logos on goods or services in connection with the operation, management, leasing and licensing of the Properties and the marketing, promotional and advertising activities relating thereto;
- on completion, the security deposits and other deposits held by the Sponsor will be transferred to the Trustee, and all assignable bank/insurance company guarantees covering security deposits issued to the Sponsor will be assigned to the Trustee. In respect of bank/insurance company guarantees which are not assignable to the Purchaser, the Sponsor will use its best endeavours to procure for the Purchaser replacement guarantees on the same terms as such guarantees;
- certain limited representations and warranties are made by the Sponsor as vendor, in respect of the Properties and existing tenancies, claims for breach of warranties are subject to certain limitations, including provisions for an aggregate maximum liability and a limitation period after completion;
- the Sponsor undertakes to the Purchaser that the Sponsor is not entitled to and shall not make any claim whatsoever against the Properties or any part thereof, including without limitation, any claim for vendor's lien for unpaid purchase price or any rights, remedies or recourse whatsoever against the Properties or any part thereof relating to the Deferred Payment Consideration, and the Sponsor further undertakes not to register any caveat or other instrument against the Properties or any part thereof relating to the Deferred Payment Consideration; and
- completion of the sale and purchase of the Properties is conditional upon the listing of the Units on the Listing Date.

Information Regarding the Title of the Properties

The Properties are held under a 99-year State lease expiring on 29 February 2088.

The State lease affecting the Properties is issued by the President of the Republic of Singapore, as lessor under the State lease, and contains terms and conditions ordinarily found in State leases in Singapore. For example, provisions requiring the lessee:

- to use the properties for the permitted use approved by the lessor;
- not to exceed the approved gross floor area without the prior written approval of the lessor;
- to pay all rates, taxes, charges and outgoings imposed on the properties; and
- to maintain the land and buildings in good and tenantable repair and condition.

The lessor has a right to terminate the State lease and re-enter the properties in the event the lessee fails to observe or perform the terms and conditions of the State lease. (See "Risk Factors — Risks Relating to the Properties".)

Property Management Agreement

The Properties will be managed by the Property Manager pursuant to the Property Management Agreement.

The Property Management Agreement was entered into on 12 November 2004 by the Trustee, the Manager and the Property Manager pursuant to which the Property Manager was appointed to operate, maintain, manage and market the Properties, subject to the overall management of the Manager.

The initial term of the Property Management Agreement is six years from the Listing Date.

Six months prior to expiry of the initial term of the Property Management Agreement, the Property Manager may request to extend its appointment for a further four years on the same terms and conditions except for revision of all fees payable to the Property Manager to prevailing market rates.

The Trustee, on the recommendation of the Manager, will decide the prevailing market rates for the extension term. If the Property Manager disagrees with the Trustee's decision on the prevailing market rates for the extension term, and this is not resolved two months prior to the expiry of the initial term of the Property Management Agreement, the matter will be referred to an independent expert appointed by mutual consent whose determination of the prevailing market rates shall be final and binding on the parties.

The Trustee will agree to extend the appointment of the Property Manager for the extension term, on the revised fees based on the prevailing market rates determined as aforesaid provided that such extension shall be subject to the approval of the Unitholders of Suntec REIT, if such approval is required pursuant to any applicable legislation or regulations including regulatory requirements relating to interested person/party transactions relating to real estate investment trusts.

The Trustee shall not be obliged to extend the appointment of the Property Manager if the above conditions are not fulfilled.

Property Manager's Services

The services provided by the Property Manager for the Properties under its management include the following:

- property management services, including co-ordinating tenants' fitting-out requirements, recommending third party contractors for provision of property maintenance services, supervising the performance of contractors, arranging for adequate insurances and ensuring compliance with building and safety regulations;
- lease management services, including administration of rental collection, management of rental arrears, initiating lease renewals and negotiation of terms, and administration of all property tax matters excluding third party services; and
- sole and exclusive marketing and marketing co-ordination services.

Fees

Under the Property Management Agreement, the Property Manager is entitled to the following fees, to be borne out of the Deposited Property, for the Properties under its management:

- for Gross Revenue of up to S$100.0 million for a 12-month financial period, a fee of 2.5% per annum of the Gross Revenue;
- if the Gross Revenue exceeds S$100.0 million for a 12-month financial period, an additional fee of 3.0% per annum of the portion of the Gross Revenue above S$100.0 million and up to S$130.0 million; and
- if the Gross Revenue exceeds S$130.0 million for a 12-month financial period, a further fee of 3.5% per annum of the portion of the Gross Revenue above S$130.0 million.

Non-Reimbursables

The following costs and expenses incurred by or on behalf of the Property Manager in connection with the provision of the services shall be at the sole cost and expense of the Property Manager and shall not be reimbursed by the Trustee or Suntec REIT:

- all marketing and leasing commissions in respect of the lease or licence of each Property or any part thereof;
- all employment costs and remuneration, payroll taxes, insurance, workers' compensation and other benefits for the Property Manager's management, accounting, office and other personnel engaged in the provision of such services;
- accounting and reporting services which are to be provided by the Property Manager;
- training expenses for the Property Manager's employees;

- any overhead, utilities and other charges and expenses of the Property Manager relating to the use of any office space at the Properties and/or the provision of suitable furniture, fittings, computers and other office equipment, stationery, paper, photocopying, telecommunications and other administrative charges for the purpose of facilitating the Property Manager's employees in the discharge of the Property Manager's duties; and
- costs of insurance (and deductibles) required to be maintained by the Property Manager for the Property Manager's employees.

Reimbursable Expenses

The Trustee will reimburse the Property Manager the following costs and expenses:

- the rent, service charge and GST payable by the Property Manager for its lease of the Property Manager's Office Premises; and
- such costs and expenses, including advertising and promotion costs, and the salaries of such employees of the Property Manager who are approved by the Manager and/or the Trustee and who are employed solely to carry out the advertising and promotion activities for the Properties, incurred by the Property Manager in the performance of its duties which are in compliance with the approved annual business plan and budget or are incurred with the prior written approval of the Trustee and/or the Manager.

Except as provided above, all other costs and expenses of the Property Manager's performance of its duties shall be borne by the Property Manager.

Expenses

The Property Manager is authorised to utilise funds deposited in the operating accounts of Suntec REIT to make payment of all costs and expenses incurred in the operation, maintenance, management and marketing of the properties of Suntec REIT, within an annual budget approved by the Trustee on the recommendation of the Manager.

Property Manager's Office Premises

The Trustee will lease the Property Manager's Office Premises to the Property Manager for a term of three years commencing on the Listing Date for use by the Property Manager and its employees in the provision of the services under the Property Management Agreement. The lease will provide for the Property Manager to pay a rent of S$45.21 per sq m per month (S$4.20 per sq ft per month) inclusive of service charge of S$10.76 per sq m per month (S$1.00 per sq ft per month), and the GST chargeable thereon. The Property Manager will have an option to renew the lease of the Property Manager's Office Premises for a further term of three years at the prevailing market rent and at the prevailing service charge.

The rest of the space on the 7th storey of Suntec Tower Five (other than space comprised in the Property Manager's Office Premises) of about 1,115 sq m (12,000 sq ft) will be retained as exhibition areas and conference and meeting room areas for the use by persons (including the Property Manager) authorised by the Trustee and the Manager in connection with and for purpose of Suntec REIT. The Manager's intention is that when the other parts of Suntec City Office Towers have achieved full occupancy, the space on the 7th storey of Suntec Tower Five (other than space comprised in the Property Manager's Office Premises) or such part thereof as may be determined by the Trustee, on recommendation of the Manager, will be leased to third parties at the prevailing market rent.

Termination

The Trustee or the Manager may terminate the appointment of the Property Manager in relation to all the Properties on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

The Trustee or the Manager may also terminate the appointment of the Property Manager specifically in relation to a property under its management in the event of the sale of such property, but the Property Management Agreement will continue to apply with respect to the remaining properties managed by the Property Manager under the terms of the Property Management Agreement.

In addition, if the Property Manager within 30 days of receipt of written notice fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the Trustee or the Manager may terminate the appointment of the Property Manager in relation to all the Properties upon giving 30 days' written notice to the Property Manager.

If the Property Manager fails to achieve a minimum Gross Revenue for the Properties of S$100.0 million for a 12-month financial period, the Trustee and the Manager shall have the right to review the performance of the Property Manager, and on the recommendation of the Manager the Trustee may, within a period of 90 days from the end of the relevant financial period in respect of which such minimum Gross Revenue is not achieved, terminate the Property Management Agreement by giving not less than 60 days' notice in writing to the Property Manager. In respect of the first financial period ending on 30 September 2005 which is less than 12 months, the minimum Gross Revenue for the Properties which constitutes the threshold level for the Trustee to exercise such termination rights, shall be a pro rated amount equivalent to S$100.0 million multiplied by the number of days comprised in the first financial period and divided by 365.

In deciding to recommend the termination of the Property Management Agreement pursuant to the Property Manager's failure to achieve the relevant minimum Gross Revenue threshold, the Manager shall take into account adverse market conditions and any other relevant considerations beyond the reasonable control of the Property Manager during the relevant periods in question before making such recommendation.

In the event any part of the Properties is sold, the minimum Gross Revenue which constitutes the threshold level for the Trustee to exercise such termination rights will be adjusted in proportion to the Net Lettable Area sold.

The Property Manager will not be entitled to compensation on such termination.

On the termination of the appointment of the Property Manager, the Manager shall, as soon as practicable, procure the appointment of a replacement property manager for the affected property.

Novation

The Trustee and the Manager are entitled to novate their respective rights, benefits and obligations to a new trustee of Suntec REIT or a new manager of Suntec REIT appointed in accordance with the terms of the Trust Deed. The Property Manager is not entitled to assign, transfer or novate its rights, benefits and obligations under the Property Management Agreement except with the prior written consent of the Trustee and the Manager (which consent shall not be unreasonably withheld).

Exclusion of Liability

In the absence of fraud, negligence, wilful default or breach of the Property Management Agreement by the Property Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Property Management Agreement.

In addition, the Trustee (as trustee of Suntec REIT) shall indemnify the Property Manager against any actions, costs, claims, damages, expenses or demands to which it may be put as Property Manager, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Property Management Agreement by the Property Manager, its employees or agents.

No Restriction on Property Manager

The Property Manager may provide services similar to those covered under the Property Management Agreement to other parties operating in the same or similar business as Suntec REIT, or in other businesses.

Management Corporation Agreement

The Management Corporation had on 5 December 2003 entered into the Management Corporation Agreement with the Common Property Manager, a wholly-owned subsidiary of the Sponsor, pursuant to which the Common Property Manager was appointed as the managing agent to manage, administer and maintain the common property of Suntec City subject to the budgets approved by the Management Corporation at its annual general meeting. The Common Property Manager's appointment is for the period from 5 December 2003 to the next annual general meeting of the Management Corporation unless otherwise extended by mutual agreement or terminated in accordance with the provisions of the Management Corporation Agreement.

Under the terms of the Management Corporation Agreement, the Common Property Manager is entitled to receive, on the first of every calendar month, a fee equivalent to 3.0% of the aggregate expenditure of the Management Corporation plus the applicable GST thereon. Furthermore the Common Property Manager is entitled to reimbursement from the Management Corporation's management fund for, among other things, the costs of rental, electricity charges, telecom bills, *etc.* for the maintenance office and staff costs for employees engaged by the Common Property Manager for carrying out its duties.

Strategic Advisor Agreement

The Manager had on 12 November 2004 entered into a strategic advisor agreement ("Strategic Advisor Agreement") with the Sponsor as Strategic Advisor, pursuant to which the Sponsor will provide consultancy advice to the Manager with respect to certain strategies relating to the management of the Properties, including, among others, advice on:

- the formulation of long-term strategic plans to establish and maintain the Properties as a leading office and retail destination and to maintain their competitive edge against existing and new competitors;
- the formulation and implementation of short and medium-term business plans and budgets for the Properties;
- strategic business cooperation with Suntec Singapore International Convention and Exhibition Centre, and assist Suntec REIT in co-ordinating joint business initiatives and activities with Suntec Singapore International Convention and Exhibition Centre;
- retention strategies for anchor tenants of the Properties;
- strategies for identifying and attracting prospective anchor tenants for the Properties;
- the formulation of long-term property maintenance strategies and capital budgets that maximise value for the Unitholders of Suntec REIT by, among others, maintaining the competitiveness of the Properties; and
- the design and implementation of a strategic management system that facilitates the formulation, implementation, and monitoring of strategic initiatives.

The Strategic Advisor Agreement is for an initial term of 12 months from the Listing Date, and the term shall be automatically extended on a yearly renewal basis subject to the same terms and conditions, unless terminated by either party by written notice to the other, such termination notice may only be given:

(i) in the event the Manager ceases to be appointed manager of Suntec REIT and where the entity appointed in replacement of the Manager as manager of Suntec REIT is not one where more than 50% of its entire issued share capital is (a) held by ARA Asset Management Limited or (b) held by Mr Lim Hwee Chiang, John and/or Cheung Kong (Holdings) Limited; or

(ii) after the occurrence of the later of the following two events:

- the Current Shareholders cease to own, individually or collectively, in aggregate more than 50% of the entire issued ordinary share capital of the Sponsor; and
- the expiry of six years after the Listing Date.

In the event an entity appointed in replacement of the Manager as manager of Suntec REIT is one where more than 50% of its entire issued share capital is (a) held by ARA Asset Management Limited or (b) held by Mr Lim Hwee Chiang, John and/or Cheung Kong (Holdings) Limited, the Manager will novate the Strategic Advisor Agreement in favour of the said entity and such entity shall assume all the obligations of the Manager under the Strategic Advisor Agreement.

Under the Strategic Advisor Agreement, the Strategic Advisor is entitled to receive from the Manager (and not from Suntec REIT) an annual fee of S$4.0 million payable within 14 days after the end of each financial period, and pro rated for any financial period of less than 12 months.

Management Corporation

Suntec City is a subdivided development comprising the Properties, the Other Strata Lots and the common property.

Under the Land Titles (Strata) Act, the registered proprietors of the Properties and the Other Strata Lots constitute the Management Corporation which is a body corporate constituted under the Act. The registered proprietors jointly own the common property as tenants-in-common in proportion to the share values attributable to the respective strata lots.

Share value of Properties

The aggregate share value of the Properties is 61,394, representing 61,394 out of 100,000 of the total share value of the strata lots comprised in Suntec City.

The voting rights of a registered proprietor are based on the share value attributed its the strata lots and the maintenance and sinking fund contributions to be paid to the Management Corporation are also based on the share value attributed to its strata lots.

Resolutions of Management Corporation

The Management Corporation is responsible for the control, management and administration of the common property. At general meetings of the Management Corporation, three types of resolutions may be passed, namely, ordinary resolutions, special resolutions and unanimous resolutions.

Any person entitled to vote at a general meeting on a motion may demand for a poll, in which event the motion must be decided according to the value of the votes cast for and against the motion.

An ordinary resolution is a resolution passed at a general meeting of a management corporation by a simple majority of the votes cast, or, if a poll is demanded, by more than half in value of votes cast. Examples of matters which require an ordinary resolution are, among others, (a) the determination of the amount of maintenance fund and sinking fund contributions and (b) the appointment of a managing agent.

A special resolution is a resolution passed at a general meeting of a management corporation against which not more than 25% in value of votes is cast. Examples of matters which require a special resolution are, among others, (a) the installation or provision of additional facilities or the making of improvements to the common property and (b) the acceptance of transfers of land to add to the common property.

A unanimous resolution is a resolution passed at a general meeting of a management corporation against which no vote is cast. Examples of matters which require a unanimous resolution are, among other things, (a) the dispositions of common property and (b) the creation of easements and restrictions affecting common property.

Council of Management Corporation

The Management Corporation has a council as required under the Land Titles (Strata) Act. The members of the council are elected from the registered proprietors of the strata lots in Suntec City. A registered proprietor which is a company may nominate only one individual for election to the council, regardless of the number of strata lots it owns.

Notwithstanding that a council holds office, the Management Corporation may in general meeting continue to exercise or perform all or any of the powers, duties and functions conferred on the Management Corporation by the Land Titles (Strata) Act.

The council is restricted from deciding on matters or class of matters which the Management Corporation in general meeting decides must be determined only by the Management Corporation in general meeting. Unless so restricted, the council may decide on operational matters relating to the administration of the common property and the management of income from the common property, including, among other things, the increase or reduction of the car park charges for the common property.

The decision of the council is based on the decision of the majority of the members voting on a matter at a council meeting. However, the council must not make a decision (and, if it does so, such decision shall have no force or effect) if prior notice is given by a registered proprietor who owns not less than one third of the strata lots in the development that the making of the decision is opposed by such a registered proprietor.

The Building Maintenance and Strata Management Act 2004

The Building Maintenance and Strata Management Act 2004 which was passed in Parliament on 19 October 2004 was gazetted on 25 November 2004 and it is expected to come into force in the first quarter of 2005. When the Building Maintenance and Strata Management Act 2004 comes into force, it will amend certain provisions in the Land Titles (Strata) Act relating to management corporations.

One of the main changes introduced by the Building Maintenance and Strata Management Act 2004 is the introduction of two-tier management corporation system in mixed-use developments. This two-tier management corporation system will apply to new developments which will be tried out and monitored before allowing existing management corporations to convert. There is provision in the Building Maintenance and Strata Management Act 2004 to allow the Minister for National Development to grant approval to allow existing single tier management corporation to convert to two-tier management corporations subject to a comprehensive resolution passed by the registered proprietors and compliance with prescribed requirements. A comprehensive resolution will only be passed if the matter is firstly considered at a general meeting of the management corporation convened after at least 21 days' notice, and thereafter at the end of a 12-week period after such general meeting, a poll is taken and holders of at least 90% of the aggregate share values of all the registered proprietors have voted in favour thereof.

The Building Maintenance and Strata Management Act 2004 amends the definitions of ordinary resolution, special resolution and unanimous resolution under the existing legislation. It introduces new categories and new definitions of resolutions (for example, ordinary resolution, special resolution, unanimous resolution, 90% resolution, comprehensive resolution and resolution by consensus) which may be passed by a management corporation depending on the matters in respect of which decisions of the management corporation are to be taken.

Under the Building Maintenance and Strata Management Act 2004, the determination of the amounts of maintenance fund and sinking fund contributions and the appointment of a managing agent are matters which a management corporation may at a general meeting decide by the passing of an ordinary resolution. Under the Building Maintenance and Strata Management Act 2004, an ordinary resolution will be passed at a general meeting of the management corporation duly convened after at least 14 days' notice if the valid votes cast in favour of the resolution are more than the valid votes cast against such resolution by the registered proprietors who are entitled to vote and are present (in person or by proxy) at such general meeting.

Under the Building Maintenance and Strata Management Act 2004, the installation or provision of additional facilities or the making of improvements to the common property must be approved by a special resolution and under the Building Maintenance and Strata Management Act 2004, a special resolution will be passed at a general meeting of the management corporation duly convened after at least 21 days' notice if on a poll taken at such general meeting, the total of the share values of the strata lots for which valid votes are counted in favour of the resolution is at least 75.0% of the aggregate share

values of the strata lots for which all valid votes are cast by the registered proprietors who are present (in person or by proxy) when such vote is taken.

In respect of the dispositions of common property, the Building Maintenance and Strata Management Act 2004 requires this to be approved by a 90.0% resolution. A 90.0% resolution will be passed at a general meeting of the management corporation duly convened after at least 21 days' notice if on a poll taken at such general meeting, the total of the share values of the strata lots for which valid votes are counted in favour of the resolution is at least 90.0% of the aggregate share values of the strata lots for which all valid votes are cast by the registered proprietors who are present (in person or by proxy) when such vote is taken.

In respect of the creation of easements and restrictions affecting common property, the Building Maintenance and Strata Management Act 2004 requires this to be approved by a unanimous resolution. A unanimous resolution will be passed at a general meeting of the management corporation duly convened after at least 21 days' notice, if the resolution is supported by every valid vote cast by registered proprietors who are present (in person or by proxy) at such general meeting.

Under the existing legislation, a registered proprietor which is a company may nominate only one individual for election to the council, regardless of the number of strata lots it owns. Under the Building Maintenance and Strata Management Act 2004, a registered proprietor who owns multiple strata lots (as in the case of the Suntec REIT when it completes its acquisition of the Properties) will be allowed proportional representation in the council according to the share value of its strata lots, subject to a maximum of 49.0% of council seats.

TAXATION

The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to deal with the consequences of application to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors concerning the application of Singapore income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other taxing jurisdiction.

The IRAS has issued the Tax Ruling on the taxation of Suntec REIT and its Unitholders.

Taxation of Suntec REIT

Subject to meeting the terms and conditions of the Tax Ruling, the Trustee will not be taxed on the taxable income of Suntec REIT. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from distributions to Unitholders that are made out of the taxable income of Suntec REIT. However, to the extent that the beneficial owner is an individual or a Qualifying Unitholder, the Trustee and Manager will make the distributions without deducting any income tax.

A Qualifying Unitholder is a Unitholder who is a:

(i) tax resident Singapore-incorporated company;

(ii) body of persons registered or constituted in Singapore (for example, town council, statutory board, registered charity, registered co-operative society, registered trade union, management corporation, club and trade and industry association);

(iii) Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deducted at source in respect of distribution from Suntec REIT; or

(iv) agent banks acting as nominees for individuals who have purchased Units within CPFIS and the distributions received from Suntec REIT are returned to CPFIS.

To obtain distributions free of tax deducted at source, Unitholders who are Qualifying Unitholders must disclose their tax status in a prescribed form provided by the Trustee (see Appendix V, “Independent Taxation Report”).

Where the Units are held in joint names, the Trustee and Manager will deduct income tax from the distributions made out of the taxable income of Suntec REIT, unless all the joint owners are individuals. Where the Units are held through a nominee, the Trustee and Manager will deduct income tax from the distribution made out of the taxable income of Suntec REIT.

Suntec REIT will distribute 100.0% of its taxable income for the period from the Listing Date to 30 September 2006. Thereafter, Suntec REIT will distribute at least 90.0% of the taxable income of Suntec REIT (other than gains on sale of real properties determined to be trading gains). To the extent of the amount of taxable income not distributed, tax will be assessed on, and collected from, the Trustee on such amount. In the event of a distribution subsequently made out of such retained taxable income, the Trustee and Manager will not have to make a further deduction of income tax from the distribution made.

Gains or profits arising from sale of real properties, if considered to be trading gains derived from a trade or business carried on by Suntec REIT, will be taxable under Section 10(1)(a) of the Income Tax Act, Chapter 134 of Singapore. Tax on such gains or profits will be assessed on, and collected from, the Trustee.

The first distribution of Suntec REIT will be for the period from the date of issue of the Units to 31 March 2005 and will be paid by the Manager on or before 30 May 2005.

Taxation of Suntec REIT's Unitholders

Suntec REIT Distributions

Individuals who hold the Units as Investment Assets

The Singapore Government announced in the 2004 Budget on 27 February 2004 that distributions from real estate investment trusts that are authorised under Section 286 of the SFA (excluding distributions out of franked dividends) and paid to individuals will be exempted from tax. This tax exemption will apply to all distributions from real estate investment trusts except for distributions made to individuals who hold the Units as trading assets or through a partnership.

Following this announcement, and pending legislation of the tax exemption as announced, distributions made to individuals, irrespective of their nationality or tax residence status, who hold the Units as investment assets (and not through a partnership) will be tax exempt.

Distributions made out of income previously taxed at the Trustee level (out of retained taxable income or out of gains or profits taxed as trading gains under Section 10(1)(a) of the Income Tax Act) will also not be taxed in the hands of these individuals. These individuals may claim a tax credit for the imputed tax paid by the Trustee as a set-off against their Singapore income tax liabilities.

Individuals who hold the Units as trading assets or through a partnership

Individuals who hold the Units as trading assets or through a partnership are subject to income tax on the gross amount of distributions that are made out of the taxable income of Suntec REIT. Such distributions will be taxed in their hands at their applicable income tax rates.

Distributions made out of income previously taxed at the Trustee level (out of retained taxable income or out of gains or profits taxed as trading gains under Section 10(1)(a) of the Income Tax Act) will also be taxed in the hands of these individuals at their applicable income tax rates. The amount of distribution that is subject to tax is the re-gross amount (the amount of distribution and the proportionate amount of the imputed tax). However, these individuals may claim a tax credit for the imputed tax paid by the Trustee as a set off against their Singapore income tax liabilities.

Distributions made out of non-taxable capital gains of Suntec REIT will also be taxed in the hands of those individuals who hold the Units as trading assets, at their applicable income tax rates.

Non-individuals

Non-individual Unitholders are subject to income tax on the gross amount of distributions that are made out of the taxable income of Suntec REIT, irrespective of whether or not tax has been deducted from the distributions by the Trustee and the Manager. Where tax has been deducted at source, the tax deducted is not a final tax. Non-individual Unitholders can use the tax deducted at source as a set off against their Singapore income tax liabilities.

Distributions made out of income previously taxed at the Trustee level (out of retained taxable income or out of gains or profits taxed as trading gains under Section 10(1)(a) of the Income Tax Act) will also be taxed in the hands of these non-individuals at their applicable income tax rates. The amount of distribution that is subject to tax is the re-gross amount (the amount of distribution and the proportionate amount of the imputed tax). However, these non-individuals may claim a tax credit for the imputed tax paid by the Trustee as a set off against their Singapore income tax liabilities.

Distributions made out of non-taxable capital gains of Suntec REIT are not taxable in the hands of non-individual Unitholders provided that the Units are not held by them as trading assets.

Disposal of Units

Any gains on disposal of the Units are not liable to tax provided the Units are not held as trading assets.

Terms and Conditions of the Tax Ruling

The application of the Tax Ruling is conditional upon the Trustee and the Manager fulfilling certain terms and conditions. The Trustee and the Manager have given the relevant undertakings to take all reasonable steps necessary to safeguard the IRAS against tax leakages, including the provision of a letter of indemnity, and to comply with all administrative requirements to ensure ease of tax administration.

Under the letter of indemnity, the Trustee has undertaken to indemnify the IRAS against loss of tax, including any unrecovered late payment penalty, suffered by the IRAS should the IRAS fail to recover from Unitholders the tax and late payment penalty due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with the IRAS. The indemnity amount is determined based on an agreed formula with respect to each year of assessment. Each yearly indemnity amount has a validity period of eight years. It has been agreed with the IRAS that the amount of the indemnity for any one year is limited to the higher of S$500,000 or 1.0% of the taxable income of Suntec REIT for that year.

Given that the yearly indemnity amount has a validity period of eight years, the total indemnity amount as at the beginning of any given year will be the aggregate of any unexpired yearly indemnity amount less the amount already claimed by the IRAS for those unexpired years. For example, as at the beginning of the year 2012, the total indemnity amount will be the aggregate of the indemnity amount agreed for the years 2004 to 2011 less the total amount that the IRAS has already claimed for those years.

If the indemnity is called upon, the amount claimed by the IRAS (subject to the limits agreed with the IRAS and as described below) will be paid by Suntec REIT and Suntec REIT's net asset value may be adversely affected. Any amount of tax and late payment penalty unpaid by any Unitholder(s) in respect of his/their Units and which the IRAS fails to recover will, therefore, be borne by all the Unitholders out of the assets of Suntec REIT at the time when Suntec REIT pays on any claim on the indemnity by the IRAS.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Ruling either in part or in whole at any time.

Stamp Duty

In an adjudication obtained from the Commissioner of Stamp Duties, it was confirmed that based on certain terms of the Trust Deed:

(a) the sale, purchase and transfer of the Units is not subject to stamp duty; and

(b) in the event of a change of trustee for Suntec REIT, stamp duty on any document effecting the appointment of a new trustee and the transfer of trust assets from the incumbent trustee to the new trustee will be charged at a nominal rate not exceeding S$10.00 as specified under Article 3(g)(ii) of the First Schedule to the Stamp Duties Act, Chapter 312 of Singapore.

PLAN OF DISTRIBUTION

The Manager is making an offering of 722,000,000 Units (representing 56.1% of the total number of Units which will be in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer. A minimum of 50,000,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer in the sole discretion of the Joint Lead Underwriters (in consultation with the Manager).

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Manager intends to offer the Units by way of an international placement through the Underwriters to investors, including institutional and other investors in Singapore. Subject to the terms and conditions set forth in the Underwriting Agreement, the Manager is expected to effect for the account of Suntec REIT the issue of, and the Underwriters are expected to severally (and not jointly) subscribe, or procure subscribers for, the 722,000,000 Units, in the proportions set forth opposite their respective names below:

The table below sets out the proportion (in terms of number of Units) that each Underwriter is expected to severally (and not jointly) subscribe, or procure subscribers for, in the event that the Joint Lead Underwriters exercise their discretion in the re-allocation of the Units between the Public Offer and the Placement Tranche pursuant to the terms and conditions set forth in the Underwriting Agreement. In the event that any Underwriter disputes or disagrees on the actual size (in terms of the number of Units) of the Public Offering and/or the Placement Tranche, for the purpose of determining the obligation of the Underwriters under the Underwriting Agreement, the number of Units set out in the table immediately following from the one below shall prevail.

Underwriters	**Number of Units**
Citigroup	Such number of Units equivalent to the aggregate of one-third of the Units comprised in the Public Offer and one-third of the remaining Units comprised in the Placement Tranche after deducting the BNP Units (as defined below).
DBS Bank	Such number of Units equivalent to the aggregate of one-third of the Units comprised in the Public Offer and one-third of the remaining Units comprised in the Placement Tranche after deducting the BNP Units (as defined below).
Deutsche Bank	Such number of Units equivalent to the aggregate of one-third of the Units comprised in the Public Offer and one-third of the remaining Units comprised in the Placement Tranche after deducting the BNP Units (as defined below).
BNP Paribas Peregrine (Singapore) Ltd	Such number of Units equivalent to 5.0% of the aggregate Units comprised in the Placement Tranche (the "BNP Units").
Total	722,000,000

The table below sets out the proportion (in terms of number of Units) that each Underwriter is expected to severally (and not jointly) subscribe, or procure subscribers for, where the minimum 50,000,000 Units (and no more) are offered under the Public Offer.

Underwriters	**Number of Units**
Citigroup	229,466,666
DBS Bank	229,466,666
Deutsche Bank	229,466,666
BNP Paribas Peregrine (Singapore) Ltd	33,600,002
Total	722,000,000

The Units will initially be offered at the Offering Price Range. The Offering Prices per Unit in the Placement Tranche and the Public Offer will be identical. The Underwriters have agreed to subscribe or procure the subscription for 722,000,000 Units at the Offering Price, less an underwriting and selling commission (the "Underwriting and Selling Commission") to be borne by Suntec REIT. To the extent of those Units that are subsequently resold pursuant to the exercise of the Over-allotment Option, the Sponsor will bear the Underwriting and Selling Commission in respect of such Units.

The Offering Price will be determined, following a book-building process, by agreement between the Joint Lead Underwriters and the Manager on the Price Determination Date, which is expected to be 3 December 2004 but is subject to change. Failing such agreement on the Price Determination Date, the Offering Price will be S$0.97 (the minimum subscription price of the Offering Price Range). Among the factors that will likely be considered in determining the Offering Price are the level of investor demand for the Units and the prevailing market conditions in the securities markets.

The Manager and the Sponsor have agreed in the Underwriting Agreement to indemnify the Underwriters against certain liabilities.

The Underwriting Agreement provides that the obligations of the Underwriters to subscribe or procure the subscription of the Units in the Offering are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Underwriters at any time prior to payment being made for the Units under the Underwriting Agreement upon the occurrence of certain events including, among other things, any change or development in local, national or international financial, political, economic or currency or market conditions or any monetary or trading settlement system in Singapore, Hong Kong or the United States, or any new law or regulation or any change in existing laws or regulations; in each case the effect of which is such as to, in the sole opinion of the Joint Lead Underwriters, among other things, be likely to have a material adverse effect on the success of the Offering or the level of Units being applied for or the distribution of Units.

Each of the Underwriters and their respective associates may engage in transactions with, and perform services for, the Manager, the Sponsor, the Trustee or Suntec REIT in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with Suntec REIT, for which they have received customary compensation.

Over-allotment and Price Stabilisation

The Sponsor has granted the Over-allotment Option to Citigroup, DBS Bank and Deutsche Bank to purchase up to an aggregate of 108,300,000 Units at the Offering Price. The number of Units subject to the Over-allotment Option will be no more than 15.0% of the number of Units under the Offering. Citigroup, on behalf of the Joint Lead Underwriters, may exercise the Over-allotment Option in full or in part within 30 days after the date of commencement of trading of the Units on the SGX-ST, solely to cover over-allotments (if any) of Units in the Offering. In connection with the Over-allotment Option, Citigroup and the Sponsor have also entered into a Unit Borrowing Agreement dated 29 November 2004 under which Citigroup may borrow up to an aggregate of 108,300,000 Units from the Sponsor for the purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. Citigroup will re-deliver to the Sponsor such number of Units which are equivalent to the Units (if any) lent under this agreement no later than the expiry of the Over-allotment Option, or such earlier time as may be agreed between the parties.

In connection with the Offering, the Stabilising Manager may, in consultation with the other Joint Lead Underwriters and at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA, and any regulations thereunder. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the date falling 30 days from the commencement of trading of the Units on the SGX-ST. Any profit after expenses derived, or any loss sustained, as a consequence of the Over-allotment Option or stabilising activities shall be for the account of the Joint Lead Underwriters.

None of the Manager, the Sponsor and the Stabilising Manager make any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Manager, the Sponsor and the Stabilising Manager make any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET on the total number of Units purchased by the Stabilising Manager, not later than 12.00 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST on the cessation of stabilising action and the amount of the Over-allotment Option that has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

Lock-up Arrangements

Subject to the exceptions described below, the Sponsor has agreed with the Underwriters that it will not, directly or indirectly, offer, sell or contract to sell or otherwise dispose of its Consideration Units or any part thereof, for a period of 180 days from and including the Listing Date. Prior to the date of registration of this Prospectus with the MAS, such number of the Ultimate Shareholders who will have an effective interest in at least 51.0% of the aggregate Consideration Units will agree to a 180-day lock-up period from and including the Listing Date in respect of their effective interest in the Consideration Units.

The Sponsor's lock-up undertaking as described in the preceding paragraph does not apply to, as applicable:

- any securities lending arrangement with the Underwriters or any sale or transfer of the Consideration Units by the Sponsor pursuant to the exercise of the Over-allotment Option; and
- the transfer of Consideration Units by the Sponsor to its shareholders and/or the nominees of such shareholders, provided that, by the date of registration of this Prospectus with the MAS, each such transferee and each of the Ultimate Shareholders have agreed to a lock-up in respect of their respective Consideration Units or, as the case may be, their effective interest in the Consideration Units for the foregoing 180-day period. Any such restriction on the Ultimate Shareholders will not apply to any securities lending arrangement between the Sponsor and the Underwriters or any sale or transfer of the Consideration Units by the Sponsor pursuant to the exercise of the Over-Allotment Option.

The Deferred Units are not subject to any lock-up arrangement.

The Manager has agreed with the Underwriters that it will not (and will not cause or permit Suntec REIT to), directly or indirectly, without the written consent of the Underwriters (such consent not to be unreasonably withheld or delayed), offer, issue, sell or contract to issue or sell or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the issuance, sale or disposition (whether by actual issuance, sale or disposition or effective economic issuance, sale or disposition due to cash settlement or otherwise)), directly or indirectly, any Units in addition to the Units to be issued under the Offering and the Consideration Units to be issued to the Sponsor, nor make any announcement with respect to any of the foregoing transactions, other than as required by applicable laws or regulations, for a period of 180 days from and including the Listing Date. The restrictions described in this paragraph do not apply to Units to be issued to the Manager in payment of the Management Fee due to it pursuant to the Trust Deed.

SGX-ST Listing

Suntec REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Suntec REIT, the Manager or the Units. The Manager expects that the Units will commence trading on the SGX-ST on a "ready" basis on or about 9 December 2004.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

Issue Expenses

The estimated amount of the expenses in relation to the Offering of S$48.3 million (using an assumed issue price of S$1.00 per Unit (the maximum subscription price of the Offering Price Range), and assuming that the Over-allotment Option is exercised in full) includes the Underwriting and Selling Commission, professional and other fees as well as all other incidental expenses in relation to the Offering, which will be borne by the Trustee on behalf of Suntec REIT. A breakdown of these estimated expenses is as follows[(1)]:

	(S$'000)
Professional and other fees[(2)]	11,258.1
Underwriting and Selling Commission[(3)]	29,641.0
Listing fees	21.0
Other issue expenses[(4)]	7,417.6
Total estimated expenses of the Offering	**48,337.7**

The issue costs will be charged against Unitholders' funds.

Notes:

(1) Amounts include GST, where applicable.

(2) Includes financial advisory fees, solicitors' fees and fees for the Independent Reporting Accountants, the Independent Tax Advisor, the Independent Valuers and other professionals' fees.

(3) Such commissions represent a maximum of approximately 4.1% of the total amount of the Offering and a maximum of approximately 4.1% on a per Unit basis. The amount of total commissions payable by Suntec REIT will be pegged to the Offering Price. No commission will be payable in respect of the Consideration Units, except to the extent of those Units that are subsequently resold pursuant to the exercise of the Over-allotment Option. Commissions in respect of any Consideration Units that are resold pursuant to the exercise of the Over-allotment option are payable by the Sponsor.

(4) Includes cost of prospectus production, road show expenses and certain other expenses incurred or to be incurred in connection with the Offering.

Distribution and Selling Restrictions

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this Prospectus or any other offering or publicity material relating to Suntec REIT or the Units in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material, circular, form of application or advertisement in connection with the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Underwriter has agreed that it has only offered or sold, and will only offer or sell, any Units constituting part of its distribution outside the United States in accordance with Rule 903 of Regulation S.

United Kingdom

The Units are interests in a collective investment scheme which has not been authorised or reviewed by the Financial Services Authority ("FSA") or any other regulatory authority of the United Kingdom. Accordingly, this Prospectus is not being distributed to, and must not be passed on to, or relied or acted upon by, the general public in the United Kingdom.

This Prospectus is for distribution in the United Kingdom only to persons (i) who have professional experience in matters relating to unregulated collective investment schemes, or (ii) who fall within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and Article 22(2)(a) to (d) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 each as amended, or (iii) to whom communications relating to unregulated collective investment schemes may otherwise lawfully be made.

By way of explanation, the following persons fall within Article 49(2)(a) to (d) and Article 22(2)(a) to (d):

(1) a body corporate which has more than 20 members or which is a subsidiary undertaking of a parent undertaking which has more than 20 members and which has a called up share capital or net assets of not less than £500,000;

(2) any other body corporate, unincorporated association or partnership which has a called up capital or net assets of not less than £5 million;

(3) the trustee of a high value trust (being a trust where the aggregate value of the cash and investments which form part of the trust's assets (before deducting the amount of its liabilities) is (a) £10 million or more, or (b) has been £10 million or more at any time during the year immediately preceding the date on which this communication was first directed); or

(4) any person acting in the capacity of a director, officer or employer of one of the previous three categories of persons and whose responsibilities include him or her engaging in investment activity.

Any investment or investment activity to which this Prospectus relates is only available to such persons or will be engaged in only with such persons and this financial promotion must not be relied or acted upon by persons who do not fall within those Articles. Expressions of interest resulting from this Prospectus will only be responded to if received from persons falling within those Articles.

Ireland

The Units may not be offered or sold, directly or indirectly, in Ireland, other than to persons whose ordinary business is to buy or sell shares or debentures whether as principal or agent.

The Netherlands

The Units may not be offered or sold, directly or indirectly, in the Netherlands, as part of the initial distribution of each of the Underwriters or as part of any re-offering, and neither this Prospectus nor any other document in respect of the Offering may be distributed or circulated in the Netherlands, other than to individuals or legal entities who or which, in the conduct of a business or profession, deal or invest in investment objects (*beleggingsobjecten*) within the meaning of article 1 of the Regulation in implementation of section 14 of the Investment Institutions Supervision Act (*Uitvoeringsregeling ex artikel 14 Wet toezicht beleggingsinstellingen*).

Germany

The Units have not been notified for public distribution in Germany under the German Foreign Investment Funds Act (*Auslandinvestment-Gesetz*). Therefore, the Units and this Prospectus and any other document relating to the Units shall not be distributed in Germany by way of a public offer, public advertising or in a similar manner.

France

The Units have not and will not be offered or sold, directly or indirectly, to the public in France and neither this Prospectus nor any other offering material has been nor will be submitted to the clearance procedure of the *Autorité des Marches Financiers*, and may not be released or distributed to the public in France.

Investors in France may only purchase the securities for their own account and in accordance with article L. 411-2 of the French Monetary and Financial Code, and decree no. 98–880 dated 1 October 1998, provided they are "qualified investors" within the meaning of said decree. Any resale, directly or indirectly, to the public of the securities offered may be effected only in compliance with article L. 411-1 of the French Monetary and Financial Code.

Australia

This Prospectus has not been lodged with the Australian Securities and Investments Commission, and is not a disclosure document or product disclosure statement for the purposes of Australian law.

This Prospectus (whether in preliminary or definitive form) may not be issued or distributed in Australia and no offer or invitation is made in relation to the Units in Australia hereby or otherwise except as permitted under Australian law pursuant to an exemption from the requirement to make disclosure to investors pursuant to Chapter 7 of the Corporations Act 2001 (Cth). Restrictions on the resale of the Units in Australia may apply under Australia's Corporations Act and, as such, professional advice should be obtained in such a situation.

This Prospectus is not a securities recommendation or investment advice. You should seek your own financial advice.

This Prospectus has been prepared without taking account of any investor's objectives, financial situation or needs, and before acting on it, investors should consider the appropriateness of the information in this Prospectus, having regard to their own objectives, financial situation and needs.

Italy

The Units may not be offered or sold, directly or indirectly, in Italy except to professional investors (*operatori qualificati*) as defined in Article 31 of CONSOB Regulation No. 11522 of 1 July 1998, as amended, with the exception of asset management companies authorised to manage investment portfolios in accordance with mandates given by investors on a client by client basis and fiduciary companies regulated by art. 60, paragraph 4, of Legislative Decree n.415/96. In Italy, an authorised intermediary, as defined in Article 25 of CONSOB Regulation No. 11522, must conduct any such offer or sale, and any distribution of a prospectus or rendering of advice in relation thereto.

Hong Kong

Suntec REIT has not been authorised by the Hong Kong Securities and Futures Commission. In the circumstances, no advertisement, invitation or document relating to the Units may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except by a person permitted to do so under the securities laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong within the meaning of the Securities and Futures Ordinance (Chapter 571) of Hong Kong and any rules made thereunder. This Prospectus and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transmitted to any person in Hong Kong. The offer contained in this Prospectus is not capable of acceptance by any person other than the person to whom it is addressed.

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

Clearance and Settlement under the Depository System

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Clearing Fees

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.05% of the transaction value, subject to a maximum of S$200.00 per transaction. The clearing fee and transfer fee may be subject to GST (currently 5.0%).

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

The Independent Accountants were responsible for preparing the Independent Accountants' Report on the Profit Forecast and Profit Projection and the Independent Accountants' Report on the Pro Forma Financial Information found in Appendix I and II of this Prospectus respectively. The Independent Accountants are the auditors of Suntec REIT.

The Independent Valuer was responsible for preparing the Independent Property Valuation Summary Report in Appendix III of this Prospectus and the full Independent Property Valuation Report for the Properties as referred to in paragraph 13 of "General Information".

The Independent Property Consultant was responsible for preparing the Independent Commercial Property Market Overview Report in Appendix IV of this Prospectus, upon which "The Retail and Office Property Markets in Singapore" is based, and the letter dated 17 September 2004 as referred to in paragraph 13 of "General Information".

The Independent Tax Advisor was responsible for preparing the Independent Taxation Report found in Appendix V of this Prospectus.

The Independent Accountants, the Independent Valuer, the Independent Property Consultant and the Independent Tax Advisor have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective reports (where applicable) and all references thereto in the form and context in which they respectively appear in this Prospectus and to act in such capacity in relation to this Prospectus.

Each of Allen & Gledhill, Stamford Law Corporation, Latham & Watkins LLP and Shook Lin & Bok does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

(1) The profit forecast and profit projection contained in "Profit Forecast and Profit Projection" have been stated by the directors of the Manager after due and careful enquiry.

(2) There are no legal or arbitration proceedings pending or, so far as the directors of the Manager are aware, threatened against the Manager the outcome of which, in the opinion of the directors of the Manager, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

(3) There are no legal or arbitration proceedings pending or, so far as the directors of the Manager are aware, threatened against Suntec REIT the outcome of which, in the opinion of the directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of Suntec REIT.

(4) The name, age and address of each of the directors of the Manager are set out in "The Manager and Corporate Governance — Directors of the Manager". A list of the present and past directorships of each director and Executive Officer of the Manager over the last five years preceding 28 October 2004 is set out in Appendix VIII, "List of Present and Past Principal Directorships of Directors and Executive Officers".

(5) There is no family relationship among the directors and executive officers of the Manager, save for Mr Tan Kian Chew, an Independent Director of the Manager, who is the brother-in-law of another Director of the Manager, Mr Lim Hwee Chiang, John.

(6) None of the directors or executive officers of the Manager is or was involved in any of the following events:

- a petition under any bankruptcy laws of any jurisdiction filed against him or her at any time during the last 10 years;
- being a partner of any partnership involved in a petition under any bankruptcy laws of any jurisdiction filed against the partnership at any time during the last 10 years;
- being a director or a key executive of any corporation involved in a petition under any laws of any jurisdiction for the winding up of that corporation on the ground of insolvency at any time during the last 10 years (except for Ms Goo Li Ling who was one of the directors of Teledata (Hong Kong) Limited who placed the company under creditors' voluntary liquidation);
- having an unsatisfied judgment against him or her;
- convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment for three months or more, or being the subject of any criminal proceedings (including any pending criminal proceedings which he or she is aware of) for such purpose;
- convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or being the subject of any criminal proceedings (including any pending criminal proceedings which he or she is are aware of) for such breach;
- having any judgment entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere at any time during the last 10 years;
- having any judgment against him or her in any civil proceedings in Singapore or elsewhere involving a finding of fraud, misrepresentation or dishonesty on his or her part at any time during the last 10 years;
- being the subject of any civil proceedings (including any pending civil proceedings which he or she is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his or her part at any time during the last 10 years;
- convicted in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;

- disqualified from acting as a director of any corporation, or taking part in any way directly or indirectly in the management of any corporation;
- been subject to any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity; and
- to his or her knowledge been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of
  - — any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
  - — any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

  in connection with any matter occurring or arising during the period when he or she was so concerned with the corporation or partnership.

(7) The financial year-end of Suntec REIT is 30 September. The annual audited financial statements of Suntec REIT will be prepared and sent to Unitholders within three months of the financial year-end.

(8) A full valuation of each of the real estate assets held by Suntec REIT will be carried out at least once a year in accordance with the Property Funds Guidelines. Generally, where the Manager proposes to issue new Units or to redeem existing Units, a valuation of the real properties held by Suntec REIT must be carried out in accordance with the Property Funds Guidelines. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by Suntec REIT if it is of the opinion that it is in the best interest of Unitholders to do so.

(9) While Suntec REIT is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* for the price range within which Units were traded on the SGX-ST on the preceding day.

(10) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of Suntec REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of the Manager's Associates will be entitled to receive any part of any brokerage charged to Suntec REIT, or any part of any fees, allowances or benefits received on purchases charged to Suntec REIT.

(11) The dates of, parties to, and general nature of every material contract which the Trustee (in its capacity as trustee of Suntec REIT) has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of its business or of the business of Suntec REIT) are as follows:

(a) the Trust Deed;

(b) Call Option Agreement (to which is annexed the form of the Property Sale and Purchase Agreement);

(c) the Property Management Agreement; and

(d) the Depository Services Agreement.

(12) The Management Corporation has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and all information extracted or derived from its audited accounts, and all references thereto, in the form and context in which they respectively appear in this Prospectus.

(13) Copies of the following documents are available for inspection at the registered office of the Manager at 9 Temasek Boulevard, #09-01, Suntec Tower Two, Singapore 038989 for a period of six months from the date of this Prospectus:

(a) the material contracts referred to in paragraph 11 above, save for the Trust Deed (which will be available for inspection for so long as Suntec REIT is in existence);

(b) the Management Corporation Agreement;

(c) the Strategic Advisor Agreement;

(d) the Underwriting Agreement;

(e) the Independent Accountants' Report on the Profit Forecast and Profit Projection;

(f) the Independent Accountants' Report on the Pro forma Financial Information;

(g) the Independent Property Valuation Summary Report;

(h) the full Independent Property Valuation Report for the Properties;

(i) the Independent Taxation Report;

(j) the Independent Commercial Property Market Overview Report;

(k) the letter dated 17 September 2004 from the Independent Property Consultant to the Sponsor in relation to the property management review on the monthly contribution at Suntec City;

(l) the written consents of the Independent Accountants, the Independent Valuer, the Independent Property Consultant and the Independent Tax Advisor, as described in "Experts", and the written consent of the Management Corporation, as described in paragraph (12) above; and

(m) the undertaking of the Manager to the MAS covenanting, among other things, not to deal in the Units during certain stipulated periods as described in "The Manager — Dealings in Units".

GLOSSARY

%	Per centum or percentage
Application Forms	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
Application List	The list of applications to subscribe for the Units which are the subject of the Public Offer
Appraised Value	In relation to a Property, the value for that Property as at 30 June 2004 as appraised by the Independent Valuer
Associate	Has the meaning ascribed thereto in the Listing Manual
ATMs	Automated teller machines
Base Fee	0.3% per annum of the value of the Deposited Property
BFC	Business and Financial Centre
BNP Units	Such number of Units equivalent to 5.0% of the aggregate Units comprised in the Placement Tranche
Board	The Board of Directors of the Manager
Business Day	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading in securities
Call Option Agreement	The call option agreement dated 12 November 2004 entered into between (i) the Trustee, as trustee of Suntec REIT and (ii) the Sponsor, pursuant to which Suntec REIT was granted the right to require the Sponsor to enter into the Property Sale and Purchase Agreement
Cash Payment Amount	The portion of the Purchase Price which is payable to the Sponsor in cash on Completion Date
CDP	The Central Depository (Pte) Limited
CIS Code	The Code on Collective Investment Schemes issued by the MAS
Citigroup	Citigroup Global Markets Singapore Pte. Ltd.
commercial properties	Properties used, or primarily used, for commercial purposes
commercial purposes	All categories of commercial use including but not limited to retail, office, leisure and other commercial uses
Committed Leases	All current leases in respect of Properties as at 30 June 2004 or leases with commencement dates after 30 June 2004, which as at 30 June 2004 have been entered into or renewed by the tenant pursuant to a signed commitment to lease
Committed Occupancy	Occupancy rate based on Committed Leases
common property	Means all the parts of Suntec City which are not comprised in any strata lot shown on the strata title plan lodged with the Registrar of Titles and includes all apparatus and installation and other areas within the definition of the common property as defined in the Land Titles (Strata) Act
Common Property Manager	Suntec City Management Pte Ltd

Companies Act	Companies Act, Chapter 50 of Singapore
Completion Amount	The portion of the Purchase Price which is payable to the Sponsor partly in cash and partly by issue of the Consideration Units on Completion Date
Completion Date	The date of completion of the sale and purchase of the Properties under the Property Sale and Purchase Agreement
Consideration Units	565,000,000 Units to be issued to the Sponsor at the Offering Price on Completion Date in part payment of the Completion Amount
CPF	Central Provident Fund
CPFIS	CPF Investment Scheme
Current Shareholders	For the purposes of the Strategic Advisor Agreement, means: (a) the registered corporate and individual shareholders of the Strategic Advisor, namely, United Worldwide Investment S.A., Adco Investment Pte Ltd, Pacific Atlantic Investment Ltd, Asean Investments Corp, Niantic Investment Corporation, Winsor Properties (Overseas) Limited, Chou Wen-Hsien, Chow Chung Kai, PCK Corporation, Valley Investments Limited, Wang Wei-Han Robert and All Joy Investment Co. S.A.; (b) the main shareholders of the registered corporate shareholders of the Strategic Advisor, namely, Tan Sri Frank Tsao Wen-King, Dato' Dr Cheng Yu-Tung, Dr Lee Shau Kee, Dr Li Ka-Shing, Dr Li Dak-Sum, Mr Yeh Yuan Chang, Anthony; and (c) the spouses, siblings and children of Chou Wen-Hsien, Chow Chung Kai, Wang Wei-Han Robert, Tan Sri Frank Tsao Wen-King, Dato' Dr Cheng Yu-Tung, Dr Lee Shau Kee, Dr Li Ka-Shing, Dr Li Dak-Sum and Mr Yeh Yuan Chang, Anthony.
Current Unit Value	At any time, the net asset value of the Deposited Property divided by the number of Units in issue and deemed to be in issue at that time
DBS Bank	DBS Bank Ltd
Deferred Payment Consideration	The portion of the Purchase Price which is to be paid to the Sponsor by six equal instalments, the first of which is to commence on the date falling 42 months after the completion of the sale and purchase of the Properties and the rest semi-annually thereafter
Deferred Units	The additional Units to be issued to the Sponsor in satisfaction of the Deferred Payment Consideration for the Properties
Deposited Property	The gross assets of Suntec REIT, including the Properties and all the authorised investments of Suntec REIT for the time being held or deemed to be held upon the trusts under the Trust Deed
Depository Services Agreement	The depository services agreement dated 26 November 2004 between CDP, the Manager and the Trustee relating to the deposit of the Units in CDP
Deutsche Bank	Deutsche Bank AG, Singapore Branch
DOS	Department of Statistics

Extraordinary Resolution	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Trust Deed
Facilities	The secured facilities of S$750.0 million from JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank), as original bank, comprising a S$700.0 million term loan facility and a S$50.0 million revolving credit facility, each for a term of five years.
Facility Agreements	The term loan facility agreement and revolving credit facility agreement, both dated 12 November 2004, between the Trustee (as borrower) and JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank) (as original bank), relating to the Facilities
Forecast Period 2005	1 December 2004 to 30 September 2005
Fortune REIT	Fortune Real Estate Investment Trust
FY	Financial year ended or, as the case may be, ending 30 September
Gross Rent	Consists of base rental income (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable, but excluding turnover rent), service charge payable by tenants, and in the case of Suntec City Mall, promotion fund contributions payable by tenants
GDP	Gross domestic product
GIC	The Government of Singapore Investment Corporation Pte Ltd
Government	The government of the Republic of Singapore
GICSI	GIC Special Investments Pte Ltd
Gross Revenue	Consists of (i) Gross Rent and (ii) other income earned from the Properties, including licence fees, rental of atrium space, turnover rent, if any, and other sums due from tenants, licencees and concessionaries, business interruption insurance payments and other income earned from the Properties (comprising recoveries from tenants, licencees and concessionaries for utilities and other services, advertising and other income attributable to the operation of the Properties)
GST	Goods and services tax
HDB	Housing and Development Board
Independent Accountants	KPMG
Independent Property Consultant	CB Richard Ellis (Pte) Ltd
Independent Tax Advisor	KPMG Tax Services Pte Ltd
Independent Valuer	CB Richard Ellis (Pte) Ltd
interested person	Has the meaning ascribed thereto in the Listing Manual
interested person transaction	Has the meaning ascribed thereto in the Listing Manual
interested party	Has the meaning ascribed thereto in the Property Funds Guidelines

interested party transaction	Has the meaning ascribed thereto in the Property Funds Guidelines
Investible Savings	The balance in a CPF Ordinary Account plus the net amounts (if any) withdrawn for education and investment
IRAS	Inland Revenue Authority of Singapore
Issue Price	Issue price of each Unit
IT	Information technology
Joint Lead Underwriters	Citigroup, DBS Bank and Deutsche Bank
Land Titles (Strata) Act	Land Titles (Strata) Act, Chapter 158 of Singapore
Listing Date	The date of admission of Suntec REIT to the Official List of the SGX-ST
Listing Manual	The Listing Manual issued by the SGX-ST
Management Corporation	Management Corporation Strata Title Plan No. 2197, being the management corporation of Suntec City established under Part IV of the Land Titles (Strata) Act
Management Corporation Agreement	The agreement dated 5 December 2003 between the Management Corporation and the Common Property Manager, pursuant to which the Common Property Manager was appointed as the managing agent to manage, administer and maintain the common property of Suntec City
Manager	ARA Trust Management (Suntec) Limited, as manager of Suntec REIT
Market Day	A day on which the SGX-ST is open for trading in securities
Market Price	The volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days preceding the relevant business day or, if the Manager believes that the foregoing calculation does not provide a fair reflection of the Market Price of a Unit, an amount as determined by the Manager (after consultation with a stock broker approved by the Trustee), as being the market price of a Unit
MAS	The Monetary Authority of Singapore
Maximum Offering Price	S$1.00 per Unit, being the maximum subscription price of the Offering Price Range
MRT	Mass Rapid Transit
MRT Circle Line	The MRT underground orbital line linking all radial MRT lines leading to the city
MTI	The Ministry of Trade and Industry

Net Investment Income	Consists of Net Property Income and any other income of Suntec REIT (comprising mainly interest income, if any, but excluding any non-operating income such as gains on disposal or revaluation of properties) less borrowing costs, the Manager's management fees, and trust expenses (comprising recurring operating expenses such as the Trustee's fee, annual listing fees, registry fees, accounting, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses relating to Suntec REIT)
Net Lettable Area or NLA	Area in the strata lots in a building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, and is usually the area in respect of which rent is payable
Net Property Income	Consists of Gross Revenue less Property Expenses
Offering	The offering of 722,000,000 Units by the Manager for subscription at the Offering Price
Offering Price	The offering price of each Unit under the Offering, currently expected to be between S$0.97 and S$1.00
Offering Price Range	S$0.97 to S$1.00 per Unit
Other Strata Lots	The strata lots comprised in Suntec City, excluding the Properties
Over-allotment Option	An option granted by the Sponsor to the Joint Lead Underwriters to purchase from the Sponsor up to an aggregate 108,300,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any)
Participating Banks	DBS Bank (including POSB), Oversea-Chinese Banking Corporation Limited ("OCBC") and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the "UOB Group")
Performance Fee	4.5% of Suntec REIT's Net Property Income
Placement Tranche	The international placement of Units to investors, including institutional and other investors in Singapore, pursuant to the Offering
PRC	The People's Republic of China, excluding, for the purposes of this Prospectus only, Hong Kong and Macau
Prescribed Period	For the first Prescribed Period, the period from and including the Listing Date to and including 30 September 2005 and, for any subsequent Prescribed Periods, the period from and including 1 October in one calendar year to and including 30 September in the next calendar year
Price Determination Date	3 December 2004 (subject to change)
Projection Year 2006	1 October 2005 to 30 September 2006
Properties	Suntec City Mall and the Suntec City Office Towers, and "Property" means either one of them

Property Expenses	Consists of (i) maintenance and sinking fund charges payable to the Management Corporation, (ii) the Property Manager's fee, (iii) property tax, (iv) advertising and publicity expenses and (v) other property expenses including landlord's fitting out costs (net of takeover fees), allowance for doubtful receivables, maintenance expenses, insurance and other expenses for the operation, maintenance, management and marketing of Suntec REIT's properties
Property Funds Guidelines	The guidelines for real estate investment trusts issued by the MAS as Appendix 2 to the CIS Code
Property Management Agreement	The agreement dated 12 November 2004 made between the Manager, the Trustee and the Property Manager pursuant to which the Property Manager will provide certain property management, lease management as well as marketing and marketing co-ordination services for the Properties
Property Manager	Suntec City Development Pte Ltd
Property Manager's Lease	The tenancy agreement with the Property Manager for the lease of the Property Manager's Office Premises for a term of three years commencing on the Listing Date, with an option to renew for a further term of three years
Property Manager's Office Premises	The office premises at Suntec Tower Five #07-03 with a floor area of 465 sq m (5,000 sq ft) to be leased by Suntec REIT to the Property Manager for a term of three years commencing on the Listing Date for use by the Property Manager and its employees in the provision of services under the Property Management Agreement
Property Sale and Purchase Agreement	The agreement to be entered into between (i) the Sponsor as the vendor and (ii) and the Trustee (as trustee of Suntec REIT) as purchaser relating to and for the sale and purchase of the Properties
Public Offer	The offering of Units to the public in Singapore
Purchase Price	The sum of S$2,107 million
Qualifying Unitholder	Unitholders who are tax resident Singapore-incorporated companies, bodies of persons registered or constituted in Singapore (for example, town councils, statutory boards, registered charities, registered co-operative societies, registered trade unions, management corporations, clubs and trade and industry associations), a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deducted at source in respect of distributions from Suntec REIT or agent banks acting as nominees for individuals who have purchased Units within the CPFIS and the distributions received from Suntec REIT are returned to the CPFIS
RAS	RAS Commodity Exchange
Recognised Stock Exchange	Any stock exchange of repute in any part of the world
Regulation S	Regulation S under the Securities Act
related party	Refers to an interested person and/or, as the case may be, an interested party

Related Party Transactions	Refers to an interested person transaction and/or, as the case may be, an interested party transaction
S$ or Singapore dollars and cents	Singapore dollars and cents, the lawful currency of the Republic of Singapore
SARS	Severe Acute Respiratory Syndrome
SCDPL	Suntec City Development Pte Ltd
Securities Account	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
Securities Act	U.S. Securities Act of 1933, as amended
SFA or Securities and Futures Act	Securities and Futures Act, Chapter 289 of Singapore
SGX-ST	Singapore Exchange Securities Trading Limited
SIMEX	Singapore International Monetary Exchange
Special Extraordinary Resolution	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes represented by all the Units in issue entitled to vote on the matter
Sponsor	Suntec City Development Pte Ltd
sq ft	square feet
sq m	square metres
Strata Area	The area of the strata lot(s), as stated in Strata Title Plan No. 2197 registered with the Singapore Land Authority
Strategic Advisor	Suntec City Development Pte Ltd
Strategic Advisor Agreement	The agreement dated 12 November 2004 made between the Manager and the Strategic Advisor pursuant to which the Strategic Advisor will provide certain consultancy services to the Manager with respect to certain strategies relating to the Properties
Stabilising Manager	Citigroup
Substantial Unitholder	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Suntec City	Suntec City commercial development comprising a retail mall, office towers and the Suntec Singapore International Convention and Exhibition Centre, which the Properties are part of
Suntec City Mall	A three storey linear shaped mall and an eight storey shopping podium within Suntec City comprising 95 strata lots
Suntec City Office Towers	The Suntec Tower One Units, the Suntec Tower Two Unit, the Suntec Tower Three Units, the Suntec Tower Four Units and the Suntec Tower Five Units
Suntec Tower Five Units	All the 15 strata lots in Suntec Tower Five
Suntec Tower Four Units	All the 40 strata lots in Suntec Tower Four
Suntec Tower One Units	Seven strata lots in Suntec Tower One
Suntec Tower Three Units	76 strata lots in Suntec Tower Three

Suntec Tower Two Unit	One strata lot in Suntec Tower Two
Tax Ruling	The tax ruling dated 15 June 2004 issued by the IRAS on the taxation of Suntec REIT and its Unitholders
Temporary Occupation Permit	The temporary occupation permit issued by the Building and Construction Authority under the Building Control Act, Chapter 29 of Singapore
Trust Deed	The Trust Deed dated 1 November 2004 made between the Trustee and the Manager constituting Suntec REIT
Trustee	HSBC Institutional Trust Services (Singapore) Limited, as trustee of Suntec REIT
Underwriters	Citigroup, DBS Bank, Deutsche Bank and BNP Paribas Peregrine (Singapore) Ltd
Underwriting Agreement	The underwriting agreement dated 29 November 2004 entered into between the Manager, the Underwriters and the Sponsor
Unit	An undivided interest in Suntec REIT as provided for in the Trust Deed
Unitholder(s)	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Ultimate Shareholders	Tan Sri Frank Tsao Wen-King, Dato' Dr Cheng Yu-Tung, Dr Lee Shau Kee, Dr Li Ka-Shing, Shaw Trustee (Private) Limited, Dr Chou Wen-Hsien, Winsor Properties Holdings Limited, Mr Chow Chung Kai, Dr Li Dak-Sum, Mr Wang Wei-Han, Robert, Mr Yeh Yuan Chang, Anthony and PCK Corporation, being the ultimate shareholders of the Sponsor
URA	Urban Redevelopment Authority of Singapore
United States	United States of America
USSFTA	US-Singapore Free Trade Agreement
Watson's Lease	The tenancy agreement with Watson's Personal Care Stores Ltd for the lease of the retail premises at #01-085/087/089 Suntec City Mall for a term of three years with effect from 1 October 2004, with an option to renew for a further term of three years

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Signed

Chiu Kwok Hung, Justin
Director

Signed

Lim Hwee Chiang, John
Director

Signed

Ip Tak Chuen, Edmond
Director

Signed

Tan Kian Chew
Director

Signed

Sng Sow-Mei
(Phoon Sui Moy alias Poon Sow Mei)
Director

Signed

Lim Lee Meng
Director

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INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors
ARA Trust Management (Suntec) Limited
(as manager of Suntec Real Estate Investment Trust)
9 Temasek Boulevard
#09-01 Suntec Tower Two
Singapore 038989

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Suntec Real Estate Investment Trust)
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

29 November 2004

Dear Sirs

Letter from the Reporting Accountants on the Profit Forecast for the Period from 1 December 2004 to 30 September 2005 and the Profit Projection for the Year Ending 30 September 2006

This letter has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the offering of 722,000,000 units in Suntec Real Estate Investment Trust ("Suntec REIT") at the offering price range of S$0.97 to S$1.00 per unit (the "Offering").

The directors of ARA Trust Management (Suntec) Limited (the "Directors") are responsible for the preparation and presentation of the forecast Statements of Net Investment Income and Distribution for the period from 1 December 2004 to 30 September 2005 (the "Profit Forecast") and the year ending 30 September 2006 (the "Profit Projection") as set out on pages 68 and 69 of the Prospectus, which have been prepared on the basis of their assumptions as set out on pages 70 to 77 of the Prospectus.

We have examined the Profit Forecast of Suntec REIT for the period from 1 December 2004 to 30 September 2005 and the Profit Projection for the year ending 30 September 2006 as set out on pages 68 and 69 of the Prospectus in accordance with Singapore Standards on Auditing applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 70 to 77 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages II-18 to II-21 of the Prospectus, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 *"Reporting Framework for Unit Trusts"* (but not all the required disclosures), which is the framework to be adopted by Suntec REIT in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As Suntec REIT is newly established without any history of activities and because the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion the Profit Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies as set out on pages II-18 to II-21 of the Prospectus, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 *"Reporting Framework for Unit Trusts"* (but not all the required disclosures), which is the framework to be adopted by Suntec REIT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn, in particular, to the risk factors set out on pages 29 to 42 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Directors' Profit Forecast and Profit Projection as set out on pages 77 and 78 of the Prospectus.

Yours faithfully

KPMG
Certified Public Accountants
(Partner-in-charge: Leong Kok Keong)

Singapore

INDEPENDENT ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The Board of Directors
ARA Trust Management (Suntec) Limited
(as manager of Suntec Real Estate Investment Trust)
9 Temasek Boulevard
#09-01 Suntec Tower Two
Singapore 038989

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Suntec Real Estate Investment Trust)
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

29 November 2004

Dear Sirs

Suntec Real Estate Investment Trust

We report on the unaudited pro forma financial information set out on pages II-3 to II-30 of the prospectus (the "Prospectus") to be issued in connection with the offering of 722,000,000 units in Suntec Real Estate Investment Trust ("Suntec REIT"), which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments:

(A) Unaudited pro forma statements of total return for the years ended 30 September 2001, 2002 and 2003, and each of the nine months ended 30 June 2003 and 30 June 2004, which have been prepared to provide information about how the purchase of the properties comprising Suntec City Mall, Suntec Tower Four, Suntec Tower Five and various strata units in Suntec Tower One, Suntec Tower Two and Suntec Tower Three (collectively, the "Properties") by Suntec REIT under the same terms set out in the Prospectus might have affected the statements of total return presented, had it purchased the Properties on 1 October 2000;

(B) Unaudited pro forma cash flow statements for the year ended 30 September 2003, and each of the nine months ended 30 June 2003 and 30 June 2004, which have been prepared to provide information on the cash flows of Suntec REIT, had the purchase of the Properties by Suntec REIT under the same terms set out in the Prospectus been undertaken on 1 October 2002; and

(C) Unaudited pro forma balance sheets as at 30 September 2003 and 30 June 2004, which have been prepared to provide information on the financial position of Suntec REIT, had the purchase of the Properties by Suntec REIT under the same terms set out in the Prospectus been undertaken on 30 September 2003 and 30 June 2004, respectively.

The objective of the unaudited pro forma financial information of Suntec REIT is to show what the total returns, cash flows and financial positions might have been had Suntec REIT existed at an earlier date, as described above. However, the unaudited pro forma financial information of Suntec REIT is not necessarily indicative of the total returns and cash flows of the operations or the financial positions that would have been attained had Suntec REIT actually existed earlier. The unaudited pro forma information, because of its nature, may not give a true picture of Suntec REIT's actual total returns, cash flows or financial positions.

The unaudited pro forma financial information is the responsibility of the directors of ARA Trust Management (Suntec) Limited (the "Directors"). Our responsibility is to express an opinion on the unaudited pro forma financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24 *"Auditors and Public Offering Documents"*. Our work, which involved no independent examination of the underlying financial information, consisted primarily of:

(i) comparing the unaudited pro forma financial information to the audited financial statements of Suntec City Development Pte Ltd (the "Sponsor"), the owner of the Properties prior to their acquisition by Suntec REIT, for the years ended 30 September 2001, 2002 and 2003 and the nine months ended 30 June 2004, and the unaudited management financial statements of the Sponsor for the nine months ended 30 June 2003; and

(ii) considering the evidence supporting the pro forma adjustments and discussing the unaudited pro forma financial information with the Directors.

In our opinion:

(A) the unaudited pro forma financial information has been properly prepared from the financial statements of Suntec City Development Pte Ltd (which were prepared in accordance with Singapore Statements of Accounting Standard/Financial Reporting Standards) and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Certified Public Accountants of Singapore;

(B) the unaudited pro forma financial information has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies of Suntec REIT;

(C) each material adjustment to the information used in the preparation of the unaudited pro forma financial information is appropriate for the purpose of preparing such financial information; and

(D) the unaudited pro forma financial information has been properly prepared on the basis of the assumptions set out on pages II-3 to II-5 after making the adjustments described on pages II-3 to II-5.

Yours faithfully

KPMG
Certified Public Accountants
(Partner-in-charge: Leong Kok Keong)

Singapore

(A) INTRODUCTION

Suntec Real Estate Investment Trust ("Suntec REIT") is a Singapore-based unit trust constituted pursuant to a trust deed dated 1 November 2004 ("Trust Deed") made between ARA Trust Management (Suntec) Limited ("the Manager") and HSBC Institutional Trust Services (Singapore) Limited ("the Trustee"). Suntec REIT is established with the objective of owning and investing in real estate and real estate related assets.

Suntec REIT proposes to acquire certain properties, comprising Suntec City Mall and Suntec City Office Towers (comprising Suntec Tower Four, Suntec Tower Five and various strata units in Suntec Tower One, Suntec Tower Two and Suntec Tower Three) (collectively, the "Properties"), from the present owner, Suntec City Development Pte Ltd (the "Sponsor"). Suntec REIT also proposes to appoint the Sponsor as the property manager of the Properties (the "Property Manager") subsequent to its acquisition of the Properties.

Suntec REIT is making an offering of 722,000,000 units (the "Offering") at an issue price range of S$0.97 to S$1.00 per unit (the "Offering Price"), payable in full on application. The Offering consists of an international placement to investors, including institutional and other investors in Singapore and an offering to the public in Singapore. Separate from the above Offering, the Sponsor will receive 565,000,000 units ("Consideration Units") in Suntec REIT at the Offering Price, as partial satisfaction of the purchase consideration on the Properties.

(B) BASES OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

No financial statements of Suntec REIT have been prepared for the preceding three financial years as Suntec REIT was constituted on 1 November 2004.

KPMG have been appointed as auditors of Suntec REIT since the inception of Suntec REIT.

The unaudited pro forma financial information set out in this report, expressed in Singapore dollars, is prepared for illustrative purposes only and based on certain assumptions after making certain adjustments, and shows the unaudited Pro Forma Statements of Total Return of Suntec REIT for each of the three years ended 30 September 2001, 2002 and 2003 and each of the nine months ended 30 June 2003 and 30 June 2004, the unaudited Pro Forma Cash Flow Statements of Suntec REIT for the year ended 30 September 2003 and each of the nine months ended 30 June 2003 and 30 June 2004, and the unaudited Pro Forma Balance Sheets of Suntec REIT as at 30 September 2003 and 30 June 2004.

The unaudited pro forma financial information for the three years ended 30 September 2001, 2002 and 2003 and the nine months ended 30 June 2004 have been compiled based on the audited financial statements of the Sponsor for the same periods. The unaudited pro forma financial information for the nine months ended 30 June 2003 has been compiled based on the unaudited management financial statements of the Sponsor for the same period.

The unaudited Pro Forma Statements of Total Return for the years ended 30 September 2001, 2002 and 2003 and each of the nine months ended 30 June 2003 and 30 June 2004 reflect the total return of Suntec REIT as if it had purchased the Properties on 1 October 2000, under the same terms set out in the prospectus to be issued in connection with the offering of 722,000,000 units in Suntec REIT ("the Prospectus").

The unaudited Pro Forma Cash Flow Statements show the cash flows for the year ended 30 September 2003, and each of the nine months ended 30 June 2003 and 30 June 2004, assuming Suntec REIT had purchased the Properties on 1 October 2002, under the same terms set out in the Prospectus.

The unaudited Pro Forma Balance Sheets as at 30 September 2003 and 30 June 2004 reflect the financial position of Suntec REIT as if it had purchased the Properties on 30 September 2003 and 30 June 2004, respectively, under the same terms set out in the Prospectus.

The unaudited pro forma financial information has been prepared on the basis of the accounting policies as set out in section G and is to be read in conjunction with section H. In addition, the unaudited pro forma financial information has been prepared based on the assumption that the unit issue price under the Offering is S$1.00 per unit. A lower issue price of S$0.97 per unit will not have any material impact on the total return of Suntec REIT for the periods presented.

(B) BASES OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

The objective of the unaudited pro forma financial information of Suntec REIT is to show what the total returns, cash flows and financial positions might have been had Suntec REIT existed at an earlier date, as described above. However, the unaudited pro forma financial information of Suntec REIT is not necessarily indicative of the total returns and cash flows of the operations or the financial positions that would have been attained had Suntec REIT actually existed earlier. The unaudited pro forma financial information, because of its nature, may not give a true picture of Suntec REIT's actual total returns, cash flows or financial positions.

Details on the Property Manager's fee, Manager's management fees and Trustee's fee are set out in Section H.

(I) Unaudited Pro Forma Statements of Total Return

The unaudited Pro Forma Statements of Total Return have been prepared on the basis that Suntec REIT purchased the Properties on 1 October 2000 at their respective purchase prices plus estimated acquisition costs. On acquisition, the Properties were revalued to the valuation amounts based on an independent valuation carried out by CB Richard Ellis (Pte) Ltd on 16 September 2004. The valuation amounts are assumed to have remained unchanged throughout the periods presented.

The pro forma adjustments made to the audited financial statements of the Sponsor for the years ended 30 September 2001, 2002 and 2003 and the nine months ended 30 June 2004, and the unaudited management financial statements of the Sponsor for the nine months ended 30 June 2003, are summarised below:

- Adjustments to align to Suntec REIT's structure and revenue recognition policy;
- Adjustments to align to Suntec REIT's accounting policy for investment properties;
- Adjustments to reverse income and expenses relating to a property of the Sponsor which is not proposed to be acquired by Suntec REIT;
- Adjustments to reverse other operating expenses of the Sponsor which are not in line with Suntec REIT's structure, and replace these with Suntec REIT's maintenance charges, Property Manager's fee, advertising and publicity expenses, other property expenses, Manager's management fees, trust expenses (comprising recurring operating expenses such as the Trustee's fee, annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and other miscellaneous expenses relating to the Trust) and borrowing costs; and
- Adjustment to reverse income tax expenses as Suntec REIT will not be taxed on the portion of the taxable income that is distributed to unitholders.

In addition, the following assumptions were made for each of the periods presented:

- Maintenance charges are assumed to be approximately S$286 per share value per year (being the reduced contribution rate to be proposed by the Sponsor at the next annual general meeting of the management corporation of Suntec City as a whole, as described in the Prospectus);
- Advertising and publicity expenses are equivalent to the amount of promotion fund collected from tenants;
- 100% of the taxable income available for distribution to unitholders is distributed; and
- Properties acquired at purchase price of S$2,107,000,000 plus estimated acquisition costs of S$65,172,000 are immediately revalued to S$2,150,000,000 (based on an independent valuation by CB Richard Ellis (Pte) Ltd on 16 September 2004).

(B) BASES OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

(II) Unaudited Pro Forma Cash Flow Statements

The unaudited Pro Forma Cash Flow Statements for the year ended 30 September 2003, and each of the nine months ended 30 June 2003 and 30 June 2004, have been prepared assuming Suntec REIT had purchased the Properties on 1 October 2002, based on the cash flows directly attributable to the Properties and incorporating the following:

- Adjustments to reverse the cash flows relating to receipts and payments relating to a property of the Sponsor which is not proposed to be acquired by Suntec REIT;
- Adjustments to reverse other cash flows of the Sponsor which are not in line with Suntec REIT's structure, and replace these with Suntec REIT's cash flows relating to payments for maintenance charges, Property Manager's fee, advertising and publicity expenses, other property operating expenses, Manager's management fees, trust expenses and taxation; and
- Adjustments to reverse the cash flows relating to existing borrowings and replace these with Suntec REIT's borrowing and unit fund structures.

In addition, the following assumptions were made:

- The date that Suntec REIT's borrowings were fully drawn down and units were issued correspond to the timing of the purchase of the Properties on 1 October 2002;
- Cash balances are equivalent to 2 months' of Suntec REIT's property expenses, trust expenses, cash component of Manager's management fees and interest expense. Amounts in excess of the cash balance assumed are used to repay borrowings on the last day of the period presented;
- Interest expense on borrowings is paid on a quarterly basis, in arrears in the following quarter;
- Management fees payable to the Manager in the form of units are paid on a quarterly basis, in arrears in the following quarter. Management fees payable to the Manager in cash are paid on a monthly basis, in arrears in the following month; and
- 100% of taxable income available for distribution to unitholders is distributed for each of the periods presented. Distributions to unitholders are paid on a quarterly basis, in arrears in the following quarter.

(III) Unaudited Pro Forma Balance Sheets

The unaudited Pro Forma Balance Sheets have been prepared after incorporating the following:

- Adjustments to state the Properties at valuation of S$2,150,000,000 based on an independent valuation carried out by CB Richard Ellis (Pte) Ltd on 16 September 2004;
- Adjustments to reverse the assets and liabilities relating to a property of the Sponsor which is not proposed to be acquired by Suntec REIT;
- Adjustments to reverse the assets and liabilities of the Sponsor which are not in line with Suntec REIT's structure, and replace these with assets and liabilities (namely cash, security deposits and rental received in advance) attributable to the Properties to be transferred to Suntec REIT;
- Adjustments to reverse the existing borrowings that are not in line with Suntec REIT's structure and replace them with Suntec REIT's borrowings amounting to S$748,200,000;
- Adjustments to include the issue costs relating to the Offering, which are estimated to be S$48,338,000; and
- Adjustments to reverse the tax assets and liabilities that are not in line with Suntec REIT's tax transparency status.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN

The unaudited Pro Forma Statements of Total Return of Suntec REIT for the years ended 30 September 2001, 2002 and 2003, and each of the nine months ended 30 June 2003 and 30 June 2004, have been prepared for inclusion in this Prospectus and are presented below. The assumptions used to prepare the unaudited Pro Forma Statements of Total Return are consistent with those described in Bases of Preparation of Unaudited Pro Forma Financial Information.

	Year ended 30 September 2001						
				Represented By			
	Audited financial statements of Sponsor	Pro Forma Adjustments	Pro Forma	Suntec City Mall	Suntec City Office Towers	Total	Note
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	
Gross revenue	195,407	(60,109)	135,298	63,743	71,555	135,298	9
Property expenses							
Maintenance charges	(29,176)	11,634	(17,542)	(8,820)	(8,722)	(17,542)	
Property manager's fee	(555)	(3,030)	(3,585)	(1,689)	(1,896)	(3,585)	
Property tax	(8,182)	468	(7,714)	(4,499)	(3,215)	(7,714)	
Advertising and publicity expenses	(4,620)	2,995	(1,625)	(1,613)	(12)	(1,625)	
Other property expenses[1]	(45,540)	44,544	(996)	(764)	(232)	(996)	
Other expenses	(19,792)	19,792	—	—	—	—	
	(107,865)		(31,462)	(17,385)	(14,077)	(31,462)	
Net property income	87,542		103,836	46,358	57,478	103,836	
Other income	4,961	(4,961)	—			—	
Manager's management fees	—	(11,161)	(11,161)			(11,161)	
Trust expenses[2]	—	(1,379)	(1,379)			(1,379)	
Borrowing costs	(22,752)	3,997	(18,755)			(18,755)	
Net investment income before tax	69,751		72,541			72,541	
Income tax expense	—	—	—			—	
Net investment income after tax	69,751		72,541			72,541	
Deficit on revaluation of investment properties[3]	—	(22,172)	(22,172)			(22,172)	
Total return for the year[4]	**69,751**		**50,369**			**50,369**	

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec REIT's structure.

(2) Trust expenses include trustee's fee, annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and miscellaneous expenses.

(3) It has been assumed that the Properties, which were acquired at a total acquisition cost of S$2,172,172,000 on 1 October 2000, were immediately revalued to S$2,150,000,000.

(4) Total return for the year comprises net investment income after tax and surplus/deficit on revaluation of investment properties.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

	Year ended 30 September 2002						
				Represented By			
	Audited financial statements of Sponsor	Pro Forma Adjustments	Pro Forma	Suntec City Mall	Suntec City Office Towers	Total	Note
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	
Gross revenue	197,332	(52,277)	145,055	70,162	74,893	145,055	9
Property expenses							
Maintenance charges	(29,131)	11,589	(17,542)	(8,820)	(8,722)	(17,542)	
Property manager's fee	(443)	(3,484)	(3,927)	(1,899)	(2,028)	(3,927)	
Property tax	(4,000)	361	(3,639)	(2,064)	(1,575)	(3,639)	
Advertising and publicity expenses	(3,922)	2,276	(1,646)	(1,623)	(23)	(1,646)	
Other property expenses[1]	(42,302)	41,531	(771)	(332)	(439)	(771)	
Other expenses	(16,273)	16,273	—	—	—	—	
	(96,071)		(27,525)	(14,738)	(12,787)	(27,525)	
Net property income	101,261		117,530	55,424	62,106	117,530	
Other income	998	(998)	—			—	
Manager's management fees	—	(11,773)	(11,773)			(11,773)	
Trust expenses[2]	—	(1,399)	(1,399)			(1,399)	
Borrowing costs	(16,134)	(2,621)	(18,755)			(18,755)	
Net investment income before tax	86,125		85,603			85,603	
Income tax credit	13,895	(13,895)	—			—	
Net investment income after tax	100,020		85,603			85,603	
Deficit on revaluation of investment properties	—	—	—			—	
Total return for the year[3]	**100,020**		**85,603**			**85,603**	

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec REIT's structure.

(2) Trust expenses include trustee's fee, annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and miscellaneous expenses.

(3) Total return for the year comprises net investment income after tax and surplus/deficit on revaluation of investment properties.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

	Year ended 30 September 2003						
				Represented By			
	Audited financial statements of Sponsor	Pro Forma Adjustments	Pro Forma	Suntec City Mall	Suntec City Office Towers	Total	Note
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	
Gross revenue	183,635	(37,078)	146,557	75,057	71,500	146,557	9
Property expenses							
Maintenance charges	(25,784)	8,242	(17,542)	(8,820)	(8,722)	(17,542)	
Property manager's fee	(439)	(3,540)	(3,979)	(2,038)	(1,941)	(3,979)	
Property tax	(6,714)	356	(6,358)	(3,505)	(2,853)	(6,358)	
Advertising and publicity expenses	(4,284)	2,660	(1,624)	(1,580)	(44)	(1,624)	
Other property expenses[(1)]	(40,140)	39,271	(869)	(707)	(162)	(869)	
Other expenses	(13,991)	13,991	—	—	—	—	
	(91,352)		(30,372)	(16,650)	(13,722)	(30,372)	
Net property income	92,283		116,185	58,407	57,778	116,185	
Other income	404	(404)	—			—	
Manager's management fees	—	(11,716)	(11,716)			(11,716)	
Trust expenses[(2)]	—	(1,420)	(1,420)			(1,420)	
Borrowing costs	(11,763)	(6,992)	(18,755)			(18,755)	
Net investment income before tax	80,924		84,294			84,294	
Income tax expense	(15,634)	15,634	—			—	
Net investment income after tax	65,290		84,294			84,294	
Deficit on revaluation of investment properties	—	—	—			—	
Total return for the year[(3)]	**65,290**		**84,294**			**84,294**	

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec REIT's structure.

(2) Trust expenses include trustee's fee, annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and miscellaneous expenses.

(3) Total return for the year comprises net investment income after tax and surplus/deficit on revaluation of investment properties.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

	Nine months ended 30 June 2003						
				Represented By			
	Unaudited financial statements of Sponsor	Pro Forma Adjustments	Pro Forma	Suntec City Mall	Suntec City Office Towers	Total	Note
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	
Gross revenue	137,716	(27,471)	110,245	56,423	53,822	110,245	9
Property expenses							
Maintenance charges	(19,616)	6,459	(13,157)	(6,615)	(6,542)	(13,157)	
Property manager's fee	(158)	(2,838)	(2,996)	(1,533)	(1,463)	(2,996)	
Property tax	(5,523)	256	(5,267)	(2,861)	(2,406)	(5,267)	
Advertising and publicity expenses	(1,595)	372	(1,223)	(1,200)	(23)	(1,223)	
Other property expenses[1]	(24,903)	24,876	(27)	67	(94)	(27)	
Other expenses	(10,475)	10,475	—	—	—	—	
	(62,270)		(22,670)	(12,142)	(10,528)	(22,670)	
Net property income	75,446		87,575	44,281	43,294	87,575	
Other income	230	(230)	—			—	
Manager's management fees	—	(8,807)	(8,807)			(8,807)	
Trust expenses[2]	—	(1,065)	(1,065)			(1,065)	
Borrowing costs	(9,091)	(4,976)	(14,067)			(14,067)	
Net investment income before tax	66,585		63,636			63,636	
Income tax expense	—	—	—			—	
Net investment income after tax	66,585		63,636			63,636	
Deficit on revaluation of investment properties	—	—	—			—	
Total return for the period[3]	**66,585**		**63,636**			**63,636**	

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec REIT's structure.

(2) Trust expenses include trustee's fee, annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and miscellaneous expenses.

(3) Total return for the period comprises net investment income after tax and surplus/deficit on revaluation of investment properties.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

	Nine months ended 30 June 2004						
				Represented By			
	Audited financial statements of Sponsor[3]	Pro Forma Adjustments	Pro Forma	Suntec City Mall	Suntec City Office Towers	Total	Note
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	
Gross revenue	139,716	(36,548)	103,168	58,702	44,466	103,168	9
Property expenses							
Maintenance charges	(20,730)	7,573	(13,157)	(6,615)	(6,542)	(13,157)	
Property manager's fee	(296)	(2,452)	(2,748)	(1,563)	(1,185)	(2,748)	
Property tax	(7,732)	367	(7,365)	(3,980)	(3,385)	(7,365)	
Advertising and publicity expenses	(2,150)	876	(1,274)	(1,194)	(80)	(1,274)	
Other property expenses[1]	(33,016)	31,017	(1,999)	(2,070)	71	(1,999)	
Other expenses	(13,702)	13,702	—	—	—	—	
	(77,626)		(26,543)	(15,422)	(11,121)	(26,543)	
Net property income	62,090		76,625	43,280	33,345	76,625	
Other income	167	(167)	—			—	
Manager's management fees	—	(8,315)	(8,315)			(8,315)	
Trust expenses[2]	—	(1,081)	(1,081)			(1,081)	
Borrowing costs	(6,652)	(7,415)	(14,067)			(14,067)	
Net investment income before tax	55,605		53,162			53,162	
Income tax expense	(35,063)	35,063	—			—	
Net investment income after tax	20,542		53,162			53,162	
Deficit on revaluation of investment properties	—	—	—			—	
Total return for the period[4]	**20,542**		**53,162**			**53,162**	

Notes:

(1) Other property expenses in the financial statements of the Sponsor include depreciation, staff costs, allowance for doubtful receivables, landlord fitting out costs (net of takeover fees) and miscellaneous expenses. Expenses which are not in line with Suntec REIT's structure (principally depreciation and staff costs) have been reversed. Miscellaneous expenses which are not in line with Suntec REIT's structure (principally legal fees, insurance and maintenance expenses) have also been reversed and replaced with similar expenses based on Suntec REIT's structure.

(2) Trust expenses include trustee's fee, annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and miscellaneous expenses.

(3) The auditors' report on the Sponsor's financial statements for the period ended 30 June 2004 has been qualified for the non-disclosure of nine-month comparative information which is required under Singapore Financial Reporting Standard No. 34 "*Interim Financial Reporting*" and the non-consolidation of the financial statements of subsidiaries which is required under Singapore Financial Reporting Standard No. 27 "*Consolidated Financial Statements and Accounting for Investments in Subsidiaries*". These qualifications have no material impact on the pro forma financial information on Suntec REIT.

(4) Total return for the period comprises net investment income after tax and surplus/deficit on revaluation of investment properties.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

PRO FORMA ADJUSTMENTS

	Year ended 30/9/2001 S$'000	Year ended 30/9/2002 S$'000	Year ended 30/9/2003 S$'000	Nine months ended 30/6/2003 S$'000	Nine months ended 30/6/2004 S$'000
Gross revenue	195,407	197,332	183,635	137,716	139,716
Adjustments:					
Reverse gross rent not in line with Suntec REIT's structure	(2,216)	(2,309)	(575)	(444)	(268)
Reverse other income not in line with Suntec REIT's structure	(57,893)	(49,968)	(36,503)	(27,027)	(36,280)
	(60,109)	(52,277)	(37,078)	(27,471)	(36,548)
Gross revenue as stated in the unaudited Pro Forma Statements of Total Return	135,298	145,055	146,557	110,245	103,168
Maintenance charges	(29,176)	(29,131)	(25,784)	(19,616)	(20,730)
Adjustments:					
Reverse maintenance charges not in line with Suntec REIT's structure	29,176	29,131	25,784	19,616	20,730
Incorporate Suntec REIT's maintenance charges[(1)]	(17,542)	(17,542)	(17,542)	(13,157)	(13,157)
	11,634	11,589	8,242	6,459	7,573
Maintenance charges as stated in the unaudited Pro Forma Statements of Total Return	(17,542)	(17,542)	(17,542)	(13,157)	(13,157)
Property Manager's fee	(555)	(443)	(439)	(158)	(296)
Adjustments:					
Reverse marketing fee not in line with Suntec REIT's structure	555	443	439	158	296
Incorporate Suntec REIT's Property Manager's fee	(3,585)	(3,927)	(3,979)	(2,996)	(2,748)
	(3,030)	(3,484)	(3,540)	(2,838)	(2,452)
Property Manager's fee as stated in the unaudited Pro Forma Statements of Total Return	(3,585)	(3,927)	(3,979)	(2,996)	(2,748)

Note:

(1) Maintenance charges payable to the management corporation of the Properties (the "Management Corporation") has been computed, assuming an annual contribution of approximately S$286 per share value (being the reduced contribution rate to be proposed by the Sponsor at the next annual general meeting of the Management Corporation, as described in the Prospectus), applied on 61,394 share values attributable to Suntec REIT.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

PRO FORMA ADJUSTMENTS

	Year ended 30/9/2001 S$'000	Year ended 30/9/2002 S$'000	Year ended 30/9/2003 S$'000	Nine months ended 30/6/2003 S$'000	Nine months ended 30/6/2004 S$'000
Property tax	(8,182)	(4,000)	(6,714)	(5,523)	(7,732)
Adjustments:					
Reverse property tax not in line with Suntec REIT's structure	468	361	356	256	367
Property tax as stated in the unaudited Pro forma Statements of Total Return	(7,714)	(3,639)	(6,358)	(5,267)	(7,365)
Advertising and publicity expenses	(4,620)	(3,922)	(4,284)	(1,595)	(2,150)
Adjustments:					
Reverse advertising and publicity expenses not in line with Suntec REIT's structure	4,608	3,899	4,240	1,572	2,070
Incorporate Suntec REIT's advertising and publicity expenses	(1,613)	(1,623)	(1,580)	(1,200)	(1,194)
	2,995	2,276	2,660	372	876
Advertising and publicity expenses as stated in the unaudited Pro Forma Statements of Total Return	(1,625)	(1,646)	(1,624)	(1,223)	(1,274)
Other property expenses	(45,540)	(42,302)	(40,140)	(24,903)	(33,016)
Adjustments:					
Reverse other property expenses not in line with Suntec REIT's structure	44,724	41,714	39,458	25,016	31,160
Incorporate Suntec REIT's other property expenses	(180)	(183)	(187)	(140)	(143)
	44,544	41,531	39,271	24,876	31,017
Other property expenses as stated in the unaudited Pro Forma Statements of Total Return	(996)	(771)	(869)	(27)	(1,999)
Other expenses	(19,792)	(16,273)	(13,991)	(10,475)	(13,702)
Adjustments:					
Reverse other expenses not in line with Suntec REIT's structure	19,792	16,273	13,991	10,475	13,702
Other expenses as stated in the unaudited Pro Forma Statements of Total Return	—	—	—	—	—

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

PRO FORMA ADJUSTMENTS

	Year ended 30/9/2001 S$'000	Year ended 30/9/2002 S$'000	Year ended 30/9/2003 S$'000	Nine months ended 30/6/2003 S$'000	Nine months ended 30/6/2004 S$'000
Other income	4,961	998	404	230	167
Adjustments:					
Reverse other income not in line with Suntec REIT's structure	(4,961)	(998)	(404)	(230)	(167)
Other income as stated in the unaudited Pro Forma Statements of Total Return	—	—	—	—	—
Manager's management fees	—	—	—	—	—
Adjustments:					
Incorporate Suntec REIT's Manager's base management fee	(6,488)	(6,484)	(6,488)	(4,866)	(4,867)
Incorporate Suntec REIT's Manager's performance fee	(4,673)	(5,289)	(5,228)	(3,941)	(3,448)
	(11,161)	(11,773)	(11,716)	(8,807)	(8,315)
Manager's management fees as stated in the unaudited Pro Forma Statements of Total Return	(11,161)	(11,773)	(11,716)	(8,807)	(8,315)
Trust expenses	—	—	—	—	—
Adjustments:					
Incorporate Suntec REIT's Trustee's fee	(374)	(374)	(374)	(281)	(281)
Incorporate Suntec REIT's other trust expenses	(1,005)	(1,025)	(1,046)	(784)	(800)
	(1,379)	(1,399)	(1,420)	(1,065)	(1,081)
Trust expenses as stated in the unaudited Pro Forma Statements of Total Return	(1,379)	(1,399)	(1,420)	(1,065)	(1,081)
Borrowing costs	(22,752)	(16,134)	(11,763)	(9,091)	(6,652)
Adjustments:					
Reverse borrowing costs not in line with Suntec REIT's borrowing structure	22,752	16,134	11,763	9,091	6,652
Incorporate borrowing costs based on Suntec REIT's borrowing structure	(18,755)	(18,755)	(18,755)	(14,067)	(14,067)
	3,997	(2,621)	(6,992)	(4,976)	(7,415)
Borrowing costs as stated in the unaudited Pro Forma Statements of Total Return[(1)]	(18,755)	(18,755)	(18,755)	(14,067)	(14,067)

Note:

(1) Borrowing costs include interest expense and amortisation of ancillary costs incurred in connection with obtaining the bank facilities. Interest expense has been computed at a blended rate of 2.45% per annum for the purpose of the unaudited Pro Forma Statements of Total Return for each of the years ended 30 September 2001, 2002 and 2003, and each of the nine months ended 30 June 2003 and 30 June 2004.

(C) UNAUDITED PRO FORMA STATEMENTS OF TOTAL RETURN (cont'd)

PRO FORMA ADJUSTMENTS

	Year ended 30/9/2001 S$'000	Year ended 30/9/2002 S$'000	Year ended 30/9/2003 S$'000	Nine months ended 30/6/2003 S$'000	Nine months ended 30/6/2004 S$'000
Income tax credit/(expense)	—	13,895	(15,634)	—	(35,063)
Adjustments:					
Reverse income tax credit/ expense not in line with Suntec REIT's tax transparency status	—	(13,895)	15,634	—	35,063
Income tax expense as stated in the unaudited Pro Forma Statements of Total Return	—	—	—	—	—
Deficit on revaluation of investment properties	—	—	—	—	—
Adjustments:					
Incorporate deficit on revaluation of investment properties	(22,172)	—	—	—	—
Deficit on revaluation of investment properties as stated in the unaudited Pro Forma Statements of Total Return	(22,172)	—	—	—	—

(D) UNAUDITED PRO FORMA MOVEMENTS IN UNITHOLDERS' FUNDS

The movements in unitholders' funds, which have been prepared based on the assumptions described in the Bases of Preparation of Unaudited Pro Forma Financial Information applicable to the unaudited Pro Forma Statements of Total Return, for the year ended 30 September 2003 and each of the nine months ended 30 June 2003 and 30 June 2004, are set out below:

	Year ended 30/9/2003 S$'000	Nine months ended 30/6/2003 S$'000	Nine months ended 30/6/2004 S$'000
Operations			
Net investment income after tax	84,294	63,636	53,162
Increase in net assets resulting from operations	84,294	63,636	53,162
Unitholders' transactions			
Creation of units — manager's management fees paid in units	9,401	7,052	6,762
Distribution to unitholders	(96,233)	(72,201)	(65,259)
Net decrease in net assets resulting from unitholders' transactions	(86,832)	(65,149)	(58,497)
Decrease in net assets during the year/period	(2,538)	(1,513)	(5,335)

(E) UNAUDITED PRO FORMA CASH FLOW STATEMENTS

The unaudited Pro Forma Cash Flow Statements for the year ended 30 September 2003 and each of the nine months ended 30 June 2003 and 30 June 2004 have been prepared for inclusion in the Prospectus and are presented below. The assumptions used to prepare the unaudited Pro Forma Cash Flow Statements are consistent with those described in Bases of Preparation of Unaudited Pro Forma Financial Information.

	Year ended 30/9/2003 S$'000	Nine months ended 30/6/2003 S$'000	Nine months ended 30/6/2004 S$'000
Operating activities			
Net investment income before tax	84,294	63,636	53,162
Adjustments for:			
Allowance for doubtful receivables	598	—	119
Borrowing costs	18,755	14,067	14,067
Manager's management fees paid in units	9,373	7,046	6,652
Operating profit before working capital changes	113,020	84,749	74,000
Changes in working capital			
Trade and other receivables	9,350	9,606	391
Trade and other payables	(434)	(805)	(533)
	8,916	8,801	(142)
Cash flows from operating activities	121,936	93,550	73,858
Investing activities			
Acquisition of assets and liabilities from the Sponsor (see note below)	(1,381,872)	(1,381,872)	—
Cash flows from investing activities	(1,381,872)	(1,381,872)	—
Financing activities			
Proceeds from borrowings	748,200	748,200	5,307
Proceeds from issue of new units (net of issue costs)	673,662	673,662	—
Repayment of borrowings	(60,947)	(60,776)	—
Borrowing costs paid	(20,473)	(16,161)	(12,936)
Distribution to unitholders	(71,943)	(48,063)	(65,410)
Cash flows from financing activities	1,268,499	1,296,862	(73,039)
Net increase in cash and cash equivalents	8,563	8,540	819
Cash and cash equivalents at beginning of the year/period	—	—	8,563
Cash and cash equivalents at end of the year/ period	8,563	8,540	9,382

(E) UNAUDITED PRO FORMA CASH FLOW STATEMENTS (cont'd)

Notes to the unaudited pro forma cash flow statements

The effect of acquisition of assets and liabilities from the Sponsor on Suntec REIT's pro forma cash flows for the year ended 30 September 2003 and the nine months ended 30 June 2003 is set out below:

	S$'000
Investment property	2,107,000
Cash	32,405
Security deposits and rental received in advance	(32,405)
Net assets acquired	2,107,000
Purchase consideration	2,107,000
Less:	
Deferred consideration	(206,992)
Consideration Units issued to the Sponsor	(565,000)
Cash consideration paid	1,335,008
Acquisition costs paid[(1)]	79,269
Cash acquired	(32,405)
Net cash outflow	1,381,872

(1) Includes goods and services tax of $14,097,000 which is recoverable from the tax authorities.

Significant Non-Cash Transactions

Year ended 30 September 2003

During the year, there were the following non-cash transactions:

- Suntec REIT issued 565,000,000 units at S$1.00 per unit, amounting to S$565,000,000, as partial satisfaction of the purchase consideration on the Properties acquired; and
- Suntec REIT issued approximately 7,046,000 units at S$1.00 per unit, amounting to S$7,046,000, as payment for the portion of the Manager's management fees which is payable in the form of units (see section H).

Nine months ended 30 June 2003

During the period, Suntec REIT issued approximately 4,697,000 units at S$1.00 per unit, amounting to S$4,697,000, as payment for the portion of the Manager's management fees which is payable in the form of units (see section H).

Nine months ended 30 June 2004

During the period, Suntec REIT issued approximately 6,762,000 units at S$1.00 per unit, amounting to S$6,762,000, as payment for the portion of the Manager's management fees which is payable in the form of units (see section H).

(F) UNAUDITED PRO FORMA BALANCE SHEETS

The unaudited Pro Forma Balance Sheets as at 30 September 2003 and 30 June 2004 have been prepared for inclusion in the Prospectus and is presented below. The assumptions used to prepare the unaudited Pro Forma Balance Sheets are consistent with those described in Bases of Preparation of Unaudited Pro Forma Financial Information.

	Note	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Current assets			
Cash		31,433	30,858
Trade and other receivables	2	21,634	21,634
Total current assets		53,067	52,492
Non-current assets			
Investment properties	3	2,150,000	2,150,000
		2,150,000	2,150,000
Total assets		2,203,067	2,202,492
Current liabilities			
Trade and other payables	4	(31,385)	(30,810)
		(31,385)	(30,810)
Non-current liabilities			
Other payables	5	(206,992)	(206,992)
Borrowings	6	(748,200)	(748,200)
Total non-current liabilities		(955,192)	(955,192)
Total liabilities		(986,577)	(986,002)
Net assets		**1,216,490**	**1,216,490**
Unitholders' funds			
Units in issue	7	1,287,000	1,287,000
Unit issue costs	8	(48,338)	(48,338)
Deficit on revaluation of investment property		(22,172)	(22,172)
Total unitholders' funds		**1,216,490**	**1,216,490**
Number of units in issue ('000)		1,287,000	1,287,000
Net asset value per unit		S$0.95	S$0.95

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Significant Accounting Policies of Suntec REIT

The significant accounting policies of Suntec REIT, which have been consistently applied in preparing the unaudited pro forma financial information set out in this report, are as follows:

(a) Basis of Preparation of Unaudited Pro Forma Financial Information

The unaudited pro forma financial information, expressed in Singapore dollars and rounded to the nearest thousand, are prepared in accordance with the bases set out in Section B and applied to financial information prepared in accordance with Singapore Statements of Accounting Standard/Financial Reporting Standards. The unaudited pro forma financial information is presented in accordance with the relevant presentation principles of Recommended Accounting Practice ("RAP") 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The measurement currency of Suntec REIT is Singapore dollars. All revenue, expenses, receipts and payments are denominated primarily in Singapore dollars.

(b) Investment Properties

Investment properties are accounted for as non-current assets and are stated at valuation. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the MAS.

Any increase or decrease in valuation on revaluation is credited or charged directly to the Statement of Total Return as a net appreciation or depreciation in the value of the investment properties.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

(c) Depreciation

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis set out in note 1(b). For taxation purposes, Suntec REIT may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

(d) Trade and Other Receivables

Trade and other receivables are stated at their cost less allowance for doubtful receivables.

(e) Trade and Other Payables

Trade and other payables are stated at cost.

(f) Impairment

The carrying amounts of Suntec REIT's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated at each balance sheet date.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

1. Significant Accounting Policies of Suntec REIT (cont'd)

(f) Impairment (cont'd)

An impairment loss is recognised in the Statement of Total Return whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of investment property carried at revalued amount is recognised in the same way as a revaluation decrease on the basis set out in note 1(b).

(g) Interest-Bearing Loans and Borrowings

Interest-bearing loans and borrowings are recognised at cost.

(h) Unit Issue Costs

Unit issue costs represent expenses incurred in connection with the initial public offering of Suntec REIT on the SGX-ST. All such expenses are deducted directly against unitholders' funds.

(i) Revenue Recognition

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised on a straight-line basis over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis.

(ii) Interest income

Interest income is recognised on an accrual basis.

(j) Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is Property Manager's fee which is based on the applicable formula stipulated in Section H note (a).

(ii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Section H note (b).

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is Trustee's fee which is based on the applicable formula stipulated in Section H note (c).

(iv) Borrowing costs

Interest expense and similar charges are recognised in the period in which they are incurred.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

1. Significant Accounting Policies of Suntec REIT (cont'd)

(k) Taxation

Taxation on the return for the year comprises current and deferred tax. Income tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of Suntec REIT for income earned and expenditure incurred after its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of Suntec REIT, the Trustee will not be taxed on the portion of taxable income of Suntec REIT that is distributed to unitholders. Any portion of the taxable income that is not distributed to unitholders will be taxed on the Trustee. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of Suntec REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

Although Suntec REIT is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of Suntec REIT (*i.e.* which has not been taxed in the hands of the Trustee) to certain unitholders. The Trustee and the Manager will not deduct tax from distributions made out of Suntec REIT's taxable income to the extent that the beneficial unitholder is:

- An individual (excluding partnership);
- A tax resident Singapore-incorporated company;
- A non-corporate Singapore constituted or registered entities (e.g town council, statutory board, charitable organisation, management corporations, clubs and trade and industry associations constituted, incorporated, registered or organised in Singapore);
- A Singapore branch of a foreign company which has been presented a letter of approval from the Comptroller of Income Tax granting waiver from tax deducted at source in respect of distributions from Suntec REIT; and

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

1. Significant Accounting Policies of Suntec REIT (cont'd)

(k) Taxation (cont'd)

- Agent banks acting as nominees for individuals who have purchased units in Suntec REIT within the Central Provident Fund Investment Scheme ("CPFIS") and the distributions received from Suntec REIT are returned to CPFIS.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains which are considered as trading gains are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

2. Trade and Other Receivables

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Prepayments	7,537	7,537
Other receivables	14,097	14,097
	21,634	21,634

Other receivables relate to input goods and service tax to be claimed from the tax authorities.

3. Investment Properties

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Cost of investment properties	2,107,000	2,107,000
Acquisition costs incurred	65,172	65,172
	2,172,172	2,172,172
Revaluation deficit	(22,172)	(22,172)
	2,150,000	2,150,000

The investment properties are mortgaged as security for the bank facilities granted by a financial institution (note 6).

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

3. Investment Properties (cont'd)

Description of Property	Title	Term of Lease (years)	Remaining Term (years)	Location	Existing Use	At Valuation		Percentage of Total Net Assets	
						30/09/03	30/06/04	30/09/03	30/06/04
						S$'000	S$'000	%	%
Suntec City Mall	Leasehold	99	84	3 Temasek Boulevard Singapore 038983	Commercial	1,199,000	1,199,000	98.6	98.6
Suntec Tower One units	Leasehold	99	84	7 Temasek Boulevard Singapore 038987	Commercial	28,800	28,800	2.4	2.4
Suntec Tower Two unit	Leasehold	99	84	9 Temasek Boulevard Singapore 038989	Commercial	1,880	1,880	0.1	0.1
Suntec Tower Three units	Leasehold	99	84	8 Temasek Boulevard Singapore 038988	Commercial	247,800	247,800	20.3	20.3
Suntec Tower Four units	Leasehold	99	84	6 Temasek Boulevard Singapore 038986	Commercial	353,520	353,520	29.1	29.1
Suntec Tower Five units	Leasehold	99	84	5 Temasek Boulevard Singapore 038985	Commercial	319,000	319,000	26.2	26.2
Investment properties, at valuation						2,150,000	2,150,000	176.7	176.7
Net liabilities						(933,510)	(933,510)	(76.7)	(76.7)
Net assets						1,216,490	1,216,490	100.0	100.0

The carrying amount of the investment properties at 30 September 2003 and 30 June 2004 is based on an independent valuation undertaken by CB Richard Ellis (Pte) Ltd on 16 September 2004 and apportioned based on the Manager's estimate. The valuation was based on the capitalisation of income, discounted cash flow and direct comparison methods.

Investment properties comprise commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period ranging from 2 to 3 years. Subsequent renewals are negotiated with the lessee. Contingent rents recognised in the Statements of Total Return for each of the years ended 30 September 2001, 2002, 2003, and each of the nine months ended 30 June 2003 and 30 June 2004, amounted to S$1,061,703, S$1,071,717, S$153,983, S$53,661 and S$138,937, respectively.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

4. Trade and Other Payables

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Security deposits	30,035	29,782
Rental received in advance	1,350	1,028
	31,385	30,810

5. Other Payables

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Deferred consideration	206,992	206,992

This relates to deferred consideration on the acquisition of the investment properties, which is payable in six equal semi-annual instalments with the first instalment due 42 months after the completion of the sale and purchase of the Properties. The deferred consideration is to be satisfied in the form of units issued by Suntec REIT at the Offering Price.

6. Borrowings

This note provides information about the contractual terms of the Trust's interest-bearing loan and borrowings.

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Revolving loan	48,200	48,200
Term loan maturing after 1 year but within 5 years	700,000	700,000
	748,200	748,200

Suntec REIT has in place secured bank facilities of S$750 million, comprising a S$700 million term loan facility and a S$50 million revolving credit facility, each for a term of five years (the "Facilities").

Each loan made under the Facilities will bear interest at the relevant Singapore dollar swap offer rate plus a margin of 0.3% per annum throughout the five years. The Manager currently expects to fix the interest rate for the term loan facility using interest rate swaps of varying tenures which may result in not less than 50% of the drawn facility being on a fixed interest rate basis.

The effective interest rate of the loans as at the respective balance sheet dates is 2.45%.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

6. Borrowings (cont'd)

The Facilities are secured on the following:

- A first legal mortgage on the investment properties;
- A first fixed charge over the central rental collection account;
- An assignment of Suntec REIT's rights, title and interest in the property management agreement in relation to the investment properties;
- An assignment of Suntec REIT's rights, title and interest in the tenancy documents and the proceeds in connection with the investment properties;
- An assignment of Suntec REIT's rights, title and interest in the insurance policies in relation to the investment properties;
- A fixed and floating charge over the assets of Suntec REIT in relation to investment properties, agreements and collateral, as required by the financial institution granting the Facilities; and
- An assignment of any interest rate swap facility which may be entered into by Suntec REIT in relation to the Facilities.

Under the terms of the agreements for the Facilities, Suntec REIT undertakes to maintain a debt service coverage of at least 2.2. Suntec REIT is required to place a cash reserve equivalent to 3 months' interest amount in a debt service coverage ratio accrual account if the debt service coverage falls below 2.2.

7. Units in Issue

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Creation of new units arising from the Offering	1,287,000	1,287,000

Each unit in Suntec REIT represents an undivided interest in the trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of Suntec REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Suntec REIT less any liabilities, in accordance with their proportionate interests in Suntec REIT. However, a unitholder does not have the right to require that any assets (or part thereof) of Suntec REIT be transferred to him; and
- Attend all unitholders' meeting. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 unitholders or one-tenth in number of the unitholders, whichever is lesser) at any time convene a meeting of unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a unitholder include the following:

- A unitholder's right is limited to the right to require due administration of Suntec REIT in accordance with the provisions of the Trust Deed; and
- A unitholder has no right to request to redeem his units while the units are listed on SGX-ST.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

7. Units in Issue (cont'd)

A unitholder's liability is limited to the amount paid or payable for any units in Suntec REIT. The provisions of the Trust Deed provide that no unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of Suntec REIT exceed its assets.

8. Unit Issue Costs

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Unit issue costs comprise the following:		
Professional and other fees[(1)]	11,258	11,258
Underwriting and selling commission[(2)]	29,641	29,641
Other issue expenses[(3)]	7,439	7,439
	48,338	48,338

Notes:

(1) Includes financial advisory fee, solicitors' fees, fees for the reporting accountants, the tax consultant and the independent property valuers and other professional fees in connection with the Offering.

(2) Assuming that the over-allotment option is exercised and based on the maximum subscription price of the Offering Price of S$1.00 per unit. The amount of total commissions payable by Suntec REIT to the underwriters will be pegged to the Offering Price. No commission will be payable on the Consideration Units, except to the extent of those units that are subsequently resold pursuant to the exercise of the over-allotment option. Commissions in respect of any Consideration Units that are resold pursuant to the exercise of the over-allotment option are payable by the Sponsor.

(3) Includes cost of prospectus production, road show expenses and other expenses in connection with the Offering.

9. Gross Revenue

	Year ended 30/9/01 Pro forma S$'000	Year ended 30/9/02 Pro forma S$'000	Year ended 30/9/03 Pro forma S$'000	Nine months ended 30/6/03 Pro forma S$'000	Nine months ended 30/6/04 Pro forma S$'000
Gross revenue					
— Suntec City Mall	63,743	70,162	75,057	56,423	58,702
— Suntec City Office Towers	71,555	74,893	71,500	53,822	44,466
	135,298	145,055	146,557	110,245	103,168

10. Number of Employees

Suntec REIT does not have any employees.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

11. Financial Instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and liquidity risks arises in the normal course of the Suntec REIT's business. Suntec REIT has written policies and guidelines, which set out its overall business strategies and its general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer to settle its financial and contractual obligations to Suntec REIT, as and when they fall due.

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated.

At the balance sheet dates, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

Interest rate risk

Suntec REIT's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. The Manager adopts a hedging strategy to manage the risks associated with changes in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance Suntec REIT's operations. In addition, the Manager also monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

Fair values

The Manager believes that it is not practicable to estimate the fair value of the interest-bearing borrowings because of the inability to estimate the fair value without incurring excessive costs. However, the Manager believes that the carrying amounts recorded as at the balance sheet dates reflect the approximate fair values at the respective dates.

The fair values of other financial assets and liabilities approximate their carrying values at the respective balance sheet dates.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

12. Commitments

Suntec REIT leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	As at 30 September 2003 Pro forma S$'000	As at 30 June 2004 Pro forma S$'000
Receivables		
— Within 1 year	111,510	115,114
— After 1 year but within 5 years	89,012	125,099
— After 5 years	638	—
	201,160	240,213

13. Contingent Liability

Pursuant to the tax transparency ruling from IRAS, Suntec REIT has provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties, that may be suffered by IRAS should IRAS fail to recover from unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with the IRAS. The amount of indemnity, as agreed with IRAS for any one year is limited to the higher of S$500,000 or 1.0% of the taxable income of Suntec REIT for that year. Each yearly indemnity has a validity period of eight years.

14. Segment Reporting

Segment information is presented in respect of Suntec REIT's business segments. This primary format is based on the Suntec REIT's management and internal reporting structure.

Segment results are set out in the unaudited Pro Forma Statements of Total Return.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans and expenses, and trust assets and expenses.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

G. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (cont'd)

14. Segment Reporting (cont'd)

30 September 2003	Suntec City Mall Pro Forma S$'000	Suntec City Office Towers Pro Forma S$'000	Total Pro Forma S$'000
Assets and liabilities			
Segment assets	1,199,000	965,097	2,164,097
Unallocated assets			
— Prepayments			7,537
— Cash and cash equivalents			31,433
Total assets			2,203,067
Segment liabilities	16,035	15,350	31,385
Unallocated liabilities			
— Other payables			206,992
— Borrowings			748,200
Total liabilities			986,577
Segment capital expenditure	1,211,365	960,807	2,172,172
30 June 2004			
Assets and liabilities			
Segment assets	1,199,000	965,097	2,164,097
Unallocated assets			
— Prepayments			7,537
— Cash and cash equivalents			30,858
Total assets			2,202,492
Segment liabilities	16,879	13,931	30,810
Unallocated liabilities			
— Other payables			206,992
— Borrowings			748,200
Total liabilities			986,002
Segment capital expenditure	1,211,365	960,807	2,172,172

H. PROPERTY MANAGER'S, MANAGER'S MANAGEMENT AND TRUSTEE'S FEES

(a) Property Manager's Fee

The Property Manager is entitled to receive the following remuneration for the provision of property management, lease management as well as marketing and marketing co-ordination services:

- a fee of 2.5% per annum of the gross revenue for a 12-month financial period;
- an additional fee of 3% per annum of the portion of the gross revenue above S$100 million and up to S$130 million, if the gross revenue exceeds S$100 million for a 12-month financial period; and
- a further fee of 3.5% per annum of the portion of the gross revenue above S$130 million, if the gross revenue exceeds S$130 million for a 12-month financial period.

The Property Manager's fee is to be paid on a monthly basis in arrears.

The aforementioned basis has been used to compute the Property Manager's fee for the purpose of the unaudited Pro Forma Statements of Total Return.

(b) Manager's Management Fees

Under the Trust Deed, the Manager is entitled to receive the following remuneration:

- a base fee not exceeding 0.3% per annum of the value of the Deposited Property (being all the assets of Suntec REIT, as stipulated in the Trust Deed) of Suntec REIT or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of unitholders; and
- an annual performance fee equal to a rate of 4.5% per annum of the net property income (as defined in the Trust Deed) of Suntec REIT for each financial year, or such lower percentage as may be determined by the Manager in its absolute discretion or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of unitholders.

For a period of six years commencing from the listing of the units on the SGX-ST, 80% of the management fees payable to the Manager will be paid in the form of units issued at the market price (as defined in the Trust Deed) prevailing at the date of issue and 20% of the management fees will be in the form of cash. Thereafter, the management fees will be paid entirely in the form of cash. The portion of the management fees payable in the form of units will be made on a quarterly basis, in arrears. The portion of the management fees payable in cash will be made on a monthly basis, in arrears.

Based on the current agreement between the Manager and the Trustee, the Manager is to charge a base fee of 0.3% per annum of the value of the Deposited Property plus an annual performance fee of 4.5% per annum of the net property income and other revenue.

The aforementioned basis has been used to compute the Manager's management fees for the purpose of the unaudited Pro Forma Statements of Total Return. The number of units issued to the Manager for the portion of the fee payable in the form of units have been computed based on a unit issue price of S$1.00 for the purpose of the unaudited Pro Forma Cash Flow Statements.

H. PROPERTY MANAGER'S, MANAGER'S MANAGEMENT AND TRUSTEE'S FEES (cont'd)

(c) Trustee's Fee

Under the Trust Deed, the Trustee's fee shall not exceed 0.25% per annum of the Deposited Property (subject to a minimum of S$9,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of unitholders. The Trustee's fee is payable out of the Deposited Property of Suntec REIT on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current agreement between the Manager and the Trustee, the Trustee's fee is charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property (subject to a minimum of S$9,000 per month).

The aforementioned basis has been used to compute the Trustee's fee for the purpose of the unaudited Pro Forma Statements of Total Return.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORT

VALUATION & ADVISORY SERVICES

CB Richard Ellis Pte Ltd
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16 September 2004

HSBC Institutional Trust Services (Singapore) Limited
(as trustee of Suntec Real Estate Investment Trust)
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

ARA Trust Management (Suntec) Limited
(as manager of Suntec Real Estate Investment Trust)
9 Temasek Boulevard #09-01
Suntec Tower Two
Singapore 038989

Dear Sirs

Suntec City Mall, Suntec Tower Four and Suntec Tower Five,
Various Strata Units within Suntec Tower One, Suntec Tower Two and Suntec Tower Three,
3, 6, 5, 7, 9 and 8 Temasek Boulevard, Singapore respectively (the "Property")

Instructions

We refer to instructions issued by ARA Trust Management (Suntec) Limited (as manager of Suntec Real Estate Investment Trust ("**Suntec REIT**")) (the "**Manager**") requesting formal valuation advice in respect of the Property. We have specifically been instructed to provide our opinion of Market Value of the leasehold interest in the Property as at 30 June 2004, subject to the existing leases and occupancy arrangements.

We have prepared a comprehensive formal valuation report (the "**Report**") in accordance with the requirements of our instructions and the following international definition of "Market Value", namely:

"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

and also on the following basis:

"the price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

i. a willing, but not anxious, buyer and seller; and
ii. a reasonable period within which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind; and
iii. that the property will be reasonably exposed to the market; and
iv. that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
v. that the seller has sufficient resources to allow a reasonable period for the exposure of the property for sale; and
vi. that the seller has sufficient resources to negotiate an agreement for the sale of the property".

In adopting this definition of Market Value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institute of Chartered Surveyors.

For the specific purposes of the prospectus to be issued by the Manager in connection with the initial public offering of units in Suntec REIT (the "**Prospectus**"), we provide a summary of the Report outlining key factors that have been considered in arriving at our opinion of Market Value. The conclusion on Market Value reflects all information known by the valuers of CB Richard Ellis (C) Pty Ltd and CB Richard Ellis (Pte) Ltd (together "**CB Richard Ellis**") who worked on the valuation in respect to the Property, market conditions and available data.

Reliance on this Letter

For the purposes of the Prospectus, we have prepared this letter which summarises our Report and outlines key factors which have been considered in arriving at our opinion of Market Value. This letter alone does not contain the necessary data and support information included in our Report. For further information to that contained herein, reference should be made to the Report, copies of which are held by ARA Trust Management (Suntec) Limited and which we understand will be available for inspection for a period of six months from the date of the Prospectus.

CB Richard Ellis has provided the Manager with a comprehensive formal valuation report of the Property. The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

- The report is approximately 100 pages in length and the conclusion as to the estimated value is based upon the factual information set forth in the Report. Whilst CB Richard Ellis has endeavoured to ensure the accuracy of the factual information, it has not independently verified all information provided by the Manager (primarily copies of financial information with respect to the Property as well as reports by independent consultants engaged by the Manager) or the Government of Singapore (primarily statistical information relating to market conditions and demographics). CB Richard Ellis believes that every investor, before making an investment in Suntec REIT, should review the Report to understand the complexity of the methodology and the many variables involved.

- The methodologies used by CB Richard Ellis in valuing the Property – Capitalisation of Income Approach, Discounted Cashflow Analysis and Direct Comparison – are based upon estimates of future results and are not predictions. These valuation methodologies are summarised in the Valuation Rationale section of this letter. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate, but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses and market conditions. The basic assumptions utilised for the Property are summarised in the Valuation Rationale section of this letter.

- The Report was undertaken based upon information available as at 30 June 2004. CB Richard Ellis accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

Summary of the Property

Brief Description

Suntec City Mall and Suntec City Office Towers which comprise Suntec Tower One, Suntec Tower Two, Suntec Tower Three, Suntec Tower Four and Suntec Tower Five are part of the integrated Suntec City development, Singapore's single largest shopping, entertainment, commercial and convention and exhibition development. The integrated development comprises the 6-storey Suntec Singapore International Convention and Exhibition Centre, an 18-storey office tower, four 45-storey office towers, a part single part 8-storey shopping and entertainment mall known as Suntec City Mall, and a large car park with 3,125 lots spread over two basement levels. The development was completed in various phases between 1994 and 1997.

SUNTEC CITY MALL

Suntec City Mall is divided into four sections: Galleria, Tropics, Fountain Terrace and Entertainment Centre with a seamless connection on the 2nd and 3rd storeys while the 1st storey between Tropics and Entertainment Centre is separated by an access road leading to/from Rochor Road. The four sections have different themes and different trade mixes that complement each other. Suntec City Mall houses major tenants such as Carrefour, Eng Wah Cinemas, Rock Productions, Courts, Suntec Food Court, National University of Singapore Society Guild House, Planet Fitness and Royal Sporting House, in addition to recreation facilities and other specialty shops (including kiosks and Automated Teller Machines ("ATMs")).

SUNTEC CITY OFFICE TOWERS

Suntec City Office Towers comprise Suntec Tower One, Suntec Tower Two, Suntec Tower Three and Suntec Tower Four which are 45-storey buildings, rising from a square base and evolving into hexagonal plan through two diagonal setbacks; at the 14th and 33rd storey. The 18-storey Suntec Tower Five offers one of the largest floor plates within the Central Business District. The five office towers offer column-free space complete with a three-compartment underfloor trunking system and an intelligent building management system.

The office element of the Property comprises the whole of Suntec Tower Four and Suntec Tower Five and 7, 1 and 76 strata-titled units within Suntec Tower One, Suntec Tower Two and Suntec Tower Three respectively.

As at 30 June 2004, the strata and net lettable areas within the Property are as follows:

Property	Strata Floor Area		Net Lettable Area	
	sq m	sq ft (1)	sq m (1)	sq ft (2)
Suntec City Mall	85,326 (3)	918,441	77,631	835,615 (4)
Suntec Tower Four	44,080	474,473	43,529	468,546
Suntec Tower Five	36,125	388,846	35,879	386,203
7 strata units within Suntec Tower One	3,776	40,644	3,629	39,063
1 strata unit within Suntec Tower Two	217	2,336	217	2,336
76 strata units within Suntec Tower Three	30,977	333,433	30,595	329,324
Suntec City Office Towers (Total)	*115,175*	*1,239,732*	*113,850*	*1,225,472*
GRAND TOTAL	*200,501*	*2,158,173*	*191,481*	*2,061,087*

(1) Conversion factor of 10.7639, rounded off.

(2) As per tenancy schedule, rounded off.

(3) Excluding void of 4,680 square metres.

(4) Including recreation facilities of 2,881 square metres (31,000 square feet).

Tenancy Details

SUNTEC CITY MALL

As at the date of valuation, Suntec City Mall had 9 major tenants, 292 specialty shops, 2 ATMs and 5 kiosks. The major tenants occupy a total area of 405,625 square feet, representing 48.5% of the net lettable area Their tenancies are for terms of 2 to 5 years, with the Carrefour, Eng Wah Cinemas, Rock Productions, Courts, Suntec Food Court and National University of Singapore Society leases providing further option periods to renew. In terms of income, the major tenants currently contribute approximately 24.0% of the total gross rental income derived from the subject mall.

The specialty component of the subject mall contains a total area of 429,247 square feet (including vacant units but excluding ATMs and kiosks), representing approximately 51.4% of the net lettable area of the subject mall. The majority of specialty tenancies are occupied under a standard form of lease, with typical lease terms ranging from 1 to 3 years. All leases provide for the payment of base rental with a limited number of leases incorporating structured increases of base rent during the lease term. Specialty leases typically do not incorporate mid-term reviews, with rentals generally being reviewed to market on lease renewal. The majority of the leases also incorporate provisions for reporting of sales turnover and payment of "turnover" rental. The majority of tenants are in occupation under gross lease arrangements with service charges associated with the subject mall and advertising and promotion fee being incorporated in the gross rental rate.

SUNTEC CITY OFFICE TOWERS

As at the date of valuation, the subject office space within Suntec City Office Towers had 9 major tenants and 148 other leases with local and international companies. The major tenants, UBS AG, Infocomm Development Authority of Singapore, Deutsche Bank AG, Microsoft Singapore Pte Ltd, Fuji Xerox Singapore Pte Ltd, Hewlett Packard Far East Pte Ltd, ATOS Origin (Singapore) Pte Ltd, EMC Computer Systems (South Asia) Pte Ltd and Oracle Corporation Singapore Pte Ltd., occupy a total area of 508,158.9 square feet, representing 41.5% of the net lettable area. These tenancies are for terms of 2 to 5 years. Other than Fuji Xerox, the other major tenants' leases provide further option periods to renew. In terms of income, the major tenants currently contribute approximately 47.3% of the total gross rental income derived from the subject office space.

International and local companies occupy about 509,062 square feet (excluding vacant units) of the remaining space, representing approximately 41.5% of the net lettable area of the subject office space. The majority of these tenancies are occupied under a standard form of lease, with typical lease terms ranging from 1 to 3 years. All leases provide for the payment of base rental and these office leases typically do not incorporate mid-term reviews, with rentals generally being reviewed to market on lease renewal. The majority of tenants are in occupation under gross lease arrangements with service charges associated with the property being incorporated in the gross rental rate.

Summary of Property Details

The following table summarises other key property details for the Property:

Property	*Strata Floor Area (sq m)*	*Strata Share Value*	*Tenure*	*Zoning (2003 Master Plan)*
Suntec City Mall, 3 Temasek Boulevard	85,326.0 & void of 4,680.0 & accessory lots of 99.0	30,868	99 years leasehold from 1 March 1989	Commercial with plot ratio of 4.1
Suntec Towers Four & Five and various strata units within Suntec Towers One, Two & Three, 6, 5, 7, 9 and 8 Temasek Boulevard respectively	115,175.0	30,326	99 years leasehold from 1 March 1989	Commercial with plot ratio of 4.1

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the shopping centre market. We have utilised Capitalisation of Income Approach, Discounted Cash Flow Analysis and Direct Comparison in undertaking our assessment for the Property.

Capitalisation of Income Approach

As our primary method of valuation, we have utilised a capitalisation of income approach in which the sustainable net income on a fully leased basis has been estimated having regard to the current passing rental income and potential future income from existing vacancies. Other income relating to advertising and promotion recoveries, casual leasing, sundry items and car parking revenue has additionally been incorporated within our calculations. From this figure, we have deducted outgoings expenditure, property tax, management fees and an ongoing vacancy allowance to reflect possible future vacancies and bad debts. We have additionally incorporated an ongoing owner's non-recoverable expenditure allowance within our calculations.

The resultant net income has thereafter been capitalised over the remaining leasehold tenure to produce a core capital value. The yield adopted reflects the nature, location and tenancy profile of the Property together with current market investment criteria, as evidenced by the sales evidence considered. Thereafter, appropriate capital adjustments have been included relating to letting up costs associated with existing vacancies, rental reversion adjustments and capital expenditure requirements.

Discounted Cash Flow Analysis

As a secondary method of valuation, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the Property is sold at the commencement of the eleventh year of the cashflow. This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, sales turnover growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

We have investigated the current market requirements for an investment return over a 10-year period from commercial property. We hold regular discussions with investors active in the market, both as purchasers and owners of shopping centres and office buildings. From this evidence, we conclude that market expectations are currently in the order of 8.5% to 9.5%. We note that the Singapore Government Securities (SGS) 10-year bond rate for January to June 2004 is trending between 3.07% and 3.68%, indicating a risk premium of between 4.82% and 6.43%. Based on our analysis of comparable sales within the international market, which generally indicate a range of 4.0% to 5.5%, the slightly higher premium reflects the inherent investment risks associated with South East Asia and the current status of the SGS 10-year bond rate.

Our selected terminal capitalisation rates, used to estimate the terminal sale price, take into consideration perceived market conditions in the future, estimated tenancy and cash flow profile and the overall physical condition of the Property in 10 years' time.

Based on the above, the following table outlines the salient valuation assumptions adopted in undertaking our assessment:

Property	*Capitalisation Rate*	*Target Discount Rate (10 year)*	*Terminal Yield*	*Assessed Market Value S$*	*(S$/sq ft)*
Suntec City Mall	5.70%	8.75%	5.95%	$1,199,000,000	$1,435
Suntec City Office Towers	4.50%	8.75%	4.75%	$951,000,000	$776

16 September 2004

Conclusion

We are of the opinion that the Market Value of the leasehold interest in the Property as at 30 June 2004, subject to all existing tenancies and occupancy arrangements, is **S$2,150,000,000 (Two billion one hundred and fifty million Singapore Dollars).**

Disclaimer

Mr Danny Mohr, Ms Sim Hwee Yan and CB Richard Ellis have prepared this Valuation Summary Letter for inclusion in the Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the aforementioned Report and this Valuation Summary Letter. Mr Danny Mohr, Ms Sim Hwee Yan and CB Richard Ellis do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by CB Richard Ellis in this letter.

CB Richard Ellis has relied upon property data supplied by the Manager which we assume to be true and accurate. CB Richard Ellis takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. Messrs Danny Mohr and Sim Hwee Yan have no present or prospective interest in the subject Property and have no personal interest or bias with respect to the party/s involved. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

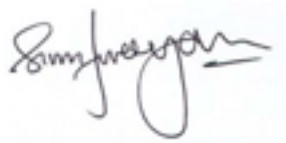
We hereby certify that the valuers undertaking these valuations are authorised to practice as valuers and have at least 15 years continuous experience in valuation.

Yours sincerely

CB Richard Ellis (C) Pty Ltd
(Brisbane, Australia)

Danny Mohr AAPI
Registered Valuer No. 1712
Senior Director – Valuation & Advisory Services

CB Richard Ellis (Pte) Ltd
(Singapore)



Sim Hwee Yan BSc (Est.Mgt) Hons FSISV
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Office and Retail
Market Overview

Prepared For

ARA TRUST MANAGEMENT (SUNTEC) LIMITED

In Respect Of

SUNTEC REAL ESTATE INVESTMENT TRUST

30 June 2004

FOR AND ON BEHALF OF
CB RICHARD ELLIS (PTE) LTD

Soon Su Lin
Executive Director
Global Research and Consulting (Singapore)

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1 Introduction

ARA Trust Management (Suntec) Limited (Manager), as manager of Suntec Real Estate Investment Trust (Suntec REIT), and HSBC Institutional Trust Services (Singapore) Ltd as trustee of Suntec REIT, commissioned CB Richard Ellis (Pte) Ltd (CB Richard Ellis) to conduct a study to provide an Retail and Office Market Overview for the purpose of inclusion in the Prospectus to be issued in connection with the initial public offering of the units in the Suntec REIT and the listing of Suntec REIT on Singapore Exchange Securities Trading Limited. The real estate indicators of the Retail and Office sectors were reviewed to offer an overview of the existing market conditions. In addition, overviews of the economy, emerging trends and prospects going forward were provided to offer foreseeable market conditions. As part of the overview, CB Richard Ellis also provided an independent review of the Suntec REIT properties by benchmarking occupancy rates and rental trends against the respective micromarkets.

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Assumptions

Assumptions are a necessary part of this report. CB Richard Ellis adopts assumptions because some information is not available, or falls outside the scope of our expertise. While assumptions are made with careful consideration of factors known to CB Richard Ellis at the date of this document, the risk that any of the assumptions may be incorrect should be taken into account. CB Richard Ellis does not warrant or represent that the assumptions on which this report is based are accurate or correct.

Information supplied by others

This document contains a significant volume of information which is directly derived from other sources. The information is not adopted by CB Richard Ellis as our own, even where it is used in this report. Where the content of this document has been derived, in whole or in part, from sources other than CB Richard Ellis, CB Richard Ellis does not warrant or represent that such information is accurate or correct.

Future matters

To the extent that this document includes any statement as to a future matter or projections or forecasts, that statement is provided as an estimate and/or opinion based on the information known to CB Richard Ellis at the date of this document. Such projections or forecasts are to be regarded as indicative of possibilities rather than absolute certainties. They involve assumptions about many variables and any variation due to changing conditions will have an impact on the final outcome. CB Richard Ellis does not warrant that such projections or forecasts will be achieved.

2 Economic Overview

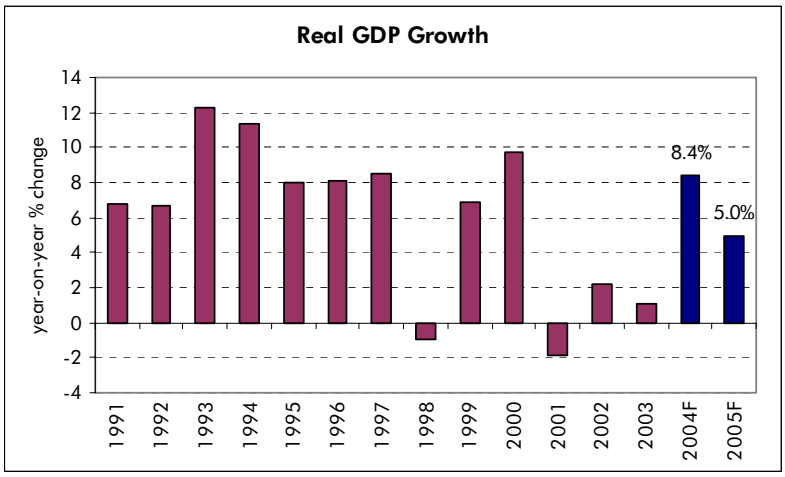
2.1 Historical Economic Performance

The Singapore economy grew by an average of 6.1% between 1991 and 2003, while growth was on average 8.8% per annum between 1991 and 1997. The lower growth for the 13-year average was primarily because of the two economic recessions in 1998 (-0.9%) and 2001 (-1.9%). In 2003, while the economy in the first half was battered by negative factors such as the Iraq war and the Severe Acute Respiratory Syndrome (SARS) outbreak, the economy grew in the second half on the back of the growth in the region and the US. Overall, the Singapore economy registered a full-year growth of 1.1% in 2003.

In the first half of 2004, the Singapore economy expanded by 10.0% year-on-year. The strong growth reflected rising external demand for Singapore's exports and also the recovery from SARS which had severely dampened the local economic growth during the first half of last year. The resumption of international travel had a particularly strong positive impact on the hotels and restaurants sector as well as the transport and communications sector. There was also growth of entreport trade which boosted activity in the wholesale and retail trade sector. The financial and business services sectors saw positive growth as well.

For the manufacturing sector, the growth was led by a surge in output of semiconductors, and infocomms and consumer products. The biomedical manufacturing cluster registered strong growth, while the precision engineering and transport engineering clusters grew slightly. However, the construction sector remained slow in terms of growth.

Looking ahead, the MTI said that Singapore's economic growth momentum would continue for the rest of the year and into 2005 at more sustainable rates. This is backed by healthy prospects for global economic growth. The Ministry believes that interest rates are likely to increase at a pace that will allow smooth adjustments in the major economies. Although oil prices have remained high, futures prices indicate a return to more normal levels over the next year or so. Putting these into perspective, the MTI has revised the growth forecast to 8.0-9.0%, up from 5.5-7.5% previously.



Source: Department of Statistics, MAS survey of professional forecasters (September 2004)

Note: Based on 1995 prices

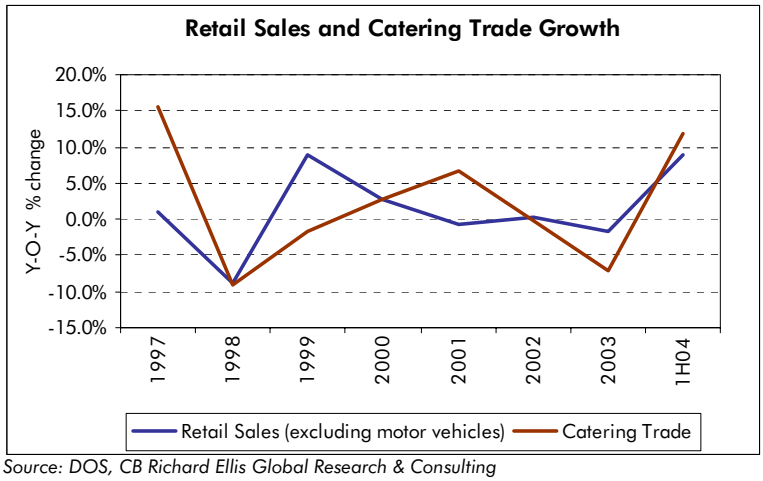
3 Retail Market Review

We begin our review of the retail market with a look at the performance of the retail industry and its various indicators, which have an influence on demand for retail space. This is followed by an overview of the retail property sector.

3.1 Retail Sales and Other Indicators

3.1.1 Retail Sales

The performance of the retail industry in the first half of 2004 has vastly improved after being hit by the SARS outbreak in 2003. The retail sales index shows better sales in the January to June period of this year, not only compared with the SARS-hit period of 2003 but also pre-SARS 2002. Retail sales (excluding motor vehicles) went up by 9.0% and 6.6% from 2003 and 2002 respectively. The catering trade index (for restaurants, fast food and cafes) indicates an improvement of 11.9% against 2003 but sales of this segment are still marginally 1.2% lower than in 2002.



Source: DOS, CB Richard Ellis Global Research & Consulting

Note: Growth rates based on dollar sales for 1997-2002; for 2001-2002, based on new series of data (for which methodology was changed); rates for 2003 and 1H2004 based on indices

The retail industry has suffered numerous setbacks in recent years – the weak economy, unemployment and external factors such as the SARS outbreak, the Iraq war, the Bali bombings and the 9-11 attacks. The external factors also affected international travel and caused a fall in Singapore's tourist arrivals. As such, the retail industry has been rather stagnant after the Asian financial crisis, recording sales (excluding motor vehicles) of around S$17 billion per annum. Prior to that, historical data for 1990-1997 shows that retail sales (excluding motor vehicle sales) grew a compounded annual growth rate of 4.1%, from S$13.3 billion in 1990 to a peak of S$17.7 billion in 1997. However, the outlook is optimistic as retailers are looking forward to better trading conditions.

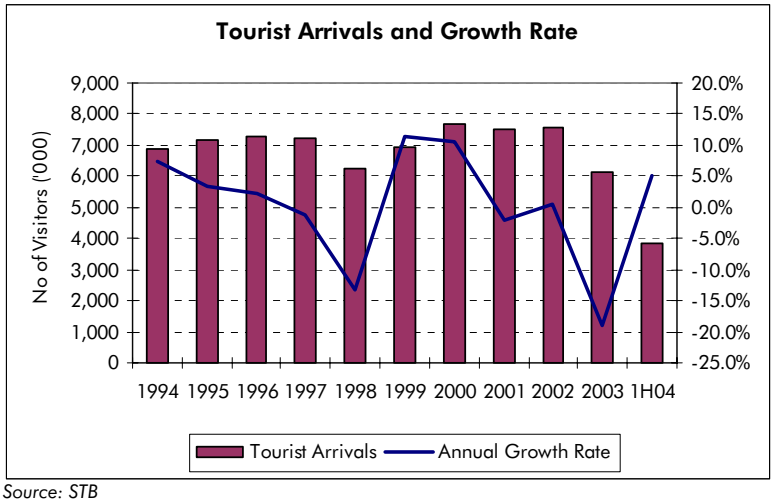
3.1.2 Tourist Arrivals and Expenditure

Tourist arrivals in 2004 have made a robust recovery after being badly hit by the SARS outbreak in 2003, surpassing even the 2002 levels. In the first half of 2004, arrivals totalled 3.87 million, up 54% year-on-year and 5.1% over the corresponding pre-SARS period in 2002. The most recent three-month period of April to June saw a total of over two million arrivals for the first time since the third quarter of 2001. A target of the pre-SARS level of 7.6 million has been set for 2004, and this is expected to be met or even surpassed.

The government and the Singapore Tourism Board (STB) have put in place changes, plans and incentives to bring more tourists into the country. A brand new international marketing campaign was launched in March 2004 with the tagline "Uniquely Singapore". Other moves include the easing of visa requirements; cash incentives to airlines; a Tourism Consultative Council to set out key strategies and business plans, issues and challenges faced by the tourism industry. Promotional efforts for the Great Singapore Sale have successfully brought in a higher number of visitors than in 2003 and 2002.

Tourist spending makes up about 20% of retail and F&B sales in Singapore and is a key driver of the retail industry. Tourist retail expenditure (defined as shopping and F&B) for 2003 totalled S$2.85 billion or S$465 per visitor. The total amount shrank due to the drop in visitor arrivals but the expenditure per visitor has remained stable. In 2002, tourist retail expenditure was S$3.56 million or S$470 per visitor.

To increase the spending per visitor, the STB is targeting more high-end tourists as well as the MICE (meetings, incentives, conventions, exhibitions) visitor who typically spends more than the average visitor.



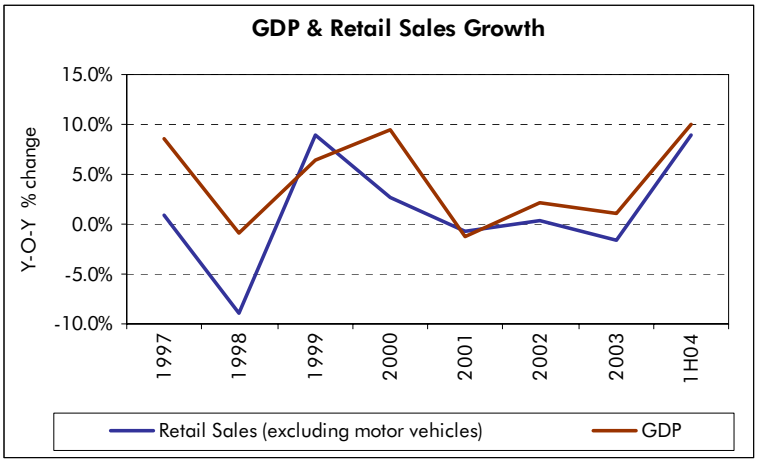
Source: STB

Note: The growth rate shown for 1H04 is compared with the corresponding period in 2002 as 2003 levels are considered untypical due to the SARS outbreak.

3.1.3 Economy and Employment

The performance of the retail industry is closely tied to GDP growth. One of the reasons for the sluggish performance of the retail industry in recent years is the weak economy. Singapore experienced a recession in 2001 after a strong recovery from the Asian financial crisis. In 2002 and 2003, the economy grew by only 2.2% and 1.1% respectively. The marginal growth in 2003 was largely attributed to the SARS outbreak. During these few years, the unemployment rate also increased and hit a record high of 4.7% in 2003 (annual average). Against this sombre backdrop, consumer spending was greatly stifled.

However, as the economy and employment situation began to improve since the final quarter of 2003, consumer confidence similarly strengthened. For the first half of 2004, the economy grew by 10.0%. While the current unemployment rate of 4.5% in June 2004 is only marginally lower than last year's average, job creation from the economic recovery has helped to keep it stable. Retrenchments have also fallen. The brighter outlook of a projected 8-9% economic growth and 4% unemployment rate in 2004 will underpin domestic spending in the next 6-12 months.



Source: MTI, DOS, CB Richard Ellis Research & Consulting
Note: Growth rates based on dollar sales for 1997-2002; for 2001-2002, based on new series of data (for which methodology was changed); rates for 2003 and 1H2004 based on indices

3.1.4 Population and Retail Expenditure Per Capita

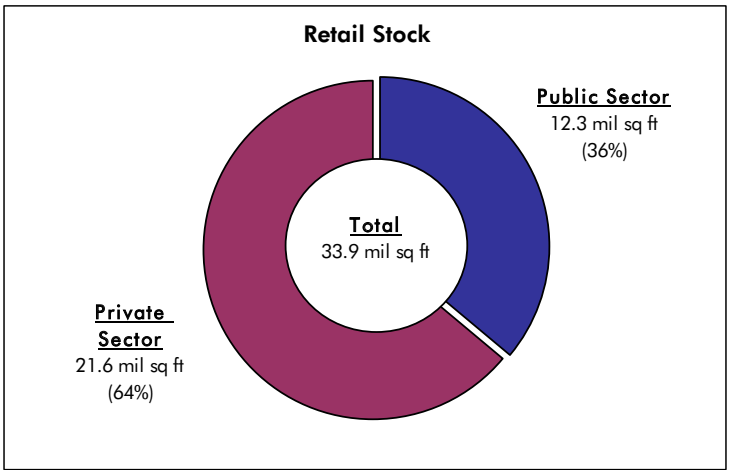
Population growth is another key driver of the retail industry. The Singapore population grew by a compounded annual rate of 2.8% in the 1990s, according to DOS population data. In more recent years since 2000, the rate has slowed down to 1.4%. Nonetheless, population growth will be one of the key foundations to retail sales growth in the long term.

In comparison, retail spending (measured by retail sales excluding motor vehicles), grew roughly in tandem with population growth in the 1990s, resulting in a fairly stable retail expenditure per capita of S$4,500 on average. Taking the more recent period of 2000-

2003, retail expenditure per capita has shrunk as retail sales have not grown as much as population. This is probably due to more belt-tightening as a result of tough economic and employment conditions. Retail expenditure per capita is estimated at S$4,000 in 2003.

3.2 Islandwide Retail Stock

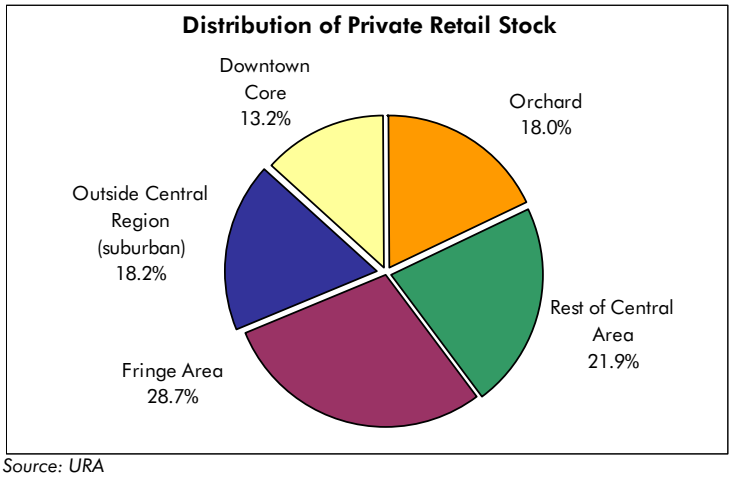
The current stock of retail space from both the private and public sector amounted to 3.153 million sq m (33.94 million sq ft) at end-2Q04, based on statistics from the Urban Redevelopment Authority (URA). Of this, 2.011 million sq m (21.65 million sq ft) is private sector retail space.



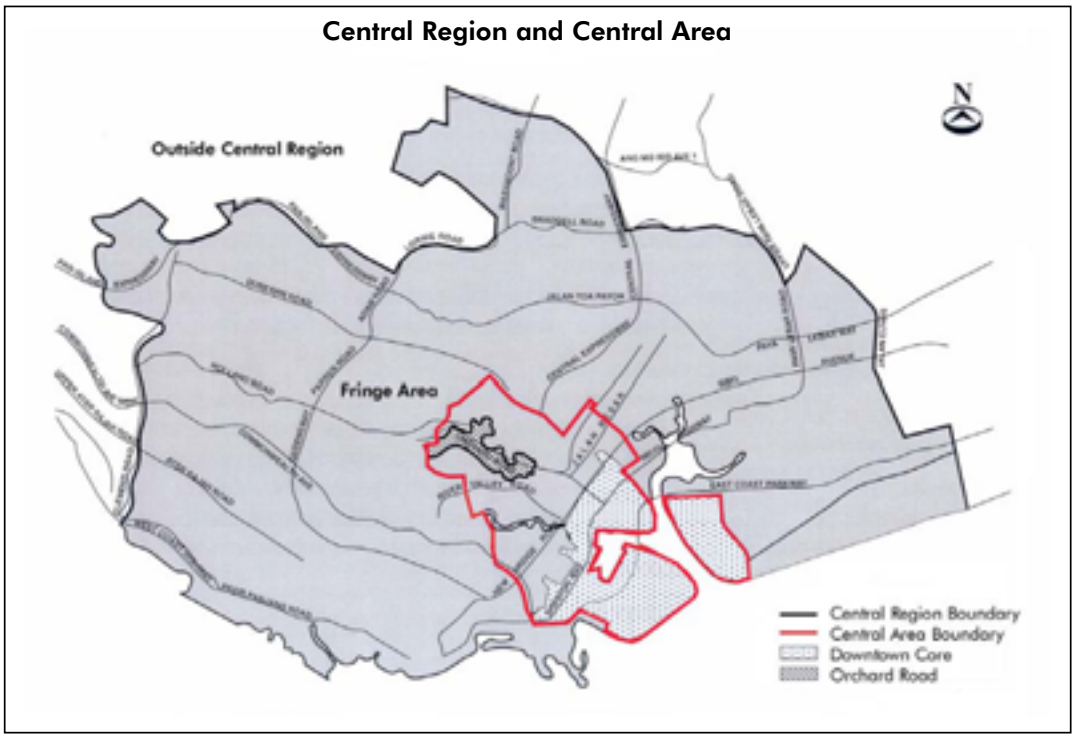
Source: URA

Private sector retail space includes shopping centres in the city and the traditional downtown Orchard Road shopping belt, suburban shopping centres, other strata-titled retail centres and shophouses. Public sector retail stock comprises mainly neighbourhood retail centres developed by the government through agencies such as the Housing and Development Board (HDB). These are found in suburban HDB estates.

Of the 2.011 million sq m of private retail space, 53.1% are found in the Central Area, with 18.0% in Orchard Road, 13.2% in Downtown Core and 21.9% in Rest of Central Area. The remaining stock is in the Fringe Area (28.7%) and Outside Central Region (18.2%).



Source: URA



Source: URA

Note: Planning zones defined by URA. Central Area comprises Downtown Core, Orchard, Rest of Central Area, while Central Region comprises Central Area and Fringe Area

Although retail stock has increased by about 10% over the last ten years, the retail stock per capita has shrunk from 9.1 sq ft to 8.1 sq ft. This is because population grew by a larger 22% over the same period. However, private retail stock per capita shrank less. The increase in total stock was largely due to an expansion of private stock; public retail stock hardly increased as older HDB shops were demolished while new ones were built. It would appear that the government's release of land for suburban retailing helped to ensure adequate private retail supply to support an increasing population base.

Retail Stock and Population Growth					
	Square Feet (Million)		Increase	Square Feet Per Capita	
	1994	2003		1994	2003
Total Retail Stock	31.1	34.1	9.6%	9.1	8.1
Private Retail Stock	18.8	21.7	15.4%	5.5	5.2
Public Retail Stock	12.2	12.3	0.7%	3.5	3.0
Total Population (No of persons: millions)	3.4	4.2	22.3%		

Source: URA, DOS, CB Richard Ellis Global Research & Consulting

Relative to other major cities, Singapore does not appear to be "overshopped". In comparison, Hong Kong and Sydney both have a per capita of 15 sq ft of total retail stock[1].

3.3 Islandwide Future Supply

Between mid-2004 and 2008, total known retail supply is estimated to be 2.54 million sq ft.

2004

Only a projected 125,000 sq ft of retail space is due for completion in the remaining six months of 2004. No major retail projects are expected and the supply will come from Phase 2 of HarbourFront Centre's refurbishment, addition of space at Junction 8 and HDB's Pioneer Mall. The refurbished Orchard Point (estimated 140,000 sq ft) was completed in the first quarter of 2004 and was mostly for owner occupation by OG department store. There is therefore very limited new retail supply in 2004. The average annual net supply, based on URA data for the past 10 years and taking into account demolitions, is 298,163 sq ft (private sector space).

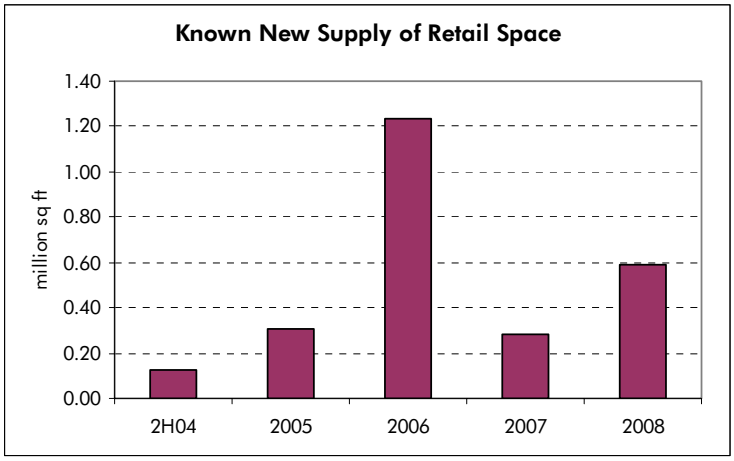
[1] Source: (Hong Kong) Rating and Valuation Department, Census and Statistics Department; (Australia) CB Richard Ellis Research & Consulting
Definition of total retail stock: (Hong Kong) Retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices; (Australia) Retail space above 1,000 sq m, including shopping centres, purpose-built bulk goods stores and stand-alone stores in shopping/commercial strips

Beyond 2004

However, more supply is expected in the next few years including 1.23 million sq ft in 2006, of which one million sq ft will be from HarbourFront Mall. HarbourFront Mall is likely to be the most ambitious retail concept to date with a strong focus on family and lifestyle entertainment theme. We see it as a destination centre with the entire Singapore population as its catchment. Other major developments include Cathay Building, Square 2, Central and City Square.

Known New Supply (2H04 - 2008)*						
Expected Completion		Proposed Retail Projects	Location	Planning Region	Net Floor Area** (sq ft)	Total Net Floor Area (sq ft)
3Q 2004	1	HarbourFront Centre (Phase 2 refurbishment)	Telok Blangah Road	Fringe Area	20,000	
3Q 2004	2	Pioneer Mall	Jurong West	Outside Central Region	55,000	
4Q 2004	3	Junction 8 (Phase 2 additions)	Bishan Road	Fringe Area	50,000	**125,000**
4Q 2005	4	Centrepoint extension	Orchard Road	Orchard	63,000	
2005	5	Cathay Building (redevt)	Handy Road	Rest of Central Area	180,000	
2005	6	3 Church St (retail space in office project)	Church Street	Downtown Core	5,244	
2005	7	Singapore Management University (retail space)	Stamford Road/ Bras Basah Road	Rest of Central Area	40,000	
2005	8	Changi Airport Terminal 2 (additions)	Airport Boulevard	Outside Central Region	21,528	**309,772**
1Q 2006	9	One Raffles Quay (retail space in office project)	Central Blvd/Raffles Quay/ Marina Blvd	Downtown Core	4,058	
1Q 2006	10	The Frontier Community Club	Jurong West	Outside Central Region	7,530	
2006	11	HarbourFront Mall	Telok Blangah Road	Fringe Area	1,000,000	
2006	12	Square 2	Thomson Road	Fringe Area	109,000	
2006	13	VisionCrest (retail space in residential project)	Penang Road	Orchard	6,862	
2006	14	Fusionpolis	Ayer Rajah Avenue	Fringe Area	106,644	**1,234,094**
4Q 2007	15	Central (retail podium)	Eu Tong Sen Street	Rest of Central Area	213,000	
2007	16	SLF retail development	Ang Mo Kio Ave 3/ Ave 8	Outside Central Region	n.a.	
2007	17	Icon (retail space in residential project)	Gopeng Street	Downtown Core	45,000	
2007	18	Marina Boulevard residential development (retail space)	Marina Boulevard	Downtown Core	29,000	**287,000**
2008	19	City Square	Jalan Besar/ Serangoon Road/ Kitchener Road	Fringe Area	450,000	
2008	20	Changi Airport Terminal 3	Airport Boulevard	Outside Central Region	137,564	**587,564**
				Total (2H04-2008)		**2,543,430**

Source : URA; CB Richard Ellis Global Research & Consulting
**(as at end-2Q04) New space is considered to be space under construction, additions/extensions and total refurbishment of existing*
*** Estimates only*



Source: CB Richard Ellis Global Research & Consulting

Government Land Sales

In the medium to longer term, we believe that the government land sales programme will be the main source of land supply for future commercial development. Several sites on the current government reserve list are mixed use or "white" sites which may yield retail developments, some of which are close or next to MRT/LRT stations.

They are the Business and Financial Centre site in Marina Boulevard, a site at Belilios Road, and in the suburbs, sites in Serangoon Central, Punggol, Choa Chu Kang/Yew Tee, Seletar and Jurong West. All of them may potentially include a retail centre, in particular Serangoon Central and Punggol where there is currently no major mall to serve the surrounding area. In addition, there is a site at Victoria Street zoned for commercial/entertainment, which may have retail space when developed.

Other Initiatives

The government plans to push ahead the development of the Marina Bay area with infrastructural investments comprising a waterfront promenade and a pedestrian/vehicular bridge linking the bayfront to Marina Centre. Space for F&B, recreation and lifestyle trades is likely to be created along the waterfront.

The government has also announced several initiatives to rejuvenate Orchard Road and these may yield some retail space. One is the underground walkway scheme, where the government will co-pay for the construction of such walkways, and the other is the possible release of existing vacant sites in Orchard Road.

(See Sections 4.1 and 4.2 on the Orchard and City Hall/Marina Centre micromarkets for more details.)

Elsewhere, the government has envisioned Sentosa Cove and the Southern Islands as an international resort destination with pristine beaches, hotels, private homes, marinas, spas, gourmet restaurants, high-end fashion malls and possibly even a casino for high rollers. This will also bring about new retail space although it will cater to a highly targeted market.

3.4 Islandwide Retail Demand and Occupancy

While demand for retail space was dampened in the first half of 2003 due to the weak economy and Sars outbreak, leasing activity picked up after the outbreak was contained and when optimism gradually returned. An increased interest in leasing retail space was seen in the first quarter of 2004 after a hiatus during the year-end festive period that ended at Chinese New Year in January this year; this continued into the second quarter. Many retailers were keen to explore locations for expansion or new concepts.

In the first quarter, many of the retailers in expansion mode were major chain stores aiming to increase their reach. In terms of trades, those that added outlets included supermarkets, food courts, education, beauty & fitness (e.g. gyms, spas, yoga centres) and entertainment. Food & beverage operators continued to drive demand for space and among them were those at the upper-mid-end that chose niche locations with unique flavours, such as "village hubs" and shophouse areas. In the second quarter, expansions and new entrants were seen across all trades.

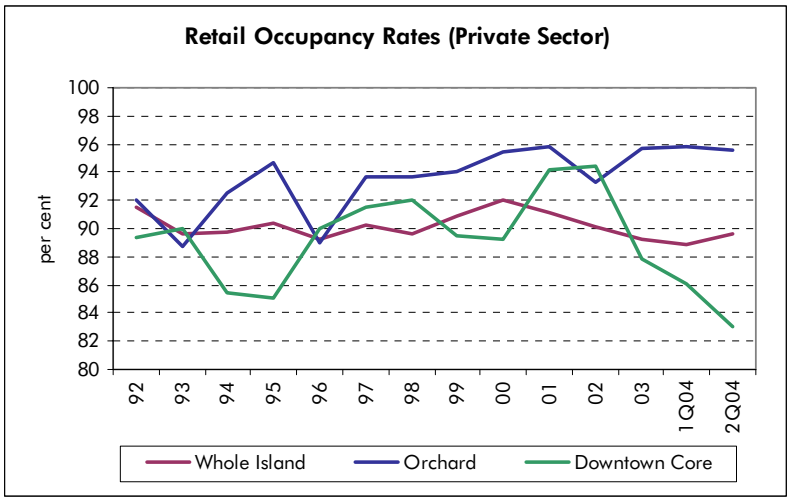
At end-2Q04, total cumulative demand amounted to 2.865 million sq m (30.84 million sq ft) of which 1.801 million sq m (19.39 million sq ft) was for private sector space.

Net demand in the first half 2004 was a negative 12,000 sq m (129,168 sq ft) but most of this was due to a contraction in demand for public sector space. In the private sector, there was a contraction of 1,000 sq m (10,764 sq ft) and this was due to lower take-up in Downtown Core, Fringe Area and Outside Central Region. The negative net demand in these areas is most likely for less attractive space, e.g. properties or shophouses that are poorly located, not well maintained or old. Demand in Rest of Central Area rose by 8,000 sq m (86,112 sq ft) while Orchard Road saw a net increase of 13,000 sq m or 139,932 sq ft.

At end-2Q04, URA's islandwide occupancy rate for private sector retail space was 89.6%. In specific planning zones, occupancy rates were 95.6% (Orchard Road), 83.1% (Downtown Core) and 96.2% (Outside Central Region). It should be noted that major well-established malls are enjoying full or nearly full occupancy.

Occupancy rates in Singapore for private sector space have hovered within a narrow range despite the spurt of new retail space in the mid to late 90s. The islandwide occupancy rate has not dipped below 89%. Most single-owner malls with leased space that came on stream in the past decade or so showed strong pre-commitment rates of

between 85% and 100% during their marketing phase. It was only in the recession year of 1998 that pre-commitment rates slowed down.



Source: URA

3.5 Retail Rentals

Based on the URA rental index for shop space in the Central Region, retail rents fell 3.4% in 2003 and 0.6% in the first quarter 2004, but rose by 0.8% in the second quarter. The CB Richard Ellis index of islandwide prime rents[2] fell by 1.2% in 2003 but rose 0.4% in the first quarter 2004 and another 0.8% in the second quarter.

On the whole, rents did not drop drastically in 2003 in spite of the SARS outbreak as the outbreak was not protracted and occupancy was not badly affected. In the first two quarters this year, rents have begun to firm up.

3.6 Retail Property Transactions and Capital Values

As an income-generating investment, retail property remains sought-after. It offers higher yields in comparison with commercial and residential properties. In the investment sales market, there were 33 major retail investment transactions in the past five years (1999-2Q04), resulting in total sales of some S$6.76 billion out of the total property investment sales of S$33.48 billion. Shopping centres have attracted the interest of institutional investors with their high yields and stable income. Singapore's first real estate investment trust, CapitaMall Trust (launched in 2002), also accounted for several of these transactions.

[2] Average prime rent is defined as the average rent of units up to 1,000 sq ft on the prime floor (level with heaviest traffic, typically level one) from our basket of major retail centres

Major Retail Property Transactions						
Property	Date	Price (S$ million)	Lettable Area (sq ft)	Price (S$psf)	Tenure (years)	Buyer
Scotts Shopping Centre & The Ascott Singapore*	Jun-04	345.00	247,421	1,394	Freehold	Wheelock Properties
Plaza Singapura	May-04	710.00	486,113	1,461	Freehold	CapitaMall Trust
Hougang Mall	Mar-04	188.00	156,000	1,205	99	Asian Retail Mall Fund
Ngee Ann City (27% interest)*	Sep-03	538.00	397,450	1,354	99	Orchard Square Capital Assets Ltd
Lot 1 Shoppers' Mall	Sep-03	243.80	207,961	1,172	99	CapitaRetail Singapore
Bukit Panjang Plaza	Sep-03	161.30	148,162	1,089	99	CapitaRetail Singapore
Rivervale Mall	Sep-03	65.20	80,685	808	99	CapitaRetail Singapore
IMM Building*	Dec-02	247.40	855,358	289	30+30 (JTC)	CapitaMall Trust
Century Square	Dec-02	223.75	194,309	1,152	99	Asian Retail Mall Fund
Compass Point	Nov-02	335.00	269,546	1,243	99	Sengkang Mall Ltd (SPV)
Rivervale Mall	Nov-02	59.30	78,039	760	99	NTUC FairPrice
Wisma Atria*	Apr-02	451.00	223,599	2,017	99	Aspinden Holdings (SPV)
Tiong Bahru Plaza	Jan-02	192.00	181,970	1,055	99	Asian Retail Mall Fund
Tampines Mall	Sep-01	409.00	312,376	1,309	99	CapitaMall Trust
Junction 8	Sep-01	295.00	248,471	1,187	99	CapitaMall Trust
Funan The IT Mall	Sep-01	191.00	248,376	769	99	CapitaMall Trust
Raffles City Complex (55% stake)*	Jun-01	984.50	3,451,498	285	99	Tincel Ltd (SPV)
Orchard Point	Feb-01	91.00	83,672	1,088	97	OG Pte Ltd
Parkway Parade	Feb-00	474.20	488,298	971	99	Asia Pacific Investment Company
Kovan Centre	Aug-99	18.80	40,967	459	Freehold	Ho Bee Group
Century Square	Jun-99	200.00	193,933	1,031	99	n.a. (SPV)

Source: CB Richard Ellis Global Research & Consulting
** Lettable area of these properties includes other space such as serviced apartments, office, hotel and warehouse*
SPV: Special purpose vehicle for asset securitisation

There were three major retail transactions in the first half of 2004. Plaza Singapura was sold to CapitaMall Trust for S$710 million or S$1,461 psf on the net lettable area of 486,113 sq ft. Based on the annualised forecast net property income of S$42.6 million for 2004, its property yield works out to be 6%. This is the fifth property in CapitaMall Trust's portfolio.

Hougang Mall was sold to the Asian Retail Mall Fund managed by Pricoa Real Estate Investors (Asia) Pte Ltd for S$188 million. NTUC Income Insurance Co-op, Singapore Labour Foundation (SLF) and NTUC FairPrice were the co-owners of the centre. Hougang Mall, which has about 156,000 sq ft of net lettable area, is the Asian Retail Mall Fund's third acquisition after Tiong Bahru Plaza and Century Square.

A mixed development consisting of Scotts Shopping Centre and The Ascott Singapore Serviced Residences was sold to Marco Polo Developments (now known as Wheelock Properties) for S$345 million. The buyer plans to redevelop the Scotts/Ascott plot into a new retail mall and a residential project. The price translates into S$1,394 psf on the total net lettable area of 247,421 sq ft.

The retail investment sales market was also active in late 2003 with four high-profile transactions. The single largest commercial sale in 2003 was the divestment of a 27% stake in Ngee Ann City held by Metro Holdings for S$538 million by way of asset securitisation. The value of the retail component, which comprises 256,538 sq ft of lettable space, was S$412 million and this translates to S$1,606 psf. The estimated retail yield is 6.1% per annum.

The second largest deal was made by a new private retail property fund, CapitaRetail Singapore (CRS), set up by CapitaLand. This comprised separate acquisitions of three 99-year leasehold suburban shopping centres for a total of S$470.3 million. They are Lot 1 Shoppers' Mall (S$243.8 million), Bukit Panjang Plaza (S$161.3 million) and Rivervale Mall (S$65.2 million). The malls' projected 2004 property yields range from 6.0% to 6.4%.

3.7 Trends in Retail Accommodation

The latest trends in the types on retail accommodation reflect a retail landscape that is becoming more varied and consumers that are more discerning and well-travelled.

Most retail businesses are housed in shopping centres in Singapore. This will continue to be the main form of accommodation for retailers. However, the consumer's growing expectations of new concepts also means shopping centres must be upgraded regularly. In 2003, a large number of malls undertook (or planned) refurbishment works, revamped their tenant mix or both. Among them were Plaza Singapura, Liat Towers, Wisma Atria, Millenia Walk, Marina Square, Cathay Cineleisure Orchard and Clarke Quay. The challenge to draw more shoppers as their tastes evolve will become greater.

Suburban malls serving their local residential populations will also see constant upgrading and improvements in their tenant mix – such as Tampines Mall, Junction 8 and Tiong Bahru – while better, and possibly bigger, suburban malls will be built in the future.

The latest government initiative to welcome warehouse and big box retailing will likely result in the emergence of a new retail segment. Another recent trend is the popularity of village hubs and street level shops, in particular for the F&B business. Details of these various forms of retail are discussed in the following sections.

3.7.1 Shopping Centres

Major top-quality shopping centres in Singapore are typically under a single ownership with a planned tenant mix and good building management. They are more well-known in the market and often supported by strong marketing and promotional activities.

Of the major shopping centres, the largest is Suntec City Mall with an area of 835,615 sq ft, located in Marina Centre. The next two largest with more than 700,000 sq ft are Marina Square and Ngee Ann City. Other large malls exceeding 350,000 sq ft include Plaza Singapura, Centrepoint, Paragon, Parco Bugis Junction and Great World City. Mid-sized ones are 150,000 to 350,000 sq ft and these include Wisma Atria, Raffles City and Millenia Walk. Smaller centres are below 150,000 sq ft, such as Wheelock Place, Park Mall, The Heeren Shops and Scotts. There are some small shopping centres which have less than 60,000 sq ft of retail space.

These major shopping centres in the city have sought to create unique positionings with their tenant mix and marketing strategies. The larger and mid-sized malls draw heavy shopper traffic with their large anchor tenants and a wide mix of quality retailers. There are also those that cater to specific niche markets. These range from the mid-sized to the smaller ones. For example: Forum The Shopping Mall – targeted at the children's market; The Heeren Shops – targeted at the youth market; Park Mall – focus on lifestyle, furnishings and furniture concepts; and Cathay Cineleisure Orchard – features mainly entertainment and related trades for the youth market. Some shopping centres have carved out sections within the mall targeted at a niche market. Two examples are Edge at Parco Bugis Junction and Level One at Far East Plaza, which are aimed at the young and trendy segment. These came about from the success of The Annex at The Heeren Shops.

The following table lists some of the major shopping malls in and around the city area.

Development	Area		Micromarket
	(sq m)	(sq ft)	
Suntec City	77,631	835,615	City Hall/Marina Centre
Marina Square	68,376	736,000	City Hall/Marina Centre
Ngee Ann City	65,961	710,000	Orchard
Plaza Singapura	45,161	486,113	Orchard
Parco Bugis Junction	40,083	431,453	City Hall/Marina Centre
Paragon Shopping Centre	40,412	435,000	Orchard
Great World City	36,976	398,010	City/City Fringe
Centrepoint Shopping Centre	33,479	360,363	Orchard
Millenia Walk	29,729	320,000	City Hall/Marina Centre
Raffles City Shopping Centre	26,177	281,769	City Hall/Marina Centre
Funan The IT Mall	24,639	265,214	City Hall/Marina Centre
Wisma Atria	21,329	229,585	Orchard
Cathay Cineleisure Orchard	17,094	184,000	Orchard
Park Mall	12,146	130,743	Orchard
The Heeren Shops	9,801	105,500	Orchard
Forum The Shopping Mall	9,755	105,000	Orchard
Wheelock Place	9,662	104,000	Orchard
Scotts Shopping Centre	8,632	92,915	Orchard
CityLink	6,891	74,174	City Hall/Marina Centre
Pacific Plaza	4,552	49,000	Orchard
Palais Rennaissance	4,088	44,000	Orchard

Source: CB Richard Ellis Global Research & Consulting

Suburban malls emerged in the 1990s and offered retailers the opportunity to branch out of the city and gain foothold in the expanding HDB housing estates. They have proven to be very popular and are now firmly established in the retail landscape. They are usually located in town centres at transportation nodes with an MRT station/bus interchange and cater to the population residing in the area.

Both suburban and city shopping centres have their own places in the retail scene. The latter continue to reinvent themselves and are able to offer a different shopping

experience from suburban malls which cater more to residents of the town centres they are in. The larger scale and perhaps the "glamour" factor with high-end retailers are what differentiates city shopping malls from those in the suburbs.

3.7.2 Village Hubs and Street Level Shopping

Street-level shopping clusters and village hubs have become increasingly popular. This trend also appears to be tied to the growing preference for outdoor and alfresco dining. Many of such hubs are actually a rejuvenation of old areas or an establishment of retail/F&B clusters in non-commercial areas such as residential estates. And most have evolved independently without any government planning – for example, Holland Village, Chip Bee Gardens, Greenwood Avenue and Dempsey Road. Many of these areas also feature street-level shops, some in the traditional shophouse format. When Singapore underwent major urban development, street-level retailing was overtaken by air-conditioned malls as the preferred format. This has seen a revival as shophouse areas have been gradually taken up by lifestyle shops and F&B, e.g. Purvis Street, Club Street.

Many commercial developments and malls have adopted this street-level/alfresco concept, in particular for F&B outlets, to capitalise on the views (e.g. One Fullerton and Esplanade Mall with the waterfront) and to draw crowds in by closing the barrier between the building and the street (e.g. Wisma Atria).

The trend is likely to continue as the URA's Identity Plan for Singapore has selected 15 areas that are unique in character and provide a sense of identity for Singaporeans. They are found in various parts of the island and include places like Thomson Village, Gillman Village, Joo Chiat and Changi Village. The development of the Marina Bay waterfront may also result in more alfresco F&B areas and street-level retail.

3.7.3 Warehouse Retail

Known variously as "big box retailing", "warehouse retailing" and "power centres", the concept – believed to have originated in the United States – refers to large retail formats that take up 100,000 to 200,000 sq ft or more, usually located in the outskirts where a large expanse of space is available to accommodate their requirements. The Economic Development Board launched a pilot scheme in April 2004 to allow industrial and warehouse space to be used for retail, hence enabling such retail formats to be implemented in Singapore. The allowable locations are in outlying areas and include industrial areas such as Jurong, Tuas, Sungei Kadut, Yew Tee, Kranji, Woodlands East, Senoko, Loyang, Changi North and part of Bukit Batok.

Big box retailers typically operate out of their own stand-alone building. These buildings are sometimes termed "power centres" where the big box retailer is the main occupant complemented by some retail/food amenities. Power centres could also refer to a cluster of big box retailers in their stand-alone buildings. Examples of big box retailers include mega speciality stores termed "category killers" (Home Depot, Staples, Toys R Us, Ikea),

hypermarkets and department stores (Wal-Mart, Carrefour, Tesco) and factory outlets (clothing, sportswear).

Some of these names are already in Singapore but most of them are taking up space in malls and only Ikea has its own stand-alone building. Ikea has responded positively to the scheme and is reported to be considering a second outlet. Local retailers like Mustafa Centre and NTUC FairPrice have also expressed interest. It is not likely that there will be a flood of such warehouse-retail outlets as the conditions governing the scheme may not be easily met by many operators. For example, only 40% of the property may be used for retail and the rest still has to be for industrial/warehouse purposes. The proposed operation must also have an annual turnover of S$100 million, employment of 250 staff, and business spending of S$20 million or investment of S$50 million, by the fifth year of operation.

4 Benchmarking Analysis

This section looks at rental and occupancy rates of Suntec City benchmarked against those in the Orchard Road and City Hall/Marina Centre micromarkets. In addition, a review of the property is conducted to assess its key strengths, where improvements may be made and how market developments may have a direct impact. Finally, major competing malls are also reviewed to see how Suntec City Mall compares with them.

4.1 Orchard Road Micromarket

The traditional Orchard Road belt, which includes part of Scotts Road, is well established as Singapore's premier shopping district, both locally as well as internationally.

Many of Singapore's successful and prominent shopping centres are found in Orchard Road. Leading local and international retailers and brands make it a point to have a presence here, making Orchard Road synonymous with fashion as well. The larger malls usually have major anchors and a wide variety of trades while there are also those that have a more focused or niche market. (See Section 4.5)

Major Shopping Centres in Orchard Road		
Development	Lettable Area	
	(sq m)	(sq ft)
Ngee Ann City	65,961	710,000
Plaza Singapura	44,161	486,113
Paragon	40,412	435,000
Centrepoint Shopping Centre	33,479	360,363
Wisma Atria	21,329	229,585
Cathay Cineleisure Orchard	17,094	184,000
Park Mall	12,146	130,743
The Heeren Shops	9,801	105,500
Forum The Shopping Mall	9,755	105,000
Wheelock Place	9,662	104,000
Scotts Shopping Centre	8,632	92,915
Pacific Plaza	4,552	49,000
Palais Renaissance	4,088	44,000

Source: CB Richard Ellis Global Research & Consulting

4.1.1 Stock and Future Supply

The Orchard Road micromarket has 361,000 sq m (3.89 million sq ft) or 18.0% of the total private sector stock. Orchard Road sees almost no new supply in the short term – only Centrepoint plans to build an extension with about 63,000 sq ft of lettable space, scheduled for completion in late 2005. The refurbished Orchard Point (estimated 140,000 sq ft) was completed in the first quarter of 2004, mostly for owner occupation by OG department store.

In the medium to longer term, any major additions to the Orchard Road retail stock would come from redevelopment or extensions of existing buildings or existing government-owned vacant land. There has been market talk of redevelopment of the Thai Embassy site and the amalgamated sites of Hilton Hotel and Forum the Shopping Mall, although no details or timeline is known.

The government is mindful of the need to "find ways to remake Orchard Road" and "safeguard" its premier position in the face of increasing regional competition. In April 2001, the government unveiled plans to improve Orchard Road. These included guidelines to encourage more underground and overhead links between buildings in the area. This initiative was revisited in March 2004 in the form of a co-payment scheme for underground walkway projects. The URA identified nine sites in Orchard (six planned and three existing) and two in the Central Business District that qualify for building and upgrading cash grants from the government in the scheme. The government has set aside $59 million to co-pay for such projects. New retail space may arise from these infrastructural developments.

In April 2004, the government announced that some vacant sites in Orchard Road may also be released on 10- to 15-year leases for retail, entertainment and F&B use, again to enhance the shopping district. The URA is expected to provide the infrastructure while the STB will probably work with the private sector to improve the trade mix and introduce new concepts.

4.1.2 Demand and Occupancy

Based on URA figures, cumulative demand for Orchard Road private sector space at end-2Q04 was 345,000 sq m (3.71 million sq ft). In the second quarter, there was no change in demand. The net demand of 13,000 sq m (139,932 sq ft) recorded for the first quarter was the same as the net increase in stock, suggesting that the additional stock was fully taken up (i.e. the new OG Orchard Point, by its owner-occupiers) during this period. At end-2Q04, Orchard Road occupancy was 95.6%, higher than the islandwide occupancy of 89.6%. This reflects the combined effects of limited supply and healthy demand in the Orchard micromarket.

4.1.3 Rental Levels

At end-2Q04, the average prime rent in Orchard Road was S$32.10 psf per month, edging up marginally by 0.3% in the first quarter and further strengthening in the second quarter by 1.3%. The growth in the first half has exceeded the 0.9% decline in 2003. Rents for "super prime" space (the best of the prime space in Orchard Road) averaged S$45 psf per month. Compared with prime rents in other micromarkets in the city, Orchard Road rents fell the least in 2003, primarily due to the limited supply and strong occupancy. Prime Orchard Road rents also command a premium over prime rents of other micromarkets.

4.2 City Hall/Marina Centre Micromarket

The City Hall/Marina Centre micromarket covers the City Hall and Bugis areas (i.e. North Bridge Road, Victoria Street), and Marina Centre. This micromarket is mostly within the Downtown Core planning zone, which also includes the Central Business District.

Major Shopping Centres in City Hall/Marina Centre		
Development	Lettable Area	
	(sq m)	(sq ft)
Suntec City	77,631	835,615
Marina Square	68,376	736,000
Parco Bugis Junction	40,083	431,453
Millenia Walk	29,729	320,000
Raffles City Shopping Centre	26,177	281,769
Funan The IT Mall	24,639	265,214
Esplanade Mall	8,640	93,000
CityLink	6,891	74,174

Source: CB Richard Ellis Global Research & Consulting

The redevelopment of Downtown Core that began in the 1980s gave rise to several mixed commercial projects (office, retail, hotel, convention) as it was envisioned to be the financial and commercial hub of Singapore. Most of the projects were built in the late 1980s to late 1990s. Marina Centre is a relatively new part of the city and was created from reclamation. The sale of land parcels here took place over a span of some 10 years, starting in 1978. From these land sales came three mixed developments – Marina Square in 1987 (with a mall, three hotels and some office space); Suntec City in 1994-97 (with a mall, five office towers and a convention centre); and Millenia Singapore in 1995-97 (with a mall, two hotels and two office towers).

While Orchard Road is deemed the premier retail hub in Singapore, the City Hall/Marina Centre micromarket is today a close rival. In particular, Marina Centre began to give Orchard Road some cause for worry after it was fully developed and offered an alternative shopping hub. Moreover, two of Singapore's largest malls – Suntec City Mall and Marina Square – are located here.

Marina Centre is likely to see greater activity when the Circle Line is completed and as the government's plans to develop the new Downtown@Marina Bay progresses in the coming years. To kickstart the development, the government is planning to build a 1.5-km-long waterfront promenade from Clifford Pier to Marina City Park and a bridge to link the bayfront to Marina Centre, which will complete a 3.4-km loop that will link up all the cultural, entertainment and recreational facilities around the bay. Marina Centre and Downtown@Marina Bay will probably merge and form a broader bayfront precinct. More crowds are expected when new attractions such as the Singapore Flyer, one of the world's tallest observation wheels, are added to the existing Esplanade – Theatres on the Bay and Merlion Park.

4.2.1 Stock and Future Supply

Total private sector retail stock in Downtown Core amounts to 266,000 sq m (2.86 million sq ft) or 13.2% of islandwide stock. The major malls make up about 90% of this stock. No new supply is expected here in the short-term. While Marina Square is undergoing a major refurbishment, it will not yield any net addition of retail space. The existing space will be reconfigured to give more units instead. In the long term, the new Downtown@Marina Bay will be Singapore's business, financial and entertainment district. Most of the new supply will come from here.

The waterfront promenade around Marina Bay and link bridge are expected to be completed by 2008. Low-density developments for food and beverage, recreation and lifestyle-related uses with short leases of up to 30 years, located around the bay, will be introduced. The Business and Financial Centre site has been made available for application on the reserve list in May 2004. This development is envisaged to be a mega commercial complex and will likely yield retail space. Out of the maximum gross floor area (GFA) of 4.7 million sq ft, 40% may be allocated to retail, recreation, entertainment or other uses. This site comes with the option of the Central Promontory site which is slated for an iconic development with a public attraction and complementary uses such as convention, retail, F&B and recreation. The total GFA allowable is 430,560 sq ft. In addition, both sites come with subterranean space for an underground mall.

Another possible development will be from the commercial/entertainment site at Victoria Street. This is located near Parco Bugis Junction and has been made available on the government reserve list in May 2004.

4.2.2 Demand and Occupancy

URA figures for Downtown Core show a contraction in private sector demand in the first two quarters of 2004, by 8,000 sq m (86,112 sq ft) and 9,000 sq m (96,876 sq ft) respectively. Cumulative demand at end-2Q04 was 221,000 sq m (2.38 million sq ft). Hence occupancy went down by 4.7 percentage points in the first half to 83.1% and is below the islandwide level. The lower occupancy in Downtown Core may be attributed to the vacancies of shophouses and poorer quality space, and the phased refurbishment of Marina Square.

4.2.3 Rental Levels

The average monthly prime rent for City Hall/Marina Centre stayed unchanged in the first quarter of 2004 but improved by 2.4% in the second to S$21.60 psf. It declined about 3.7% in 2003. Rentals here are generally still below those in Orchard Road, which is considered the premier shopping hub. Currently, the average monthly prime rent for City Hall/Marina Centre is about 33% lower than that for Orchard Road.

4.3 Rental and Occupancy Rate Benchmark

Based on the tenancy as at end-June 2004, the average monthly prime rent of Suntec City Mall (i.e. of Level 1 units about 1,000 sq ft or less each) is S$25.86 psf. In comparison, the average monthly prime rent in City Hall/Marina Centre is S$21.60 psf while that in Orchard Road is S$32.10 psf. We also note that the average monthly rent for all Level 1 speciality space in Suntec City Mall is S$17.58 psf. The significantly lower rate is due to the inclusion of a substantial portion of large (3,000 sq ft or more) retail units. This average rate has potential to increase if more space is carved out for smaller units as seen from the achievable average prime rent.

As for occupancy, Suntec City Mall's rate of 98.9% is higher than the average of 83.1% and 95.6% in the Downtown Core and Orchard planning zones respectively at end-June 2004.

4.4 Review of Suntec City Mall

Suntec City Mall is the largest retail mall in Singapore. It is situated at a highly visible location in the city centre, in Marina Centre. The mall has an extensive range of retail trades and amenities that cater to every market segment, from locals to tourists and from children to families. It also has several major anchors that are well patronised and help to draw shopper traffic. It has numerous strengths that serve as strong competitive advantages.

4.4.1 Key Strengths

- High-profile: It has a high profile as Singapore's largest mall. Regular marketing activities and events using the various atriums have successfully attracted high traffic while major media events such as the millenium celebrations "Countdown 2000" and the Singapore Idol auditions in 2004 help maintain its high profile.
- Good location and accessibility: Prominent and accessible location in the city centre at a major crossroad (Nicoll Highway and Raffles Boulevard) and within the commercial, hotel and convention hub of Marina Centre. Linked to City Hall MRT station via an underground walkway and free shuttle buses. Vehicular access at all sides of building and ample carparking with 3,125 carpark lots.
- Large catchment: Large catchment of tourists from over 7,500 rooms in hotels within 5-10 minutes' travel time. Immediate catchment of visitors to the Singapore International Convention and Exhibition Centre, which totalled 2.3 million (local and overseas) in 2003, as well as office workers from Suntec City office towers and in Marina Centre.
- Wide-ranging tenant mix: Wide range of tenants and trade mix, with a strong F&B selection that is well patronised. Food outlets include mini-anchor Marche, two food courts and restaurants/cafes in various clusters, the main one being Fountain Terrace. Strong commercial anchors and mini-anchors, Carrefour hypermarket, Eng Wah cineplex, Planet Fitness, Harvey Norman and Courts, to ensure regular stream

of shoppers. Also non-commercial anchors, The Rock auditorium with regular audience crowds, and the National University of Singapore Society club premises; these also draw traffic into the mall.

- Tourist attraction: It has successfully tapped into the tourist market by positioning itself as a tourist attraction, not just a mall; various components are synergistic to this end – the convention centre, the STB information centre with coach bays, the Singapore DUCKtours and the Fountain of Wealth (recognised in the Guinness Book of Records as the largest fountain in the world).

There are also many more opportunities to build on its strengths and improve weaker areas. These are some of the issues that can be reviewed to help strengthen the mall's market positioning, improve the tenant mix and ultimately increase shopper traffic and rents.

4.4.2 Opportunities/Improvements

- Visibility: Signage and transparency of the mall may be improved for greater visibility from street level. Currently, the building facade and signage is more reflective of the Singapore International Convention and Exhibition Centre while the mall's presence, entrances and signage are less obvious.
- Size: The large size can be further taken advantage of, through continual improvement of the retailers to provide a varied yet balanced mix. While anchors are vital for a mall of this size, the choice of anchors should also be complementary. The large size may necessitate that the mall is targeted at the widest possible market but even an identity as the "one-stop shopping centre" or a mall with "everything under one roof" will require a synergistic tenant mix. Clustering or zoning can help to segment the mall to appeal to different groups of shoppers and to give more clarity as to what is available.
- Rental income and retail range: To improve rental levels and expand retail range, exisiting space can be reconfigured into yield smaller units, and space from the upper levels of Entertainment Centre can be decanted to lower levels. More than 65% of all the leases (based on the total net lettable area of the mall) will expire in calendar years 2005 and 2006 and allow improvement in tenant mix.
- Zoning/clustering: The current zoning or clustering can be reviewed to improve synergy of tenant mix and strengthen postioning among defined target segments (e.g. families, youth, tourists) as well as renaming zones to better reflect the designated tenant mix and positioning. It will also help to channel shopper flow more effectively. Though mall is now zoned into Galleria, Tropics and Entertainment Centre, this seems to aid navigation rather than serve as a branding for each zone that ties with the tenant mix (except perhaps to a small extent in Entertainment Centre where Eng Wah cineplex is located).
- Tenant location: More strategic location of different trades can help shopper flow and make better utilisation of space. This can tie in with the zoning and clustering strategy. All of this will help overcome the limitations from the long layout, which

creates a long distance to walk from one end to the other and restricts exposure of retail frontage to shopper traffic with several "corridor" sections, as well as from the lack of a grand entrance that serves as a central focal entry point. For example, having crowd-pulling trades or a strong anchor in Galleria will enhance the sense of arrival at the mall's entrance along Raffles Boulevard. This is the most visible entrance but visitors have to walk through the convention centre lobby so having a strong retailer or concept at this end will provide the needed focus.

- Enhancement from the Circle Line: The new MRT line will enhance accessibility as well as boost rental rates. Entertainment Centre is the furthest from the current MRT access and somewhat cut-off from the front end of the mall as it is only accessible on levels two and three. The Millenia MRT station with its exit here will greatly shore up this section. There is the opportunity of creating more retail shops here, which is anchor-heavy, and to better exploit the potential from the Millenia MRT station.
- Marina Bay development: Development of the waterfront around Marina Bay will help make the entire Marina area more attractive. The vision of Downtown@Marina Bay as place to live, work and play will create a population base that will add to the primary catchment of Suntec City Mall. While more commercial space may arise in the future Downtown@Marina Bay and around the waterfront, and may pose competition to those in Marina Centre, it is just as likely to enhance the attraction of the bay area and in turn benefit existing developments. On the whole, the area is expected to become more vibrant and active. (see Section 4.2)

4.5 Retail Competition

While no other mall matches Suntec City Mall in size, competition for shopper traffic is keen as other malls continue to upgrade. The most direct competition comes from the two major malls in Marina Centre – Marina Square and Millenia Walk. In particular, Marina Square is now undergoing a major refurbishment and is the most direct competitor.

Within the City Hall/Marina Centre micromarket are also Raffles City Shopping Centre and Parco Bugis Junction, although the latter is primarily targeted at a younger market segment. Orchard Road as a whole competes with City Hall/Marina Centre and the closest competitor in Orchard Road, in terms of size, is Ngee Ann City.

In the future, rivalry is likely to come from HarbourFront Mall with its one million sq ft of space. It is similar in many aspects – mass market and tourist appeal, large size with wide range of trades and amenities.

Brief details of the main competing facilities are summarised in the table overleaf:

Shopping Centre	Net Lettable Area (sq ft)	Developer / Owner	Description	Strengths and Weaknesses vs Subject Property
EXISTING				
In City Hall/Marina Centre				
Marina Square	736,000	SingLand and UIC	An integrated complex with three hotels, a retail mall and an entertainment podium. The retail-entertainment component is undergoing a $60-mil refurbishment that will see a new façade, larger atrium and more units (no change to NLA). The new mall will be segmented into eight zones, such as one for youth, another for children and a Market Street Bazaar. The tenant mix will be "much improved" and may include mini-anchors. Anchors include Giant hypermarket, F&B operator Colours by the Bay, the existing Golden Village and Superbowl. To be completed in phases by 2006.	Its location facing the central thoroughfare of Raffles Boulevard in Marina Centre gives it higher visibility. The construction of a new glass façade will enhance this further by giving the building more transparency. Its signing of Giant hypermarket will give Carrefour in Suntec City new competition. It is also more accessible to the three hotels that are part of the development. It is among the largest malls in Singapore, with a size comparable to Suntec City's. It has been receiving 1.2-1.5 million shoppers a month and expects this to increase by 20-30% after the refurbishment.
Millenia Walk	320,000	Pontiac Land	This is part of the mixed development of Millenia Singapore, which also includes two office towers and two hotels. Since it opened in 1997, the mall has faced challenges due to the economic downturn in 1997/98 and again soon after in 2001. Since its opening it has made several changes to its tenant mix. It launched Times Square, its F&B cluster, with some success and secured Harvey Norman's flagship store. The departure of DFS also created another opportunity to refresh its mix.	Its location at the southern end of Marina Centre probably makes it less visible than the other malls in this area, which may affect shopper traffic. However, it will benefit from the future Millenia MRT station to which it is directly linked.
Raffles City Shopping Centre	281,769	Tincel Properties (partially owned by Raffles Holdings Ltd)	This is part of a mixed-use complex that also has an office tower and two hotels with a convention centre. Tenants include Robinsons department store, Jason's Market Place and numerous speciality shops. It also has a good F&B selection that complements the hotels' F&B outlets.	Its excellent location above City Hall MRT station, which is also an interchange, brings in heavy shopper traffic. It is in a more established and busy part of the Downtown Core and at the edge of the Civic District, which has several historical attractions visited by tourists. It also sees high tourist traffic as the two hotels are well integrated with the shopping podium.

Shopping Centre	Net Lettable Area (sq ft)	Developer / Owner	Description	Strengths and Weaknesses vs Subject Property
EXISTING				
In City Hall/Marina Centre				
Parco Bugis Junction	431,543	Bugis City Holdings (Keppel Land, CapitaLand, Seiyo Investment and OCBC Nominees) and Seiyo Investment	This is the retail podium of a mixed-use development that also includes an office tower and hotel. One unique feature of the retail component is the old-world shophouses and air-conditioned covered streets. Anchor tenants include Seiyu department store, Cold Storage supermarket and Shaw cineplex. Its tenant mix is targeted at the family and youth market. A section called Edge featuring street fashion was recently created to cement its youth appeal.	It enjoys high shopper traffic from its location above Bugis MRT station. It has been able to set itself apart from other malls with its unique ambience arising from the shophouse streetscape and its youth appeal, which also finds synergy with the youth-oriented stores in Bugis Village across Victoria Street. It is closely identified with Seiyu (flagship store) and Muji (main outlet in Singapore).
In Orchard Road				
Ngee Ann City (Takashimaya Shopping Centre)	710,000	Ngee Ann Development Pte Ltd (Ngee Ann Kongsi) and Orchard Square Development Corp Pte Ltd (special purpose vehicle for asset securitization of Metro's share)	The complex comprises a retail podium and two office towers. The mall has a wide variety of retailers and trades, and several anchors. Goods range from luxury labels to mid-range and mass market brands. It has a prestigious image and is a top choice for designer flagship stores. Louis Vuitton, Chanel, Celine, Zegna, Dunhill, Tiffany and many more are currently located here. Its anchors are Takashimaya department store, Best Denki, Kinokuniya Books, Cold Storage supermarket and Library @ Orchard. Its F&B ranges from a food court to premium dining.	It is considered the top mall in Orchard Road and among the largest in Singapore. The mall draws heavy shopper traffic with its good location and direct underground link to the Orchard MRT station. It has a clear identity associated with high fashion and Takashimaya. Many of its tenants have their sole or flagship outlets there, including Takashimaya. It has an expansive and prominent façade with a grand entrance. In spite of its size, its layout is easy to navigate and gives most outlets good frontage to shopper traffic.

Shopping Centre	Net Lettable Area (sq ft)	Developer / Owner	Description	Strengths and Weaknesses vs Subject Property
EXISTING				
In Orchard Road				
Plaza Singapura	486,113	CapitaLand (CapitaMall Trust)	Opened in the mid 70s, it is one of the earlier malls on Orchard Road. It underwent major refurbishment in 1997/98 after operating very successfully for nearly 20 years. Though this section is considered a quieter part of Orchard Road without a large cluster of malls and hotels, one factor for its past success in the 70s and 80s is a less competitive retail scene, its large size and later its proximity to Dhoby Ghaut MRT station. Another revamp in 2003, partly precipitated by the departure of Daimaru and Courts, boosted its shopper traffic. It secured new major anchors Carrefour, Marks & Spencer, John Little, Best Denki and Spotlight. It also has Golden Village cineplex, Yamaha Music School, a food court and an improved F&B selection. Retailers are mostly of mid-range fashion, home and lifestyle trades.	Though it is located at the less busy end of Orchard Road and for a period saw a dip in shopper traffic, its recent revamp has been successful in drawing the crowds while the opening of the North-East Line has brought more traffic. The current tenant mix supports a strong family positioning.
FUTURE				
HarbourFront Mall (completion 2006)	1,000,000	Mapletree	A mega mall positioned as a "must-visit" destination with an extensive range of attractions. Anchors will take up 40% of the space and include the biggest hypermarket of 150,000 sq ft, a 12- to 18-screen cineplex, a department store, a sporting goods store and a lifestyle store. Another 16% will be for F&B. Other features include an extreme outdoor sports area, children's playground and play pool, amphitheatre, nightclub and disco plus 2,500 carpark lots. HarbourFront Mall aims to have 30 million visitors spending $1 billion a year. The mall will be linked to Sentosa by the island's LRT.	This development is set to be a major rival to Suntec City Mall, in terms of its size and variety of features. It is also targeted at tourists and can tap the catchment of Sentosa visitors. Its location at Keppel Bay will enable it to exploit its waterfront facing and proximity to Sentosa Island. It is at a city fringe location but it will be linked to HrabourFront MRT station on the North-East Line.

5 Retail Market Outlook

Retailers have become more optimistic with the economy looking upbeat and consumer sentiment generally positive. Employment is also projected to improve. This will underpin domestic spending. Singapore's tourist arrivals have recovered and with the intensified efforts by the STB and industry players to recapture the tourism market, the retail industry is expected to benefit from more tourist spending. Riding on the anticipation of better trading conditions for the rest of 2004, retailers appear keen to expand or enter the market. Leasing activity should gain greater momentum.

Prime retail rents will remain on the uptrend in 2004 especially if business conditions continue to firm up against a limited supply situation. However, retailers are selective of locations and cautious about operational costs. Thus, while the limited retail stock will put upward pressure on rents, there may be resistance to substantial rental increases.

Beyond 2004, there is further upside to rentals as they have seen a decline of about 18% since the last peak at the start of 2001, according to the URA retail index for shop space in the Central Region. However, much depends on the performance of the economy and the retail trade, i.e. sustainability and strength of growth, weighed against the new supply coming on stream. More likely, rental growth will be moderate in the next few years.

5.1 Retail Rental Projection (2004-2008)

The projections are made on the assumption that the economy will maintain a healthy annual growth in the years ahead. In 2004, as optimism has become a more prevalent sentiment in the retail industry, we expect a small improvement of 2% in rentals. While there is limited new supply this year, marketing for projects completing in 2005 are expected to begin and this may limit further upside.

In 2005, economic growth is expected to continue and trading conditions should be more stable. While new supply is more than the 10-year historical average, it comes on stream after the lean supply in 2004. However, the marketing for the massive HarbourFront Mall will pick up momentum. All in all, we therefore expect rents to firm up further by another 4%.

HarbourFront Mall's one million sq ft of space will enter the market in 2006. Competition for take-up will be intense and we project a marginal rise of 2% in rentals.

Rental growth will then resume in 2007 and 2008 with 3% and 4% respectively. All in all, rentals would have grown 15% by 2008.

For Suntec City Mall, we have looked at more specific issues such as direct competition and the impact of the Circle Line. In addition, it is expected to outperform the market as it is a good quality and established mall. This year's increase takes into account the new space arising from Marina Square's refurbishment while 2006 considers the completion of HarbourFront Mall. For renewals, Marina Square will have more of an

impact than HarbourFront Mall. The attraction of the Circle Line is likely to drive rental increases in the 12-month run-up to the completion. The Circle Line is scheduled to be completed in 2007 but a delay of 6-12 months is expected due to the construction accident in Nicoll Highway in April 2004. The impact will therefore be seen in 2007 and 2008.

The rental growth projections are summarised below.

	2004	2005	2006	2007	2008
Overall market	2%	4%	2%	3%	4%
Suntec City Mall	3%	5%	5%	10%	8%

6 Trade Catchment Overview

As the subject property is the largest mall in Singapore, its potential catchment of shoppers is taken to be the entire Singapore population. In addition, due to its prominent location in the city centre and tourism-friendly positioning, a key catchment is the tourist market. Finally, the working population in the Downtown Core and visitors to the convention centre provide an immediate potential stream of shoppers.

6.1 Catchment Size

6.1.1 Residential Population

While it is noted that the trade catchment is the whole of Singapore, a primary catchment may still be defined by geographical proximity to the mall. This is the Central Region (as defined by URA shown in map on page 12). The secondary catchment is therefore the rest of Singapore.

Based on data obtained from the Singapore Department of Statistics Census 2000 and our residential database of new completions in 2001-2003, the population of the primary catchment is estimated to be 919,196 persons. This is 22% of the total Singapore population, which is estimated to be 4.185 million persons for 2003.

Residential Catchment	Population	Defined Area	% of Singapore Total Population
Primary	919,196	Central Region	22%
Secondary	3,265,804	Rest of Singapore	78%
TOTAL	4,185,000	Whole of Singapore	100%

Source: DOS, CB Richard Ellis Global Research & Consulting

6.1.2 Tourist Population

The tourist population is based on the projected visitor arrivals for 2004 of 7.6 million, rather than the exceptionally lower figure of 6.13 million in the SARS-hit year of 2003. While this is the potential catchment, tourists staying at the numerous hotels within close proximity (in Downtown Core) including a cluster of five hotels in Marina Centre make up a primary catchment. We have estimated this number by using the ratio of hotel rooms in Downtown Core to the total number of rooms in Singapore. This works out to about 23% of tourists who stay in hotels. We have also assumed that 59% of the total number of tourists stay in hotels, based on 2002 STB annual tourism statistics.

Tourist Catchment	Population	% of Total Population
Staying in hotels in Downtown Core	1.0 million	13%
Staying in hotels elsewhere	3.5 million	46%
Staying in other accommodation, no accommodation required or not known	3.1 million	41%
TOTAL	7.6 million	100%

Source: STB, CB Richard Ellis Global Research & Consulting

6.1.3 Working Population

The number of workers in Downtown Core is estimated to be about 178,000, with some 26,000 in Marina Centre. This potential catchment from the working population in the vicinity is computed based on the office stock in Downtown Core. The URA occupancy rate of 81.3% is used and a space of 130 sq ft per office worker is assumed. For the number working within Marina Centre, a similar computation is made based on office stock and occupancy here.

Worker Catchment	Population	% of Total Population
In Marina Centre	26,216	14.6%
Rest of Downtown Core	152,980	85.4%
TOTAL DOWNTOWN CORE	179,196	100%

Source: URA, CB Richard Ellis Global Research & Consulting

6.1.4 SICEC Visitors

As Suntec City Mall is also a part of the larger Suntec City development that includes the Singapore International Convention and Exhibition Centre (SICEC), the year-round flow of convention and exhibition visitors provides a steady stream of shopper traffic as the mall. In 2003, the convention centre saw a total of 2.3 million visitors.

It should be noted that the number of workers and convention centre visitors are also reflected in the residential and tourist catchment population figures.

6.2 Trade Catchment Forecast

The following table summarises the estimated growth of the various catchment populations.

Population Forecasts			
Catchment	Population 2003	Estimates 2008	Growth per annum
Residents	4,185,000	4,466,000	1.3%
Tourists*	7,600,000	8,130,000	1.7%
Office workers	179,196	191,767	1.4%
SICEC visitors	2,330,000	2,535,000	1.7%

**for year 2004*

For the population growth rate in the next five years, we have used the average growth rate of 1.3%, as seen for the past five years.

The average growth rate of tourist arrivals is 1.0% for the past five years (excluding the SARS-hit year of 2003). While the growth rate has been higher at 2.4% for the past 10 years or so, we have adopted an average of these two rates for the projection period given the new challenges and competition that this industry is facing. The same rate is applied to the growth in the number of SICEC visitors. Though the visitors comprise both local and overseas MICE participants, the tourism growth rate is used as proxy.

The working population is projected to grow as a result of new completions of office space in Downtown Core and the new Downtown@Marina Bay. Based on the foreseeable supply of 2.0 million sq ft and assuming an occupancy of 80% and a ratio of 130 sq ft per worker, the working population will increase to 191,767 in 2008. This translates to an annual growth rate of 1.4%. We have not included the mega Business and Financial Centre as completion details are not known.

6.3 Retail Spending Forecast

We have projected a growth rate of 2.5% per annum for retail sales in Singapore till 2008. This takes into account population growth and inflation. Retail sales (excluding motor vehicles) is therefore projected to grow from S$16.6 billion in 2003 to S$18.7 billion in 2008.

Retail Spending Forecast			
	Estimate 2003	Estimate 2008	Growth per annum
Retail Sales	$16.6 bil	$18.7 bil	2.5%

In the long term, two key factors will continue to have an impact on retail sales – namely GDP and population growth. Whilst historical evidence suggests that retail sales has not grown as much as GDP, the latter is still instrumental in providing a sustainable base. Expected increases in population, such as due to more liberal immigration policies and incentives to encourage more births, will be a key driver for a sustainable retail sales growth in the longer term. These two factors determine the level of domestic spending. The third key factor is growth in tourist arrivals, which affects the level of tourist spending. This is important as tourist spending contributes to 20% of retail earnings.

While all these factors have demonstrated varying degrees of growth in the past years, retail sales have not expanded as much and in fact, have been stagnant in recent years. Apart from the more cautious spending patterns arising from the recent economic downturn, a broader reason is the high housing and transportation (motor vehicles) costs in Singapore. They do not contribute to retail performance and have accounted for an increasing share of consumption expenditure. In addition, there have been leakages such as expenditure abroad as Singaporeans travel more. As for the tourism industry, it has become more competitive as other countries in the region vie for their share of visitors.

Comparing Various Indicators	Compounded Annual Growth Rate	
	1991-2000	2000-2003
Retail Sales	2.5%	-0.1%*
Tourist Arrivals	3.7%	-3.1%
GDP	7.6%	2.8%
Population	2.8%	1.4%

Source: DOS, CB Richard Ellis Research & Consulting

**based on new series of annual retail sales data (excluding motor vehicles)*

Indeed, these are major challenges facing the retail industry. While shopping will remain a major pastime among Singaporeans, the question is how to increase the per capita spending and keep the expenditure in Singapore. At the same time, attracting the tourist dollar is equally crucial. Much of this depends on the industry's ability to inject freshness into the scene, offer unique experiences and keep it exciting. The retail life cycle is getting shorter as competition gets keener and people expect to see new concepts all the time. Retailers must reinvent themselves constantly while landlords play a major role in bringing in new retailers from overseas.

6.4 Residential Demographic Profile

For this section of our report, we have used data from the 2000 Singapore Population Census to show the profile of the resident population. Singapore residents are defined as Singaporeans and permanent residents.

6.4.1 Income

In terms of the income profile of resident households in Singapore, the following table shows the distribution as a proportion of the total resident household population:

Monthly Household Income	1990	2000
Under $1,000	16.0%	12.6%
$1,000 - $1,999	27.1%	14.0%
$2,000 - $2,999	20.1%	14.7%
$3,000 - $3,999	13.0%	13.1%
$4,000 - $4,999	8.2%	10.3%
$5,000 - $5,999	5.1%	8.2%
$6,000 - $6,999	3.3%	6.2%
$7,000 - $7,999	2.1%	4.6%
$8,000 and above	5.2%	16.3%

Source: DOS

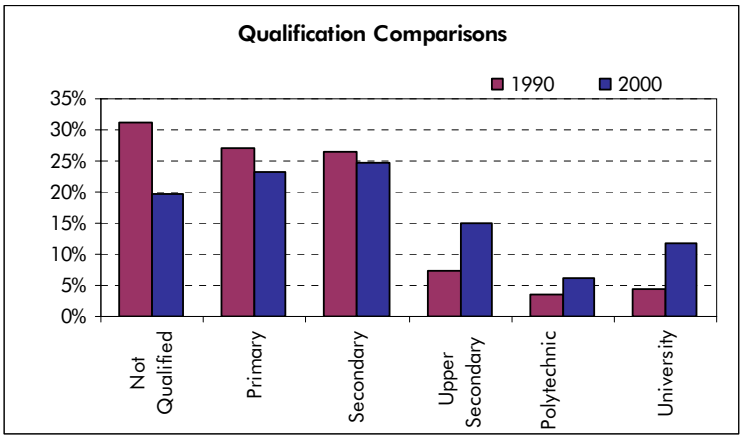
The proportion of households earning $5,000 per month and above increased from 15.7% to 35.3% between 1990 and 2000. It is additionally noted that households with incomes of $8,000 and more per month comprise approximately 16.3% of the population in 2000, compared with only 5.2% in 1990.

There has been a general increase in income levels in Singapore over the last decade. In overall terms, the average household income has risen from $3,076 per month to $4,943 per month between 1990 and 2000.

6.4.2 Qualifications

The education profile of Singapore residents has improved significantly over the last decade. According to the 2000 Population Census, 57% of the resident non-student population aged 15 years and over possess secondary or higher qualifications. This is higher than the 42% recorded in the 1990 census. The proportion of university graduates in the population has also increased significantly from 4.5% in 1990 to 12.0% in 2000.

The qualification profile of Singapore residents as at 1990 and 2000 is illustrated in the following graph:



Source: DOS

6.4.3 Occupation

Economic restructuring and the improvement in educational attainment over time have led to occupational shifts in the employment structure of the resident workforce. A higher proportion of the resident workforce was employed in the more highly skilled occupational groups in 2000 compared to 1990, as indicated in the table below.

Employment Type	1990	2000
Administration & Managerial	8.6%	11.9%
Professional	4.9%	8.9%
Technical & Related	10.8%	14.9%
Clerical	13.0%	11.0%
Sales & Service	12.7%	10.1%
Production & Related	30.8%	24.4%
Cleaners & Labourers	15.0%	16.0%
Others	4.3%	2.6%

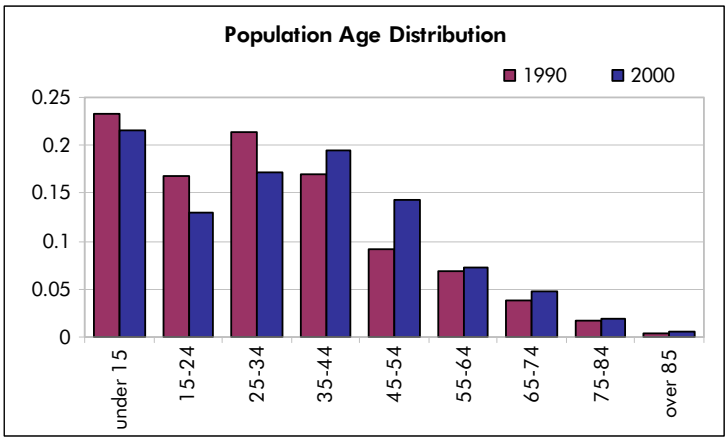
Source: DOS

Professional and technical workers comprised 23.8% of the workforce as at 2000, up from 15.7% in 1990. There was also an increase in the proportion of employees holding administrative and managerial jobs from 8.6% to 11.9%. In contrast, the proportion of the workforce employed in Clerical, Sales & Service and Production occupations has decreased over this period.

6.4.4 Age Structure

The age structure of the Singapore resident population, as illustrated in the graph below, reveals that the population has shifted towards an older distribution over the past 10 years.

In comparison with 1990, the proportion of Singapore residents within the 35 to 54 age groups has increased, while the 15 to 34 age group has declined, further evidence that the population on the whole is aging. Elderly persons aged 65 years and over increased over the past 10 years by 3.8% per annum. In 2000, they comprised 7.3% of the total resident population, an increase from 6.1% in 1990.



Source: DOS

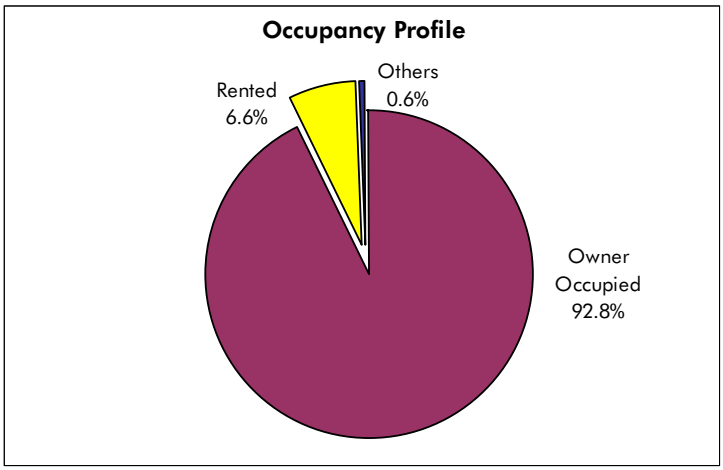
An ageing population will influence the economic performance and hence, retail spending patterns in Singapore. Based on our interpretation of the government initiatives to increase the population, such as policies to attract more foreign talent and incentives to encourage a higher birth rate, they should assist in offsetting the influences of an ageing population.

6.4.5 Household Structure

Singapore has a high proportion of family households. In 2000, 87.7% of resident households have at least one family nucleus. However, this proportion has fallen compared to 1990 when family households made up 91.3%. Put another way, the proportion of single households has grown, suggesting an increasing number of singles living on their own in Singapore. The household size has also shrunk from an average of 4.2 to 3.7 persons per household. A family nucleus is defined by the census as comprising at least a married couple or related family members.

6.4.6 Nature of Occupancy

Singapore has one of the highest levels of home ownership among resident households. A high proportion of 92% of households owned the dwelling unit they occupied in 2000, up from 88% in 1990. A corresponding decline was recorded in the proportion of rented households from 12% in 1990 to 6.6% in 2000.



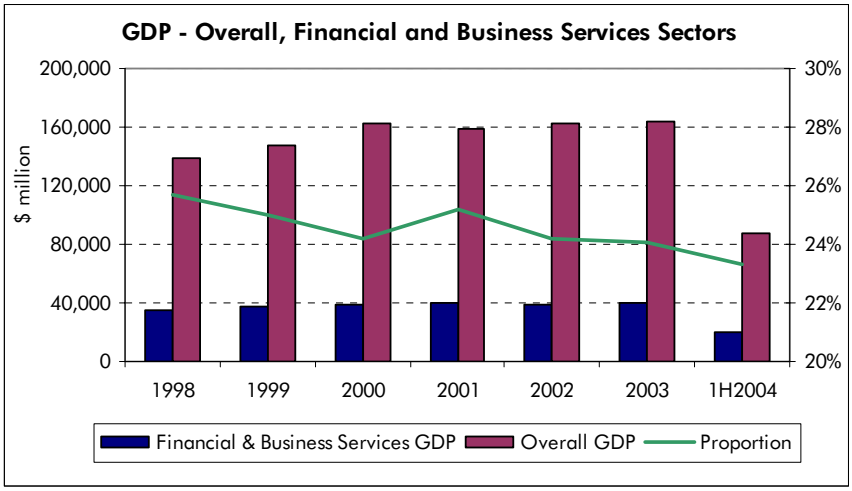
Source: DOS

7 Office Market Review

7.1 Financial and Business Services Sectors

Historically, the financial and business services sectors have been the main drivers of the demand for office space. Reflecting the importance of the financial and business services sectors to the overall economy, the sectors accounted for 24.0% of the overall GDP in 2003. Going forward, it is expected that the sectors will continue to be key pillars of the Singapore economy, accounting for around 25% of overall GDP. The other key pillar is the manufacturing sector, which accounted for 24.3% of the GDP in 2003. In the first half of 2004, the financial and business services sectors accounted for 23.3% of the GDP.

Over the years, Singapore has established itself as an international financial centre. Its sound economic and financial fundamentals, conducive regulatory and business environment, strategic geographic location, skilled and educated workforce, excellent telecommunications and infrastructure, and quality living standards have attracted many reputable international financial institutions to set up operations in Singapore. There is a large and diversified group of local and foreign financial institutions located in Singapore offering a wide range of financial products and services. The presence of these leading institutions has contributed to the vibrancy and sophistication of Singapore's financial industry.



Source: MTI

Note: Based on 1995 prices

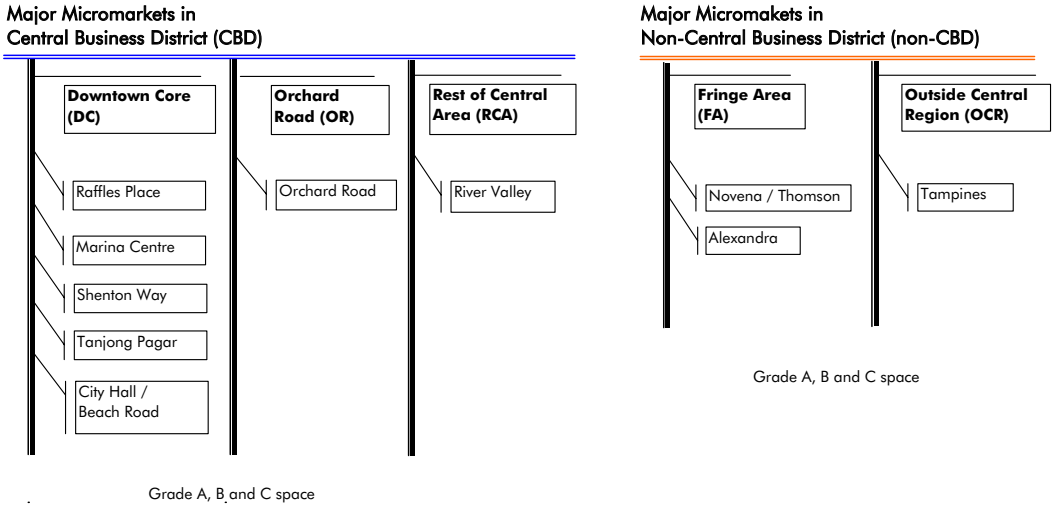
7.2 Islandwide Office Stock

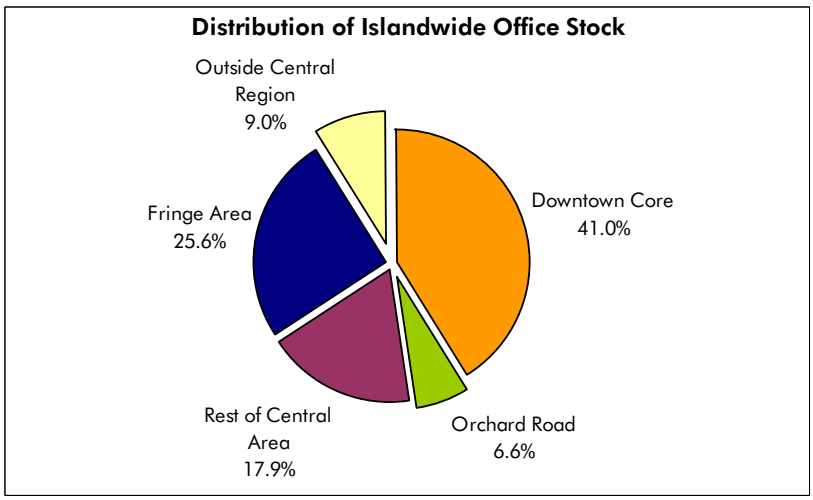
At the end of the second quarter of 2004, the total cumulative office stock in Singapore was 6.487 million sq m (69.83 million sq ft), of which 79.4% was owned by the private sector (including office buildings built on land sold by the government). The remaining 20.6% was owned by government agencies.

The Central Region accounted for 91.0% of the total office stock, or 5.903 million sq m (63.54 million sq ft). This region, as defined by the URA, comprises Central Area – which in turn is made up of Downtown Core, Orchard and Rest of Central Area – and Fringe Area. (See map on page 12)

About 65.4% or 4.245 million sq m (45.69 million sq ft) of office space is found in the Central Business District (CBD), which comprises the following office micromarkets:

1. Raffles Place (including Downtown@Marina Bay)
2. Marina Centre
3. Shenton Way
4. Tanjong Pagar
5. City Hall/Beach Road (including Bugis area)
6. River Valley
7. Orchard Road





Source: URA

In the CBD, 91.4% or 3.880 million sq m (41.76 million sq ft) of the office stock is owned by the private sector, while the remaining 8.6% is owned by government agencies. Office buildings in the CBD are generally of better quality in terms of design and building specifications compared to those outside the CBD.

7.3 Future Supply

Known New Supply (2H04-2008)						
Expected Completion		Proposed Office Projects	Location	Micromarket	Net Floor Area (sq ft)	Total Net Floor Area (sq ft)
4Q2004	1	One George Street	1 George Street	Raffles Place	440,000	**440,000**
4Q2005	2	3 Church Street	Church Street	Raffles Place	292,781	**292,781**
1Q2006	3	One Raffles Quay	Marina Boulevard	Raffles Place	1,310,000	
Mid-2006	4	VisionCrest	Penang Road	Orchard Rd	148,000	**1,458,000**
2007		NO NEW SUPPLY				
2Q2008	5	Central	Eu Tong Sen Street	River Valley	411,167	**411,167**
				Total (2H04 - 2008)		**2,601,948**

Source: CB Richard Ellis Global Research & Consulting

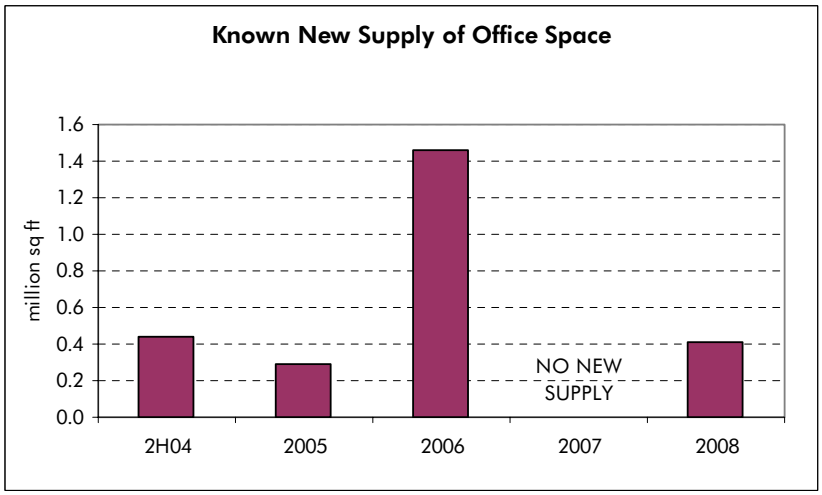
Known New Supply by Micromarkets				
Year	Raffles Place	Orchard Road	River Valley	Total Net Floor Area (sq ft)
2004	440,000	0	0	**440,000**
2005	292,781	0	0	**292,781**
2006	1,310,000	148,000	0	**1,458,000**
2007	0	0	0	**0**
2008	0	0	411,167	**411,167**
Total	**2,042,781**	**148,000**	**411,167**	**2,601,948**

Source: CB Richard Ellis Global Research & Consulting

Between 2H2004 and 2008, it is estimated that a total of 2.60 million sq ft of new office constructions will come on-stream. This translates to an average annual new supply of 0.52 million sq ft, substantially below the 10-year historical annual new supply of 2.30 million sq ft.

Although all of these new constructions are located in the CBD, more than 71% will only materialise between 2006 and 2008. Moreover, there will be no new supply in the Marina Centre micromarket.

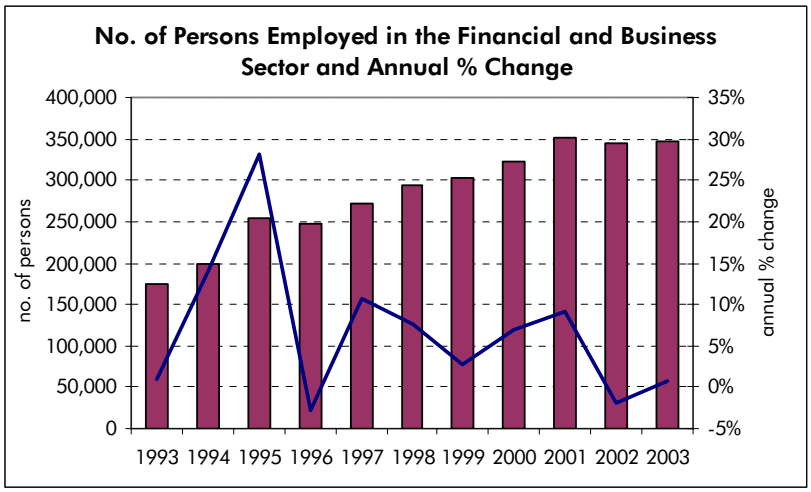
For the second half of 2004, about 0.44 million sq ft will be made available while in 2005, 0.29 million sq ft is expected to enter the market. The limited supply in 2005, in particular, will not exacerbate the current vacant stock level and will allow this excess stock to be absorbed gradually. In 2006, there should be healthy demand to absorb the 1.46 million sq ft of new completions. We do not anticipate any new supply in 2007. In 2008, there will be 0.41 million sq ft of new completions. In line with the improved occupancy rate, rents are expected to firm up by end-2004 and trend gradually upward.



Source: CB Richard Ellis Global Research & Consulting

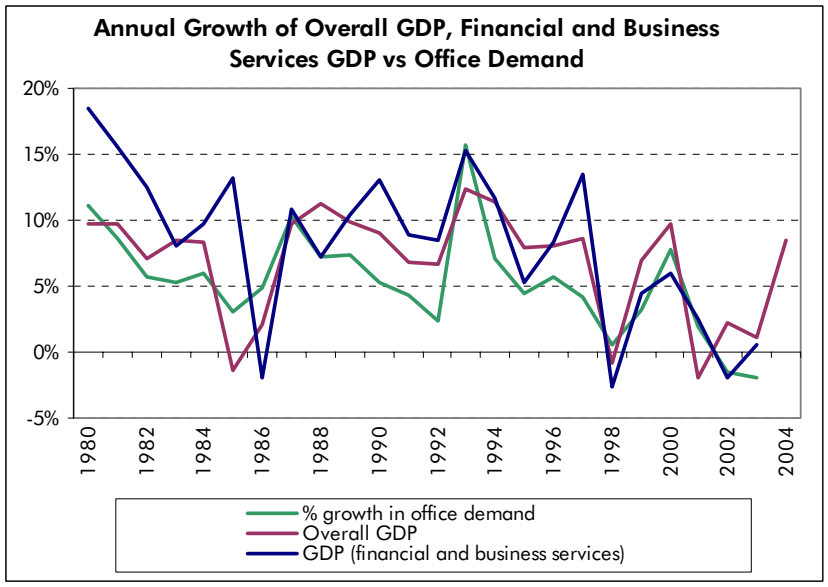
7.4 Financial and Business Services Sector Employment Trend

In the past 11 years, the number of persons employed in the financial and business services sector has seen positive year-on-year growth, except in 1996 (-2.8%) and 2002 (-2.0%). The average annual growth rate of the working population in the financial and business services sector over the past 11 years is 6.9%. With the expected economic recovery in 2004, the overall employment environment should improve and the financial and business services sector, being a key pillar of the economy, is likely to see job growth in line with expected GDP growth.



Source: CB Richard Ellis Global Research & Consulting

7.5 Office Demand and the Economy



Source: CB Richard Ellis Global Research & Consulting

Historically, there is a strong correlation between demand for office space and economic growth, and in particular, the financial and business services sector (see chart above). As such, the main driver of office demand is expansions or new set-ups of companies in the financial and business services sector.

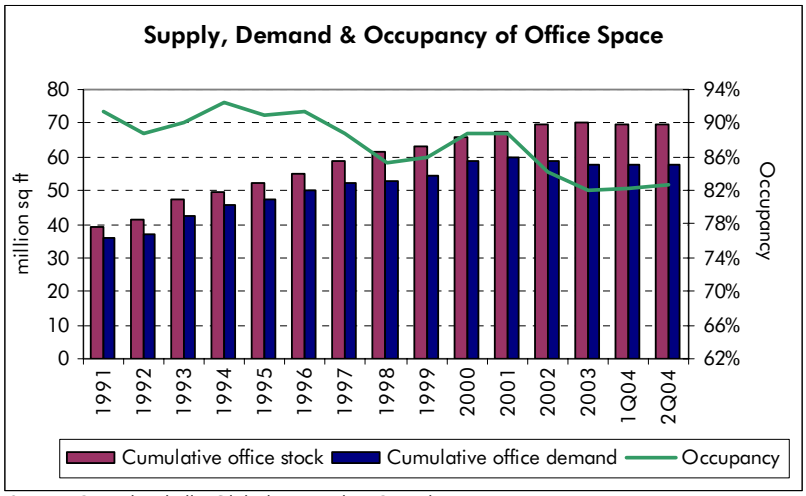
Between 1993 and 1997, the average annual net demand for office space was 2.33 million sq ft, when the economy was growing at an average of 9.7% per annum.

Over a longer period (1993 to 2002) and including the two recessions in 1998 and 2001, the economy expanded at an average of 6.3% per annum, and the average annual net demand for office space was lower at 1.80 million sq ft. In comparison, the average annual new construction was 2.43 million sq ft during the same period. The main reason for the imbalance was the oversupply in 1997 (4.03 million sq ft) and the historic low demand in 1998 (0.30 million sq ft) as well as the contraction in demand in 2002 (-925,704 sq ft).

Based on our observations of the historical performance, we project that in the medium to long run, if the Singapore economy can grow strongly by more than 7%, then future annual net demand for office space is likely to recover to more than two million sq ft. If the economy shifts into a mature phase and grows between 3% and 7% per annum, we estimate that future annual net demand for office space is likely to be lower at 1.20 million sq ft. Realistically speaking, the Singapore economy has entered into its mature phase. The annual office demand of 1.20 million sq ft in the medium term is therefore more likely.

7.6 Islandwide Office Demand and Occupancy

Between 1991 and 2001, demand for office space grew by an average of 1.9 million sq ft (176,516 sq m) every year and was able to match new constructions. Occupancy remained close to or above 90.0% until 1998, when a sharp decline in demand due to the Asian financial crisis caused occupancy to fall to 85.4%. In 2002, office demand contracted due to the global economic slowdown and the general restructuring of companies, while office stock continued to grow. This led to a fall in occupancy to 84.3%. In 2003, demand continued on its downward trend but since there were no major new additions to office stock, occupancy moderated downwards at a slower pace to reach 82.1% by the end of 2003. URA statistics show that islandwide total occupied space increased by 23,000 sq m (247,572 sq ft) to 5.360 million sq m (57.69 million sq ft) in the second quarter of 2004. This is the first quarterly increase in net demand, after ten consecutive quarters of contraction in demand for office space since the fourth quarter 2001. At end-June 2004, the occupancy rate stood at 82.6%.

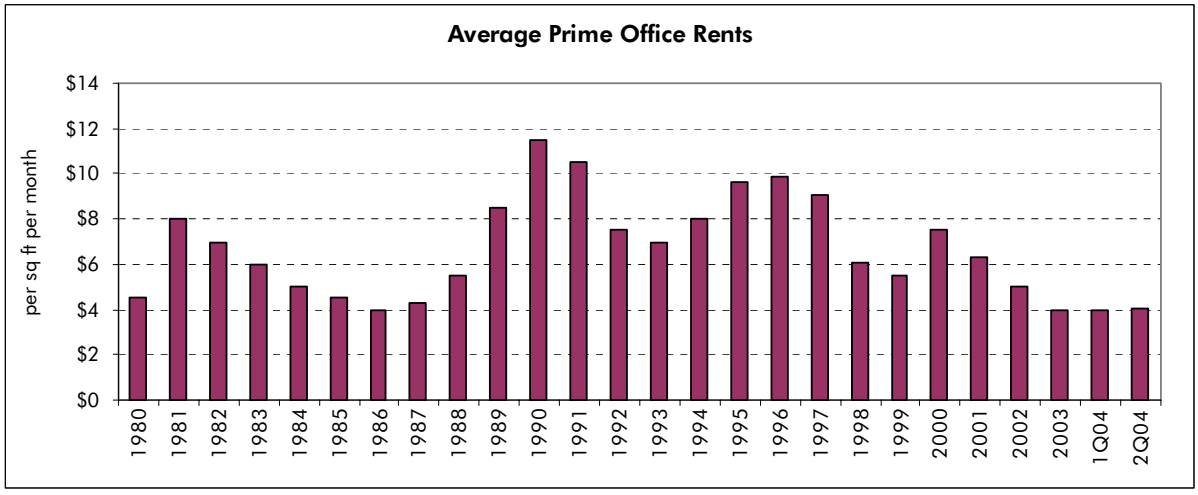


Source: CB Richard Ellis Global Research & Consulting

7.7 Rentals

According to the chart overleaf, the last surge in prime office rents occurred in 2000 and lasted for only a year before declining from 2001 for two years. The rise and fall occurred within a much shorter time frame compared to the previous cycles, reflecting recent volatility tied to the regional/global economic turbulence.

The annual rental decline in 2001 and 2002 could be explained by the fact that the annual equivalent excess supply was 1.74 million sq ft per year, the largest compared with the previous annual equivalent supply surplus. This was attributable to a sharp contraction in demand in 2002 compared with previous years when rental declines were linked to surplus in new supply.



Source: CB Richard Ellis Global Research & Consulting

The office market turned in a lacklustre performance in 2003. Negative market sentiment at the beginning of the year was compounded by the war in Iraq and the outbreak of Sars. Vacancy was close to 18% by end-2003. In the final quarter of 2003, however, there was a detectable increase in leasing enquiries and improvement in overall market sentiment, allowing prime office rents to firm up.

The higher volume of leasing enquiries was sustained in the first two quarters of 2004. This was reflective of brighter business prospects and, most encouragingly, increases in headcounts being planned by a number of companies such as foreign financial institutions and larger IT firms.

The turnaround in demand signals the beginning of a market recovery which we believe will be led by the Grade A office segment. Indeed, leasing activity so far this year has been driven by the flight-to-quality factor encouraged by the historically low rents in prime buildings. One major leasing transaction was the take-up of more than 100,000 sq ft of space by Microsoft at One Marina Boulevard in Raffles Place, the latest completed Grade A office building. We estimate that the occupancy in these Grade A buildings has risen to about 92% in the second quarter, from about 90% in the previous quarter.

In contrast, there was limited demand for non-prime office space in the second quarter. With continued high vacancy, landlords must necessarily keep rentals at the current competitive levels in order to retain existing tenants and attract the smaller number of new tenants interested in such space.

After 13 quarters since end-2000, the average prime office rent made its first turnaround, edging up to S$4.05 psf per month at the end of the second quarter, 1.25% higher than the S$4.00 psf in the previous quarter. This was mainly due to an upward rental movement in a selected number of the very best quality buildings, which were the focus of much of the resurgence in leasing interest. The rise in prime

office rents was in line with the 0.7% increase in URA's office rental index, the first quarterly increase after 12 consecutive quarters of decline.

7.8 Office Property Transactions and Capital Values

The past two years were particularly tough for the office market with an unprecedented contraction in demand, in both years, resulting in a 20.6% and 20.0% decline in prime office rents in 2002 and 2003 respectively. Occupancy rates also fell to 84.3% in 2002 and 82.1% in 2003, from 88.7% in 2001. Consequently, there was only a handful of significant or major office building transactions in the past two years. The strata-titled sales market also saw a low volume of activity, confined largely to the smaller and older strata-titled buildings.

The single largest investment transaction in 2002 was the sale of Capital Square, via asset securitisation, for a total of S$490 million, or S$1,300 psf based on the net lettable area, to ERGO Trust through a special-purpose vehicle, Queensley Holdings. Capital Square is one the few top-grade office developments in the market which enjoys the advantages of having an outstanding tenancy profile comprising blue-chip tenants for which more than 50% of the leases are on long term lease, lending stability to cashflows and limiting risks to short term market volatility. The deal was secured with a seven-year guarantee of up to S$14 million to support income returns at just above 6% on the sale price to the investor.

We estimate the average prime capital value to be S$980 psf at end-June 2004, unchanged from the preceding quarter but 2.0% below that for the same period a year ago. The URA price index for office space rose for the first time since end-2000, by 0.3% in the second quarter.

In February 2004, Ngee Ann Development purchased 268 Orchard Road for a total of S135 million, or S$1,018 psf based on the net lettable area of 132,605 sq ft. At this price, we estimate that the going-in yield for the 20-storey freehold office building is 3-4%.

In June 2004, the Lee family that controls listed Hotel Royal Ltd acquired The Globe for S$19 million, or S$486 psf based on the net lettable area of about 39,126 sq ft. The 99-year leasehold building at Cecil Street is 90% occupied and the yield is understood to be in the region of 5.0-5.5% as the rents were locked in at higher rates two years ago.

Major Office Property Transactions						
Property	Date	Price (S$million)	Net Area (sq ft)	Price (S$ psf)	Tenure (years)	Buyer
The Globe	Jun-04	19.00	39,126	486	99	Hotel Royal's Lee Family
Dapenso Building	Mar-04	27.00	59,321	455	99	Hotel Royal
268 Orchard Road	Feb-04	135.00	132,605	1,018	FH	Ngee Ann Development
MacDonald House	Aug-03	36.00	78,649	458	FH	n.a.
#14-03/04/05/06/07 John Hancock Tower	Jul-03	8.14	10,129	804	FH	n.a.
Capital Square asset securitisation	Nov-02	490.00	376,715	1,300	99	Queensley Holdings
HB Robinson	Feb-02	38.00	65,614	579	FH	Ho Bee Investment

Source: CB Richard Ellis Global Research & Consulting

7.9 Emerging Office Trends

7.9.1 Business Continuity Plans

The 9-11 terrorist attacks in the US and the SARS outbreak have heightened the awareness of business continuity plans (BCPs). Companies have been prompted to develop BCPs that go beyond the disaster recovery model. They are looking at parallel teams or splitting up personnel to ensure that operations can still continue. Some are separating backroom and frontline operations, while others are locating some personnel from every department/function in off-site locations.

This will influence future decision-making on where companies will locate their operations, considerations being given to the quality of buildings preferred by multinational corporations (MNCs) and enhanced safety features offered by building owners to these tenants.

7.9.2 US-Singapore Free Trade Agreement (USSFTA)

The USSFTA was signed on 6 May 2003 and came into effect on 1 January 2004. It covers a wide range of goods, services and industries, including the financial services sector. In particular, the USSFTA will give US banks better access to Singapore's retail banking sector in terms of the following:

a. remove quota on Qualifying Full Bank (QFB) and Wholesale Bank licenses for US banks 1.5 year and 3 years, respectively, after the USSFTA comes into effect;

b. remove restrictions on customer service locations for QFBs 2 years after the USSFTA comes into effect;

c. allow Singapore incorporated US QFBs to negotiate with local banks for access into their ATM networks on commercial terms 2.5 years after the USSFTA comes into effect.

The USSFTA, together with other FTAs signed earlier with, amongst others, New Zealand, Japan, European Free Trade Association and Australia, will help attract more MNCs to open offices in Singapore.

7.9.3 Office Occupation Cost Competitiveness

Singapore's office occupation cost has become lower globally over the past six years since 1997 and this has improved our competitiveness in attracting foreign companies to set up their offices here. According to the latest CB Richard Ellis Global Market Rent report based on occupation costs in June 2004, total office occupation cost in Singapore ranked 60th (US$2.36 psf per month) globally. This is in sharp contrast to the 8th position (US$6.87 psf per month) Singapore occupied back in mid-1997.

On a regional basis, Singapore's latest ranking of 60th is significantly lower than Seoul's 18th position, Hong Kong's 24th and Shanghai's Puxi (47th).

Total Occupation Cost		
Ranking	City	US$ psf per month
1	London (West End), England	14.78
2	London (City), England	9.96
3	Tokyo (Inner Central), Japan	9.69
4	Tokyo (Outer Central), Japan	8.78
5	Paris, France	6.99
6	Birmingham, England	6.20
7	Edinburgh, Scotland	5.78
8	Manchester, England	5.74
9	Dublin, Ireland	5.65
10	Moscow, Russia	5.51
18	Seoul, South Korea	4.52
24	Hong Kong	4.03
37	Shanghai (Pudong), China	3.12
46	Beijing, China	2.82
47	Shanghai (Puxi), China	2.79
55	Melbourne, Australia	2.44
59	Washington, US	2.41
60	**Singapore**	**2.36**

Source: CB Richard Ellis Global Research & Consulting

7.9.4 Downtown@Marina Bay

In June 2003, the government announced the Draft Master Plan for the Central Region. The plan aims to create a vibrant business and entertainment hub in the city, provide a more diverse range of facilities for sports and the arts, retain the rich heritage and identity, while offering homes in familiar areas. It is envisaged that there will be more commercial developments in Outram, Tanjong Pagar and Downtown@Marina Bay. In particular, Downtown@Marina Bay includes the existing CBD and extends to the reclaimed area of Marina South.

In May 2004, the URA released the 3.55-ha BFC "white" site for sale on the reserve list. The BFC site can yield 4.7 million sq ft (438,000 sq m) of GFA and includes a 1.8-hectare subterranean space. At least 60% of the GFA has to be constructed for office use. Up to a maximum of 40% of the GFA can be for other commercial uses, as well as complementary hotel, residential, entertainment and recreation uses.

The site will be launched for sale only when a developer expresses an interest in it and the minimum price is acceptable to the government. The government has also announced that it would not release any other office sites through the government land sales programme in the Downtown Core area in 2004 and 2005. This is a good move as it clears any uncertainty of additional supply in the medium term.

The development period of the BFC site will be phased over a period of up to 18 years. The long-term project will enhance Singapore's competitiveness to attract more financial institutions and companies to house their activities in Singapore.

Even if the BFC project were to take off in the second half of 2004, it is expected that the construction of its first phase will commence only when tenant demand for the space has been identified and its completion is likely to be in 2008/9, at the earliest. The BFC is therefore unlikely to have a real impact on occupancies and rents until 2008.

The sites fronting Marina Bay will be progressively developed over the next 15-20 years. According to the URA, a two-prong growth strategy, combining a seamless extension from Raffles Place, as well as from Marina Centre along Bayfront, will offer flexibility and options for development. This will allow early introduction of activities and development in the Bayfront area.

7.10 Factors Impacting Prospects

Productivity

The implication of better productivity/efficiency significantly impacts the demand for office space, which is to serve the business sectors. In its 2002 report, Business Environment Risk Intelligence (BERI) ranked Singapore's labour force as top in terms of productivity among other developed nations such as Japan, US, Switzerland and Belgium. The Singapore labour force has been rated top by BERI for a record 21 consecutive years since 1980. While this reflects Singapore's high competitiveness, it also means that future office job growth will likely be moderate and the additional demand for office space resulting from the increase in staff strength will likely take a longer time to see significant growth.

Outsourcing

Outsourcing is driven by the need to be cost competitive and it is a trend that will be reflected in the way businesses are conducted across all sectors. A number of functions have been outsourced to varying degrees by the banks. These include back office processing operations, support functions such as data centre management, lease management, facilities management and IT services. Outsourcing has and will continue to lead to a rationalisation of office space usage across all industries at source. The benefit would, however, be the growth of the outsourcing industry with expansion requirements from third party providers. It is however difficult to estimate what the net gain or loss on real estate requirements will be. Technology advancements and the use of the Internet to deliver products may however mean that industry participants are less location sensitive.

Mergers and Acquisitions

Probably the single biggest factor that will have a significant impact on office space is mergers and acquisitions (M&A). Such activities will occur in both international and local financial institutions, and typically will result in a reduction of headcount and therefore office space requirement.

Banking Liberalisation

Further liberalisation of the local banking scene could bring in new players since the government announced the second round of banking liberalisation in late June 2001. Major measures include the issuance of two more Qualifying Full Banks (QFBs) licences to foreign banks in addition to the four licences already issued to ABN Amro, BNP-Paribas, Citibank and Standard Chartered Bank in October 1999. In December 2001, the government awarded the two QFB licences to The Hongkong and Shanghai Banking Corporation Ltd and Malayan Banking Berhad. In June 2004, the government announced adjustments to the liberalisation packages.

Effective from 1 January 2005, QFBs will be allowed to establish up to 25 service locations from the existing 15. The 25 locations can be either brick-and-mortar branches or offsite ATM locations. There are already a number of foreign banks with a strong local retail presence – whether other banks not yet represented will take up on the liberalisation will depend on their growth strategies.

Alternative Workplaces

Alternative workplace solutions such as shared workstations have been greatly facilitated by the benefits of the Internet, making it easier for people to work away from the office. But we believe that there is a slim likelihood that the virtual space will fully replace the physical real estate space.

Although we might see a reduction in office space needed per employee, there are only parts of business units that can realistically be converted to such practices. The Internet, while facilitating access, cannot replace the need for a real community of people where ideas and solutions are shared. Such a community still requires physical real estate, i.e. office space for interaction and exchange of ideas.

Companies today realise that creating a good working environment gives them the competitive advantage to attract and retain key personnel for their various businesses. When compared with IT and staff costs, real estate costs become less significant and the focus on creating the right environment becomes more critical.

On balance, we believe continued strong growth in the Singapore economy will result in a net increase of space. Singapore's highly regarded infrastructure will continue to attract MNCs that use Singapore as the launch pad for regional business expansion plans. For instance, it has been reported that Barclays Capital will set up its global processing centre in Singapore to handle some of its global infrastructure services.

In addition, financial incentives offered by the government are also key to attracting financial institutions to set up operations in Singapore. The table overleaf provides a

brief summary of the tax incentives schemes that are currently available to financial institutions. Besides these schemes, there are also the Financial Sector Development Fund (FSDF) and the Innovation in Financial Technology & Infrastructure Grant Scheme (ITIG). FSDF facilitates the development, talent and infrastructure for Singapore's financial centre, whilst ITIG encourages innovation in technology and/or infrastructure in financial services.

In essence, these incentives are the continuing efforts of the Monetary Authority of Singapore in enticing financial institutions that are not already in Singapore to set up operations and for those which have, to expand their business lines. This will in turn translate into additional demand for office space.

Selected Tax Incentives for the Financial Sector		
Sector	Major Tax Incentive Scheme	Brief Description
I. Banking	1. Asian Currency Unit Income	To encourage banks and merchant banks to undertake offshore banking activities with non-residents and provides a concessionary tax rate of 10% on income earned from such activities.
	2. Operational Headquarters / Backoffice Processing / Regional Data Centres	Allows financial institutions with substantial international operations a concessionary tax rate of 10% on income derived from providing qualifying headquarters services to overseas related companies and on income derived from treasury activities.
II. Insurance	1. Offshore Insurance Business	A concessionary tax rate of 10% can be granted to insurance companies on income derived from writing offshore insurance business.
	2. Offshore Marine Hull & Liability Insurance Business	Provides tax exemptions for income derived from underwriting profits of offshore marine hull and liability business.
III. Securities and Derivates	1. Equity Capital Market Intermediary	A concessionary tax rate of 10% will be granted on income derived from specific transactions denominated in any foreign currency.
	2. Approved New Derivative Products traded on the Singapore Exchange	A concessionary tax rate of 5% will be accorded to the total income from transactions in each approved new product derived by qualifying SGX corporate members.
	3. Approved Derivates Trader (ADT)	A concessionary tax rate of 5% will be granted for income derived from qualifying derivatives services and transactions undertaken by a financial institution granted the ADT.
	4. Finance and Treasury Centres	A concessionary tax rate of 10% on income derived from provision of finance and treasury services to related companies.
IV. Wealth Management	1. Asset Management	Income from foreign investors for any designated investments from funds managed by fund manager in Singapore will be exempt from tax.
	2. Approved Trustee Companies (ATC)	ATC will enjoy a concessionary tax rate of 10% on income from specific services or tax exemption on specified income.
	3. Bond Market	Tax exemptions / concessionary tax rate of 10% to encourage origination and trading of debt securities in Singapore.

Source: Monetary Authority of Singapore

8 Office Market Outlook

8.1 Two-tier Office Market Recovery

New office construction over the next five years will average only around 0.53 million sq ft a year, substantially below the 10-year historical annual average of 2.30 million sq ft. The tighter new supply situation should support recovery in the office market over the next five years. As demand starts to recover, occupancy will improve and prime office rents will climb, with the top quality buildings achieving even higher growth. For the non-prime office market, the likelihood of rental growth remains distant until islandwide occupancy rises significantly.

Looking ahead, we anticipate that a two-tier office market recovery will develop through the rest of 2004. While the prime office segment will see further improvement in demand, the non-prime segment is likely to face continued depressed demand. On a positive note, improvement in the economy is widely anticipated and that should augur well for office space demand as it is closely correlated with economic growth. The government has revised up its GDP growth forecast to between 8.0% and 9.0% in 2004. The forecasted growth is much higher than 2003's actual growth of 1.1%.

8.2 Prime Office Rental Projection (2004-2008)

The prime office market will improve in 2004 due to a number of factors. Firstly, the flight-to-quality factor at a historically low rental level will continue to attract office space occupiers to upgrade to better quality space. Secondly, the level of interest from occupiers will become more broad-based. This is partly due to an easing of capital expenditure restrictions. Thirdly, there is evidence that recruitment activity by companies is on the rise. Lastly, it is highly likely that there will be increased leasing activity, including a number of larger pre-commitments to new office developments. In past down cycles in the market, finalization of anchor tenant leasing deals often act as a stimulus to recovery. Prime average rents are expected to move upwards by 10% by end-2004.

The improvement in the office market is likely to continue more strongly in 2005, if economic recovery is maintained. Demand should improve and with only a limited new supply of 292,781 sq ft for the whole year, vacancy should decline more significantly. Prime average rents are projected to increase by around 11% in 2005.

In 2006, assuming economic growth is sustained, there should be healthy demand for office space to at least match the 1.46 million sq ft of new completions. As a result, rental growth would be sustained and prime average rents would rise by about 14% by the end of the year.

No major completions are anticipated in 2007 and if the economy continues to grow at a steady and sustainable pace, prime office rents should rise by more than 3% by the end of the year.

The strength of rental growth will be constrained by the current overhang of high vacancy. High rental growth is therefore unlikely until vacancy levels fall to around 10% which will probably happen after 2008, based on projected absorption rates.

In summary, we expect average prime rents to trend gradually upwards as the demand momentum picks up in line with economic growth for the coming years.

Forecast of Average Prime Office Rent							
	First quarter 2004	Second quarter 2004	end-2004	end-2005	end-2006	end-2007	end-2008
Expected Change (Year-on-year)	N.A.	1.25%*	10.0%	11.4%	14.3%	3.6%	0.0%
Forecast Rental (per sq ft per month)	S$4.00	S$4.05	S$4.40	S$4.90	S$5.60	S$5.80	S$5.80
Forecast Rental (per sq m per month)	S$43.06	S$43.59	S$47.36	S$52.74	S$60.28	S$62.43	S$62.43

Source: CB Richard Ellis Global Research & Consulting

**quarter-on-quarter*

The performance of the office market could well be boosted by new demand coming from MNCs who are considering moving certain regional functions into Singapore. The 2004 Government Budget announced in February this year includes a reduction of corporate tax from 22% to 20%; an extension of the period for preferential tax treatment for regional headquarters and pioneer companies in Singapore; and tax exemption for local business start-ups. These pro-business measures would make Singapore more attractive for companies to operate in. We also observed that government agencies such as the Monetary Authority of Singapore and the Economic Development Board have been particularly active in encouraging multinational corporations to increase their presence in the Republic. This would benefit the office sector in the medium to long term.

9 Benchmarking Analysis

9.1 Raffles Place Micromarket

The premier office micromarket is centred around the Raffles Place MRT station and covers the area bounded by Boat Quay, Collyer Quay, Church Street and Synagogue Street. China Square at Church Street, comprising six 99-year leasehold commercial land parcels, forms another office node that has become an extension of the micromarket.

9.1.1 Stock and Future Supply

The Raffles Place micromarket has a total office stock of 9.03 million sq ft, or 19.7% of the total office stock in the CBD. The table below shows the breakdown of the known new supply in Raffles Place between 2H04 and 2008.

	2H04	2005	2006	2007	2008
New supply (sq ft)	440,000	292,781	1,310,000	0	0
New supply (sq m)	40,877	27,200	121,702	0	0
% of total new supply	87.8%	100.0%	89.8%	0.0%	0.0%

Source: CB Richard Ellis Global Research & Consulting

9.1.2 Demand and Occupancy

The average office occupancy rate in the Raffles Place micromarket stood at 85.2% at end-June 2004.

9.1.3 Rental Levels

Prime office rents in the Raffles Place micromarket averaged at S$4.05 psf at end-June 2004.

9.2 Marina Centre Micromarket

Widely perceived as a complement to Raffles Place, this micromarket is a mixed office/shopping/hotel location bounded by Nicoll Highway, Raffles Avenue and Rochor Road.

Office supply comes from only a handful of good quality buildings, such as One Raffles Link, Suntec City comprising five office towers, Millenia Tower and Centennial Tower. These buildings have proven to be very popular with financial institutions and computer-related companies. For example, tenants in Suntec City are predominantly IT-related firms, fund management companies, financial institutions and insurance companies. In Millenia Tower, tenants include Merrill Lynch and Citibank. In One Raffles Link, tenants include Goldman Sachs and Credit Suisse First Boston and in Suntec City UBS Warburg, Deutsche Bank and Lehman Brothers are major tenants. Technology companies that have a presence include Microsoft and Oracle.

9.2.1 Stock and Future Supply

The Marina Centre micromarket accounts for about 3.94 million sq ft, or 8.6% of the total office stock in the CBD. No new supply is expected between 2H04 and 2008.

9.2.2 Demand and Occupancy

The average office occupancy rate of the Marina Centre micromarket stood at 86.5% at end-June 2004.

9.2.3 Rental Levels

Office rents in the Marina Centre micromarket averaged at S$4.60 psf at end-June 2004.

	Raffles Place	Marina Centre
Total stock (million sq ft)	9.03	3.94
Total stock (million sq	0.839	0.366
% of total stock in CBD	19.7%	8.6%
Occupancy rate (%)*	85.2%	86.5%
Average monthly rent (S$ per sq ft)	S$4.05	S$4.60
Average monthly rent (S$ per sq m)	S$43.59	S$49.51

Source: CB Richard Ellis Global Research & Consulting

**excluding sublet space*

9.3 Prime Grade A Office Market

9.3.1 Stock

We estimate the total stock of prime Grade A office space to be about 6 million sq ft located in Marina Centre and Raffles Place micromarkets. In deriving our prime Grade A office buildings population size, we have taken into account factors such as floorplate size, design, age, location of building, building services, etc, which are deemed as relevant and significant.

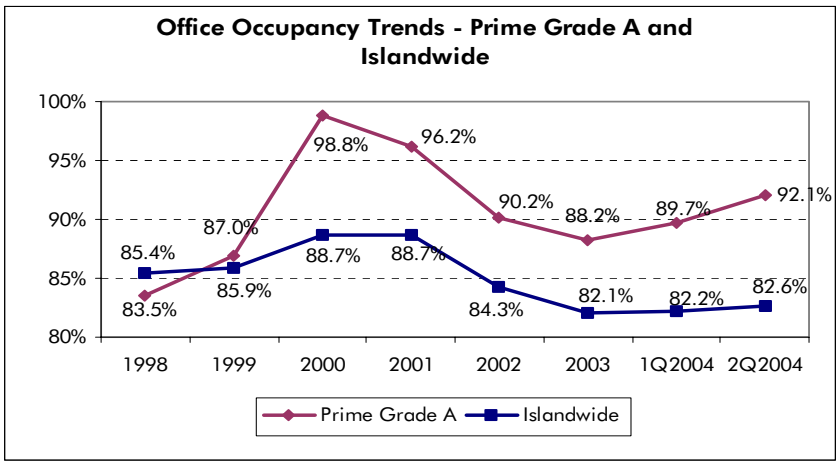
9.3.2 Future Supply by Micromarkets

Between 2H04 and 2008, only two new office buildings can be categorised as prime Grade A office properties. They are 1 George Street (440,000 sq ft) which will be completed by end-2004 and One Raffles Quay (1,310,000 sq ft) which is to be completed in 2006. The limited new supply of prime Grade A office space in the next five years should bode well for its rental performance in the same period.

9.3.3 Occupancy Levels

The chart below depicts that the outperformance of occupancy rate trends of prime Grade A office space vis-à-vis the islandwide occupancy rate since 1999. In the first quarter of 2004, the average occupancy rate of prime Grade A office space rose to almost 90% from 88% in the previous quarter, compared to the flat islandwide office

occupancy. In the second quarter, the average prime Grade A occupancy rate rose further to about 92%. The islandwide occupancy rate however increased only marginally. The healthy demand for prime Grade A office space in the first six months of 2004 was mainly due to the flight-to-quality factor.



Source: CB Richard Ellis Global Research & Consulting

9.3.4 Rental Levels

The table below summarises our rental projections of prime Grade A office space between 2004 and 2008. These projections are based on assumptions such as sustainable economic growth during the said period and continued strong demand for prime Grade A office space.

Forecast of Average Prime Grade A Office Rent							
	First quarter 2004	Second quarter 2004	end-2004	end-2005	end-2006	end-2007	end-2008
Expected Change (Year-on-year)	N.A.	2.2%*	11.1%	12.0%	16.1%	0.0%	0.0%
Forecast Rental (per sq ft per month)	S$4.50	S$4.60	S$5.00	S$5.60	S$6.50	S$6.50	S$6.50
Forecast Rental (per sq m per month)	S$48.44	S$49.51	S$53.82	S$60.28	S$69.97	S$69.97	S$69.97

Source: CB Richard Ellis Global Research & Consulting

** quarter-on-quarter*

9.4 Suntec City Office Towers

The Suntec City office complex comprises one 18-storey office tower and four 45-storey office towers, offering quality office space.

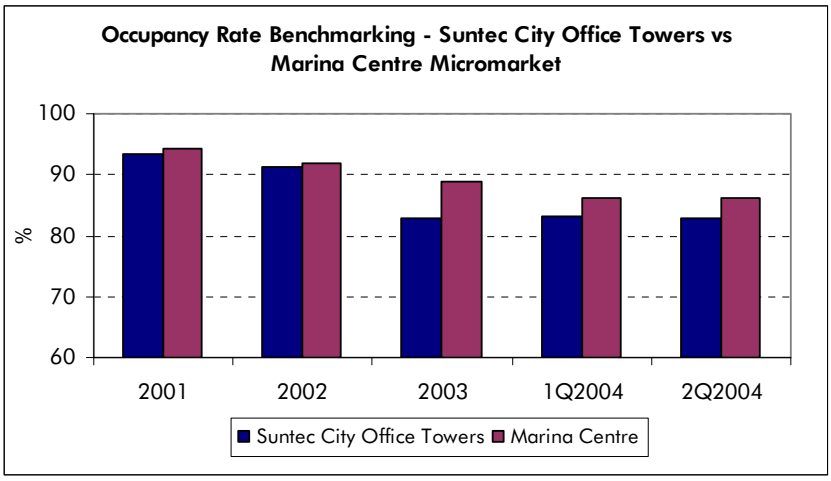
The 18-storey office tower has a floorplate size of 28,000 sq ft net floor area. For the other four 45-storey towers, typical lettable areas per floor are 10,000 sq ft (high-rise), 12,000 sq ft (mid-rise) and 14,000 sq ft (low-rise).

The office towers are serviced by high-speed passenger lifts that serve the low, mid and high floors. These computerised lifts use a high-tech system with fuzzy logic to

ensure passengers of a smooth and efficient ride. In addition, passengers can be assured of waiting time lasting not more than 30 seconds.

9.5 Rental and Occupancy Rate Benchmark

The average occupancy of the Suntec City office towers at 30 June 2004 was 83.0%, lower than the average occupancy rate in the Marina Centre micromarket of 86.5%. The lower occupancy rate at Suntec City could have been exacerbated by the exit of its IT tenants since the burst of the dotcom bubble in 2000.



Source: CB Richard Ellis Global Research & Consulting

At 30 June 2004, the average gross rent of the Suntec City office towers was S$4.63 per sq ft per month (S$49.84 per sq m per month). This is in line with the average prime office gross rent in the Marina Centre micromarket of S$4.60 per sq ft per month (S$49.51 per sq m per month).

9.6 Rental Outlook of Suntec City Office Towers

We believe that the Suntec City office towers will first need to improve its average occupancy rate of 83.0% (at 30 June 2004), as it is lagging behind the average occupancy rate of Marina Centre micromarket of 86.5% for the same period. In order to achieve higher occupancy, any rental growth will be moderate for the next two years. However, beyond 2006, the expected completion of the MRT Circle Line (Stage 1), will further improve the accessibility of the office towers as they will be served by two MRT stations, namely Convention Centre and Millenia. The better infrastructure will support higher rental growth of the Suntec City office towers in 2007 and 2008. We therefore expect 10% growth per annum for the two years.

	end-2004	end-2005	end-2006	end-2007	end-2008
Expected change (year-on-year)	0%	0%	5%	10%	10%

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INDEPENDENT TAXATION REPORT

The Board of Directors
ARA Trust Management (Suntec) Limited
(as the manager of Suntec Real Estate Investment Trust)(the "Manager")
9 Temasek Boulevard
#09-01 Suntec Tower Two
Singapore 038989

HSBC Institutional Trust Services (Singapore) Limited
(as the trustee of Suntec Real Estate Investment Trust)(the "Trustee")
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

12 November 2004

Dear Sirs,

THE SINGAPORE TAXATION REPORT

This letter has been prepared at the request of the Manager for inclusion in the prospectus to be issued in relation to the initial public offering of units ("Units") in Suntec Real Estate Investment Trust ("Suntec REIT") on Singapore Exchange Securities Trading Limited (the "Prospectus").

The purpose of this letter is to provide prospective purchasers of the Units with an overview of the Singapore income tax consequences of the acquisition, ownership and disposal of the Units. This letter addresses principally purchasers who hold the Units as investment assets. Purchasers who acquire the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Prospective purchasers of the Units should consult their own tax advisors to take into account the tax law applicable to their particular situations. In particular, prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective countries of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

THE GENERAL PRINCIPLES OF TAXATION OF A TRUST

The income of a trust derived from or accrued in Singapore is chargeable to Singapore income tax. In addition, income earned outside Singapore and received or deemed received in Singapore is also chargeable to Singapore income tax unless otherwise exempted. There is no capital gains tax. However, gains from the sale of investments (including real properties) are chargeable to tax if such gains are derived from a trade or business of dealing in investments (including real properties).

Singapore income tax is imposed on all income chargeable to tax after deduction of the allowable expenses incurred and the tax depreciation claimed on assets used in the generation of the income (the "Taxable Income").

The Taxable Income of the trust is assessed to tax in the name of the trustee at the prevailing corporate tax rate. The tax paid by the trustee is imputed to be the tax paid by the beneficiaries (the "imputed tax"). The Taxable Income after accounting for the tax payable will be distributed to the beneficiaries in the proportion of their respective share of the trust income.

The beneficiaries are chargeable to Singapore income tax on any distributions made by the trust. Tax will be imposed on the regrossed amount of distributions received (that is, the amount of distributions and the proportionate amount of the imputed tax) at their applicable tax rates. Under the provisions of Section 46(1)(b) of the Income Tax Act, Chapter 134, a tax credit will be granted to the beneficiaries on the imputed tax.

THE TAX RULING

Suntec REIT has obtained a Tax Ruling dated 15 June 2004 from the Inland Revenue Authority of Singapore ("IRAS") to give effect to the application of the provisions of Section 43(2) of the Income Tax Act, Chapter 134 to impose tax on the holders of Units ("Unitholders") on the Taxable Income of Suntec REIT instead of the Trustee (the "tax transparency treatment"). Section 43(2) of the Income Tax Act, Chapter 134 states:

Where any trustee proves to the satisfaction of the Comptroller that any beneficiary of the trust is entitled to a share of the trust income, a corresponding share of the statutory income of the trustee may be charged at a lower rate or not charged with any tax, as the Comptroller shall determine.

Subject to full compliance with the terms and conditions of the Tax Ruling, the taxation of Suntec REIT and that of the Unitholders is described below.

TAXATION OF SUNTEC REIT

General

Notwithstanding the Tax Ruling, the Taxable Income of Suntec REIT will be determined in accordance with the provisions of the Income Tax Act, Chapter 134, as is the case of any trust having income that is chargeable to Singapore income tax.

The Taxable Income of Suntec REIT will comprise substantially income from the letting of commercial properties and incidental property related service income but does not include gains from the disposal of real properties. The Taxable Income of Suntec REIT shall qualify to be treated as income derived from the business of the making of investments and shall be determined under the provisions of Section 10E of the Income Tax Act, Chapter 134.

The Tax Ruling grants tax transparency treatment on Taxable Income that is distributed to the Unitholders. Any portion of the Taxable Income not distributed (the "Retained Taxable Income") will be immediately assessed to tax in the name of the Trustee.

Requirement on Tax Deducted at Source

The Tax Ruling imposes the condition on the Trustee and the Manager to deduct tax at source on any distribution made out of the Taxable Income to all Unitholders other than individuals and Qualifying Unitholders.

"Qualifying Unitholders" refers to:

(a) Tax resident Singapore-incorporated companies;

(b) Bodies of persons, other than companies or partnerships, registered or constituted in Singapore (for example, town councils, statutory boards, registered charities, registered co-operative societies, registered trade unions, management corporations, clubs and trade and industry associations);

(c) Singapore branches of foreign companies which have presented a letter of approval from the IRAS granting a waiver from tax deducted at source in respect of distributions from Suntec REIT; and

(d) Agent banks acting as nominees for individuals who have purchased Units within the Central Provident Fund Investment Scheme ("CPFIS") and the distributions received from Suntec REIT are returned to CPFIS.

Unitholders who are individuals ("Individual Unitholders") will receive their distributions from Suntec REIT without any tax deducted at source. This includes individuals who hold their Units jointly with other individuals but excludes individuals who hold their Units through a partnership.

Where Units are held in the name of nominees, the Trustee and the Manager will deduct income tax from the distributions made out of the Taxable Income of Suntec REIT irrespective of the status of the beneficial owner of the Units, except for agent banks acting as nominees for individuals who have purchased Units within the CPFIS and the distributions received from Suntec REIT are returned to CPFIS.

Individuals and Qualifying Unitholders should therefore hold Units in their own names if they wish to receive the distributions from Suntec REIT without deduction of tax by the Trustee and the Manager.

Distributions from Suntec REIT to all Unitholders made out of Retained Taxable Income and gains realised from the disposal of real properties will not be subject to tax deducted at source.

Tax Treatment of Retained Taxable Income

In accordance with Suntec REIT's distribution policy, the Trustee and the Manager will distribute at least 90.0% of the Taxable Income of Suntec REIT to Unitholders. The portion of the Taxable Income not distributed will be immediately assessed to tax on the Trustee. The tax paid by the Trustee on the Retained Taxable Income is imputed to be tax paid by the Unitholders.

Tax Treatment of Gains from Disposal of Properties

The tax transparency treatment is not extended to gains realised from the sale of real properties. The tax on such gains will be assessed on the Trustee if they are considered to be trading gains. Gains of a capital nature are not subject to tax as there is no capital gains tax in Singapore. Whether a gain realised from the disposal of real property is a capital gain or a trading profit will have to be determined based on the circumstances of the transaction and the overall business traits of Suntec REIT.

Where gains arising from the disposal of real properties by Suntec REIT are trading gains, such trading gains are assessed to tax on the Trustee at the prevailing corporate tax rate, and the Trustee will have to pay the tax so assessed.

Rollover Adjustment

It is the intention of the Trustee and the Manager that distributions be made out of Taxable Income so determined by them. This may vary from the Taxable Income determined by the IRAS when the tax returns of Suntec REIT are subsequently examined. In order to address this variance, the Tax Ruling has allowed the Trustee and the Manager, subject to certain terms and conditions, to adopt a rollover adjustment, such that the variance will be adjusted against the Taxable Income determined by the Trustee and the Manager for the next distribution immediately after the variance has been agreed with the IRAS.

TAXATION OF UNITHOLDERS

Basis of Assessment

Unitholders are charged to Singapore income tax on distributions from Suntec REIT for the year of assessment corresponding to the year of assessment to which the Taxable Income of Suntec REIT relates. This means that if a distribution is made out of Taxable Income of Suntec REIT for the financial year ending on 30 September 2005 forming the basis period for the year of assessment 2006, the Unitholders will be taxed on such distribution for the year of assessment 2006 regardless of when the distribution is actually made.

The Income Source of Distributions

Unitholders will be chargeable to Singapore income tax on distributions from Suntec REIT either as income sourced under Section 10(1)(a) or Section 10(1)(g) of the Income Tax Act, Chapter 134, depending on the circumstances of the Unitholders. If a Unitholder holds the Units as investment assets, the distributions are chargeable to tax under Section 10(1)(g) as gains or profits of an income nature. If a Unitholder holds the Units as trading assets, the distributions are chargeable to tax under Section 10(1)(a) as gains or profits from a trade or business.

Individual Unitholders on Distributions Assessed as Investment Income

The Budget 2004 proposed tax exemption on distributions (other than out of franked dividends) from unit trust (including real estate investment trust) that is authorised under Section 286 of the Securities and Futures Act and is received by an individual as his investment income and is not received through a partnership.

In accordance with the Budget 2004, and pending the legislation of the tax exemption as announced, all distributions (other than out of franked dividends) from Suntec REIT to Individual Unitholders who are beneficially entitled to the distributions, regardless of their nationality or place of residence, will be exempted from Singapore income tax if they receive such distributions as their investment income and not through a partnership.

Such Individual Unitholders, although exempted from Singapore income tax, may wish to include, when filing their tax returns, distributions received that are paid out of Retained Taxable Income or trading gains realised from the disposal of real properties for purposes of claiming tax credit for the tax imputed as paid by them. These Individual Unitholders may also wish to include, when filing their tax returns, distributions made out of Taxable Income where tax may have been deducted at source.

As mentioned under the heading of “Taxation of Suntec REIT”, the Trustee will be taxed on Retained Taxable Income and gains from the disposal of real properties that are treated as trading gains. The tax paid by the Trustee is imputed to be tax paid by the Unitholders. Consequently, Unitholders are entitled to claim a tax credit on the tax imputed to be paid by them.

Individual Unitholders on Distributions Not Qualifying as Investment Income

Individuals who beneficially own Units will be subject to Singapore income tax if the distributions they receive do not qualify to be regarded as their investment income or that the distributions are received through a partnership. Whether or not the distributions received by the Individual Unitholders form part of their investment income is a matter of fact and has to be determined based on the factual situations of the Individual Unitholders. It is advisable for Individual Unitholders to consult their tax advisors in relation to their particular situations.

Individual Unitholders who do not qualify for the tax exemption as mentioned above will be chargeable to Singapore income tax on all distributions received including distributions made out of capital gains realised from the sale of real properties. They are required to report the regrossed amount (the amount of distributions received and the proportionate amount of the imputed tax, if any) and to claim a tax credit for the proportionate amount of the imputed tax.

The Tax Ruling has stipulated that distribution of such Retained Taxable Income and trading gains from the disposal of real properties (on which the Trustee has been assessed to tax) shall be treated as the net distribution and shall be regrossed at the corporate tax rate prevailing at the time the distribution is made. Where the prevailing corporate tax rate at the time the distribution is made is lower than the corporate tax rate used in determining the tax payable by the Trustee on the Retained Taxable Income and trading gains from the disposal of real properties, a part of the tax paid by the Trustee will not be imputed as tax paid by the Unitholders.

Taxation of Non-Individual Unitholders

All Unitholders who are not individual ("Non-Individual Unitholders"), are chargeable to Singapore income tax on distributions from Suntec REIT regardless of whether tax has been deducted at source. Such Unitholders are required to report the gross amount (including the tax deducted at source, as the case may be) or the regrossed amount (the amount of distributions received and the proportionate amount of the imputed tax, if any) when filing their tax returns and to claim a tax credit for the tax deducted at source or the imputed tax. The reporting of the gross amount is applicable when distributions from Suntec REIT are made out of Taxable Income. The reporting of regrossed amount is applicable when distributions from Suntec REIT are made out of Retained Taxable Income or trading gains from the disposal of real properties where tax has been assessed on the Trustee. For the purpose of arriving at the regrossed amount, the Tax Ruling has stipulated that the distribution from Suntec REIT shall be treated as the net distribution and shall be regrossed at the corporate tax rate prevailing at the time the distribution is made. Where the prevailing corporate tax rate at the time the distribution is made is lower than the corporate tax rate used in determining the tax payable by the Trustee on the Retained Taxable Income and trading gains from the disposal of real properties, a part of the tax paid by the Trustee will not be imputed as tax paid by the Non-Individual Unitholders.

The Non-Individual Unitholders will not be taxable on distributions from Suntec REIT made out of capital gains from the disposal of real properties if the Units are held by them as investment assets. Non-Individual Unitholders who are traders of such Units or other related assets will be taxable on such distributions.

Gains on Disposal of Units

Unitholders who are in the trade or business of dealing in investments will be chargeable to tax on the profits realised from the disposal of Units. Whether or not a Unitholder is in the trade or business of dealing in investments will be determined based on the Unitholder's circumstances. Unitholders who are not in the trade or business of dealing in investments may also be chargeable to tax on the gains realised from the disposal of Units if such gains are treated as trading gains having regard to the circumstances of the transaction. Unitholders are encouraged to seek advice from their tax advisors to determine the tax implications regarding the acquisition, ownership and disposition of their investments in Units.

Declarations by Unitholders

All Qualifying Unitholders are required to make a declaration of their legal and tax residence status in the prescribed form to be provided by the Trustee. A draft sample is attached as an annex to this letter. The prescribed form must be completed and returned to the Trustee within the time limit set by the Trustee and the Manager. The Trustee and the Manager will make a distribution without deduction of tax only if they are satisfied from the declarations made in the prescribed forms as to their legal and tax residence status.

Individual Unitholders do not have to make this declaration.

Definition of Tax Resident in the case of a Company

A company is considered to be a tax resident in Singapore if the control and management of the company is exercised in Singapore.

Terms and Conditions of the Tax Ruling

The Tax Ruling granted by the IRAS is conditional upon the Trustee and the Manager complying with certain terms and conditions. The Trustee and the Manager have given the relevant undertakings to the IRAS to take all reasonable steps necessary to safeguard the IRAS against tax leakages as a result of the Tax Ruling, to comply with all administrative requirements to ensure ease of tax administration, and to provide a letter of indemnity to the IRAS for the assurance that the IRAS has minimum risk exposure.

Under the letter of indemnity, the Trustee has undertaken to indemnify the IRAS against loss of tax, including any unrecovered late payment penalty, suffered by the IRAS should the IRAS fail to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with the IRAS. This indemnity amount is determined based on an agreed formula with respect to each year of assessment. Each yearly indemnity amount has a validity period of eight years.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Ruling either in part or in whole at any time.

Yours faithfully

KPMG Tax Services Pte Ltd
Nicholas Miao
Director

ANNEX

DECLARATION FOR SINGAPORE TAX PURPOSES

Name of registered holder (preprinted)	Securities Account No. (preprinted)
Address (preprinted)	
Name of Counter: Suntec Real Estate Investment Trust	Units (preprinted)

Please read the following important notes carefully before completion of this Form:

1. The trustee and the manager of Suntec Real Estate Investment Trust ("Suntec REIT") will not deduct tax from distributions made out of Suntec REIT's taxable income that is not taxed at Suntec REIT's level to unitholders:–

   (a) who are individuals and who hold the units either in their own names or jointly with other individuals;

   (b) which are companies incorporated and tax resident in Singapore;

   (c) which are Singapore branches of foreign companies that have obtained specific approval from the Inland Revenue Authority of Singapore to receive the distribution from Suntec REIT without deduction of tax;

   (d) which are non-corporate entities (excluding partnerships) constituted or registered in Singapore, such as:

      (i) institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act (Cap.134);

      (ii) co-operative societies registered under the Co-operative Societies Act (Cap.62);

      (iii) trade unions registered under the Trade Unions Act (Cap. 333);

      (iv) charities registered under the Charities Act (Cap.37) or established by an Act of Parliament; and

      (v) town councils.

2. The trustee and the manager of Suntec REIT will rely on the declarations made in this Form to determine if tax is to be deducted from the classes of unitholders listed in (b) to (d) under Note 1. Please therefore ensure that the appropriate section of this Form is completed in full and legibly and is returned to Lim Associates (Pte) Ltd within the stipulated time limit. Failure to comply with any of these requirements will render this Form invalid and the trustee and the manager of Suntec REIT will be obliged to deduct the appropriate amount of tax from the distributions in respect of which this declaration is made.

3. Unitholders who fall within class (a) under Note 1 are not required to submit the declaration form.

4. Unitholders who do not fall within the classes of unitholders listed in Note 1 above can choose not to return this Form as tax will be deducted from the distributions made to them in any case.

5. Unitholders who hold their units jointly (where at least one of the joint holders is not an individual) or through nominees do not have to return this Form as tax will be deducted from the distribution made in respect of such units, except for agent banks acting as nominees for individuals who have purchased units in Suntec REIT within the Central Provident Fund Investment Scheme ("CPFIS") and the distributions received are returned to CPFIS.

6. Please make sure that the information given and the declaration made in this Form is true and correct. The making of a false or incorrect declaration constitutes an offence under the Income Tax Act and the Declarant shall be liable to the appropriate penalties under the said Act.

7. This Form must be returned to Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 by _____.

ANNEX

DECLARATION FOR SINGAPORE TAX PURPOSES

Section A: To be completed by unitholder which is a Singapore incorporated company

I, _____, NRIC/Passport No. _____, the Director of _____ ("the Company") hereby declare that the Company is the beneficial owner of the holdings stated above and that:

Tick (√) either the "Yes" or "No" box	Yes	No
(a) the Company is incorporated in Singapore and its registration number is	☐	☐
(b) the management and control of the Company's business for the preceding year and from the beginning of this year to the date of this declaration was exercised in Singapore and there is no intention, at the time of this Declaration, to change the place of management and control of the Company to a location outside Singapore; and	☐	☐
(c) the Company has previously filed tax returns with the Inland Revenue Authority of Singapore;	☐	☐
If your reply to (c) is yes, please proceed with (d) –		
(d) the Company is declared as a tax resident of Singapore* based on the latest tax return filed with the Inland Revenue Authority of Singapore.	☐	☐

				-						-	

Signature of Declarant: _____ Date: _____

Contact No: _____

* A company is tax resident in Singapore if the management and control of its business is exercised in Singapore

Section B: To be completed by unitholder which is a Singapore branch of a foreign company

I, _____, NRIC/Passport No. _____, the manager of _____ ("the Singapore Branch") hereby declare that the Singapore Branch is the beneficial owner of the holdings stated above and that the Inland Revenue Authority of Singapore has granted approval to the Singapore Branch to receive distribution from Suntec REIT without deduction of tax. A copy of the letter of approval dated _____ is attached.

Signature of Declarant: _____ Date: _____

Contact No: _____

Section C: To be completed by unitholder which falls under Note 1(d)

I, _____, NRIC/Passport No. _____, the principal officer of _____ ("the entity") hereby declare that the entity is the beneficial owner of the holdings stated above and that the entity is (tick whichever is applicable):

☐ — an institution, authority, person or fund specified in the First Schedule to the Income Tax Act (Cap. 134)

☐ — a co-operative society registered under the Co-operative Societies Act (Cap. 62)

☐ — a trade union registered under the Trade Unions Act (Cap. 333)

☐ — a charity registered under the Charities Act (Cap. 37) or a charity established by an Act of Parliament

☐ — a town council

☐ — any other non-corporate entity (other than a partnership) constituted or registered in Singapore

Signature of Declarant: _____ Date: _____

Contact No: _____

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the maximum subscription price of S$1.00 per Unit (the "Maximum Offering Price") or, as the case may be, the Offering Price on the terms and conditions set out below and in the relevant Application Forms or, as the case may be, the Electronic Applications (as defined below). Investors applying for the Units in the Public Offer by way of Application Forms or Electronic Applications are required to pay the Maximum Offering Price of S$1.00 per Unit, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason, or (iii) if the Offering Price is less than the Maximum Offering Price for each Unit.

Investors applying in the Placement Tranche for the Units are required to pay, in Singapore dollars for each Unit applied for, the Offering Price in the case of an application by way of a Placement Units Application Form, and the Maximum Offering Price of S$1.00 per Unit in the case of an application by way of an Internet Placement Application (as defined below), subject in each case to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason, or (iii) in the case of an application by way of an Internet Placement Application, if the Offering Price is less than the Maximum Offering Price for each Unit.

(1) **Your application must be made in lots of 1,000 Units or integral multiples thereof. Your application for any other number of Units will be rejected.**

(2) You may apply for the Units only during the period commencing at 8.00 a.m. on 30 November 2004 and expiring at 8.00 a.m. on 3 December 2004. The Offering period may be extended or shortened to such date and/or time as the Manager may agree with the Underwriters, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) (a) Your application for the Units offered in the Public Offer (the "Offer Units"), may be made by way of the printed **WHITE** Offer Units Application Forms or by way of ATMs belonging to the Participating Banks ("ATM Electronic Applications") or the Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications").

(b) Your application for the Units offered in the Placement Tranche (the "Placement Units") may be made by way of the printed **BLUE** Placement Units Application Forms or by way of the Internet website of DBS Vickers Securities Online (Singapore) Pte Ltd ("DBS Vickers Online") at "www.dbsvonline.com" ("Internet Placement Applications", which, together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "Electronic Applications"), if you have a trading account with DBS Vickers Online.

(4) **You may use up to 35.0% of your CPF Investible Savings ("CPF Funds") to apply for the Units.** Approval has been obtained from the Central Provident Fund Board ("CPF Board") for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the purchase of the Units. You may also use up to 35.0% of your CPF Funds for the purchase of the Units in the secondary market.

(5) If you are using CPF Funds to apply for the Units, you must have a CPF Investment Account maintained with the relevant Participating Bank. You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF Investment Account.

The use of CPF Funds to apply for the Units is further subject to the terms and conditions set out in the section on "Terms and Conditions for Use of CPF Funds" on page VI-21.

(6) **Only one application may be made for the benefit of one person for the Offer Units in his own name. Multiple applications for the Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Offer Units via the Offer Units Application Form or via ATM Electronic Applications or Internet Electronic Applications. A person who is submitting an application for the Offer Units by way of the Offer Units Application Form may not submit another application for the Offer Units by way of an ATM Electronic Application or Internet Electronic Application and *vice versa.* A person, other than an approved nominee company, who is submitting an application for the Offer Units in his own name should not submit any other applications for the Offer Units, whether on a printed Application Form or through an ATM Electronic Application or Internet Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected. Joint or multiple applications for the Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation.

(7) **You may make one or more applications for Placement Units (whether via the Placement Units Application Forms or through the website of DBS Vickers Online) and/or make a single application for Offer Units.**

(8) Applications from any person under the age of 21 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(9) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of ATM Electronic Applications and Internet Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected.

(10) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 11 below.

(11) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

(12) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application).

(13) Subject to paragraph 17 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("NRIC") or passport number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the records of the relevant Participating Bank or DBS Vickers Online at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.

(14) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank or DBS Vickers Online, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

(15) This Prospectus and its accompanying Application Forms have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its Application Forms may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Prospectus (including its Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, directly or indirectly, in whole or in part, in or into the United States and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). The Units are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of United States securities laws.

The Manager reserves the right to reject any applications for Units where the Manager believes or has reason to believe that such applications may violate the securities laws of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying Application Forms may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

(16) The Manager reserves the right to reject any application which does not conform strictly to the instructions set out in this Prospectus (including the instructions set out in the Application Forms, in the ATM and IB websites of the relevant Participating Banks and in the website of DBS Vickers Online) or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(17) The Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in this Prospectus (including the instructions set out in the Application Forms and in the ATMs and IB websites of the relevant Participating Banks and in the website of DBS Vickers Online), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of the Manager, the Underwriters, as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application as the Underwriters may, in consultation with the Manager, deem appropriate.

(18) The Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Manager and any of the Underwriters will entertain any enquiry and/or correspondence on the decision of the Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Underwriters may, in consultation with the Manager, deem appropriate. In deciding the basis of allocation, the Manager will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

(19) The Units may be reallocated between the Placement Tranche and the Public Offer in the event of an excess of applications in one and a deficit of applications in the other.

(20) It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units and the Offering Price being agreed upon between the Joint Lead Underwriters and the Manager, a statement of account stating that your Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Manager, the Underwriters, DBS Vickers Online and any other parties so authorised by the Manager and/or the Underwriters.

(22) Any reference to "you" or the "Applicant" in this section shall include a person, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of an Electronic Application.

(23) By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM or, in the case of an Internet Electronic Application or Internet Placement Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other button on the IB website screen or the DBS Vickers Online website screen in accordance with the provisions herein, you:

(a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Maximum Offering Price for each Unit and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and its accompanying Application Forms and the Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying Application Forms and those set out in the website of DBS Vickers Online, or the IB websites or ATMs of the Participating Banks, the terms and conditions set out in this Prospectus and its accompanying Application Forms shall prevail;

(c) in the case of an application by way of an Offer Units Application Form, an ATM Electronic Application, Internet Electronic Application or Internet Placement Application, agree that the aggregate Maximum Offering Price for the Units applied for is due and payable to the Manager upon application;

(d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Underwriters may, in consultation with the Manager, deem appropriate, agree that the aggregate Offering Price for the Units allocated to you is due and payable to the Manager upon the Price Determination Date;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Manager in determining whether to accept your application and/or whether to allocate any Units to you; and

(f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Manager nor any of the Underwriters will infringe any such laws as a result of the acceptance of your application.

(24) Acceptance of applications will be conditional upon, *inter alia*, the Manager being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for quotation of all the Units on the Official List of the SGX-ST; and

(b) the Underwriting Agreement has become unconditional and has not been terminated.

(25) Additional terms and conditions for applications by way of Application Forms are set out in the section entitled "Additional Terms and Conditions for Applications using Printed Application Forms" on pages VI-6 to VI-10 of this Prospectus.

(26) Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled "Additional Terms and Conditions for Electronic Applications" on pages VI-11 to VI-20 of this Prospectus.

(27) Terms and conditions governing the use of CPF funds are set out in the section entitled "Terms and Conditions for Use of CPF Funds" on page VI-21 of this Prospectus.

(28) No application will be held in reserve.

(29) This Prospectus is dated 29 November 2004. No Units will be allocated on the basis of this Prospectus later than twelve months after the date of this Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section on "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages VI-1 and VI-5 of this Prospectus, and the Trust Deed.

(1) Applications for the Offer Units must be made using the printed **WHITE** Offer Units Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms, accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Manager, the Underwriters, as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application, as the Underwriters may (in consultation with the Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn up or improper form of remittances.**

(2) You must complete your Application Forms in English. Please type or write clearly in ink using BLOCK LETTERS.

(3) You must complete all spaces in your Application Forms except those under the heading "FOR OFFICIAL USE ONLY" and you must write the words "NOT APPLICABLE" or "N.A." in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with Lim Associates (Pte) Ltd, Suntec REIT's Unit Registrar and Unit Transfer Office. The Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraphs 6(c) or 6(d) on page 1 of the Application Form. Where paragraph 6(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 6(c) or 6(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial

owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Units in Singapore currency in the following manner:

(a) **Cash only** — You may apply for the Units using only cash. Each application must be accompanied by a remittance in Singapore currency for the full amount payable at the Maximum Offering Price of S$1.00 for each Offer Unit, or the Offering Price for each Placement Unit, as the case may be, in respect of the number of Units applied for. The remittance must be in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of **"SUNTEC REIT UNIT ISSUE ACCOUNT"** crossed **"A/C PAYEE ONLY"** with the name, Securities Account number and address of the applicant written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Bankers' Draft or Cashiers' Order for different Securities Accounts shall be accepted. Remittances bearing "NOT TRANSFERABLE" or "NON-TRANSFERABLE" crossings will be rejected.

(b) **CPF Funds only** — You may apply for the Units using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable at the Maximum Offering Price of S$1.00 for each Offer Unit, or the Offering Price for each Placement Unit, as the case may be, in respect of the number of Units applied for. The remittance must be in the form of a **CPF CASHIER'S ORDER** (available for purchase at the CPF approved bank with which the applicant maintains his CPF Investment Account), made out in favour of **"SUNTEC REIT UNIT ISSUE ACCOUNT"** with the name, Securities Account number and address of the applicant written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to page VI-21 of this document.

(c) **Cash and CPF Funds** — You may apply for the Units using a combination of cash and CPF Funds, PROVIDED THAT the number of Units applied for under each payment method is in lots of 1,000 Units or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for Offer Units are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used. In the case of applications for Placement Units that are accepted in part only, the CPF Funds portion of the application monies will be used in respect of such applications before the cash portion is used.

An applicant applying for 1,000 Units must use either cash only or CPF Funds only. No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within two Market Days (or such shorter period as the SGX-ST may require) after the balloting at your own risk. Where your application is accepted in full or in part only, the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price), will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering an Application Form, you agree that:

(a) in consideration of the Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Manager;

(d) The Manager may return (without interest of any share of revenue or other benefit arising therefrom) to you by ordinary post, at your own risk:

(i) where your application is unsuccessful, the monies paid within two Market Days (or such shorter period as the SGX-ST may require) after the balloting;

(ii) where your application is accepted in full or in part only, the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should be the Offering Price be lower than the Maximum Offering Price) within 14 Market Days after the close of the Offering; and

(iii) where the Offering does not proceed for any reason, the monies paid within three Market Days after the Offering is discontinued,

PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account;

(e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(f) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Trustee, any of the Underwriters, the Sponsor or any other person involved in the Offering shall have any liability for any information not contained therein;

(g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, Securities Account number, and Unit application amount to our Unit Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("SCCS"), SGX-ST, the Manager, the trustee and the Underwriters (the "Relevant Parties"); and

(h) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Manager decides to allocate any smaller number of such Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Offer Units by Way of Printed Application Forms

(1) Your application for the Offer Units by way of printed Application Forms must be made using the **WHITE** Offer Units Application Forms and **WHITE** official envelopes "A" and "B".

(2) You must:

(a) enclose the **WHITE** Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Maximum Offering Price in Singapore currency in accordance with the terms and conditions of the Prospectus and its accompanying documents, in the **WHITE** official envelope "A" provided;

(b) in appropriate spaces on the WHITE official envelope "A":

(i) write your name and address;

(ii) state the number of Offer Units applied for; and

(iii) tick the relevant box to indicate the form of payment;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A"**;

(d) write, in the special box provided on the larger **WHITE** official envelope "B" addressed to DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809, the number of Offer Units you have applied for;

(e) insert the **WHITE** official envelope "A" into the **WHITE** official envelope "B" and seal the **WHITE OFFICIAL ENVELOPE "B"**; and

(f) **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809, so as to arrive by 8.00 a.m. on 3 December 2004 or such other date(s) and time(s) as the Manager may agree with the Underwriters. Courier services or Registered Post must NOT be used.

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

(1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.

(2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price for each Unit in respect of the number of Placement Units applied for, with your name, Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809, to arrive by 8.00 a.m. on 3 December 2004 or such other date(s) and time(s) as the Manager may agree with the Underwriters.

(3) In respect of an application for Placement Units, you may alternatively remit your application monies by electronic transfer to the account of **DBS Bank, Shenton Way Branch, Current Account number 003-710113-3** in favour of **"SUNTEC REIT UNIT ISSUE ACCOUNT"** by 8.00 a.m. on 3 December 2004 or such other date(s) and time(s) as the Manager may agree with the Underwriters. Applicants who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to **DBS Bank Ltd, 6 Shenton Way, #36-01 DBS Building Tower One, Singapore 068809**, for the attention of Equity Capital Markets, to arrive by 8.00 a.m. on 3 December 2004 or such other date(s) and time(s) as the Manager may agree with the Underwriters.

(4) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(5) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages VI-1 to VI-5 of this Prospectus, as well as the Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the website of DBS Vickers Online (in the case of Internet Placement Applications). Currently, DBS Bank and the UOB Group are the only Participating Banks through which Internet Electronic Applications may be made.

(2) For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of DBS Bank, and the procedures for Internet Placement Applications through the website of DBS Vickers Online (together the "Steps") are set out in pages VI-17 to VI-20 of this Prospectus. The Steps set out the actions that you must take at ATMs or the IB website of DBS Bank or the website of DBS Vickers Online to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB websites of the respective Participating Banks.

Please read carefully the terms and conditions of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for the Units through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or an application for Internet Placement Units through the website of DBS Vickers Online.

(4) If you are making an ATM Electronic Application:

(a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Units at an ATM belonging to other Participating Banks.

(b) You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application:

(a) You must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be an on-screen confirmation ("Transaction Completed Screen") of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form.

(6) If you are making an Internet Placement Application:

(a) You must have an existing trading account with, and a User ID as well as a password given by, DBS Vickers Online.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected.

(c) Upon the completion of your Internet Placement Application, there will be a Confirmation Screen which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(7) In connection with your Electronic Application, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of this Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Units and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and Unit application amount (the "Relevant Particulars") from your account with the relevant Participating Bank or DBS Vickers Online, as the case may be, to the Relevant Parties; and

(c) where you are applying for the Offer Units, that this is your only application for the Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 7(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key or by clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank or DBS Vickers Online, as the case may be, of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

(8) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application or Internet Electronic Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application or Internet Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank, as the case may be, through which your ATM Electronic Application or Internet Electronic Application is being made shall be rejected.

(9) You may apply and make payment for your application for the Offer Units in Singapore currency in the following manner:

(a) **Cash only** — You may apply for the Offer Units through any ATM or IB website (as the case may be) of your Participating Bank using only cash by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(b) **CPF Funds only** — You may apply for the Offer Units through any ATM or IB website (as the case may be) of your Participating Bank using only CPF Funds by authorising your Participating Bank to deduct the full amount payable from your CPF Investment Account with the respective Participating Bank. For additional terms and conditions governing the use of CPF Funds, please refer to page VI-21 of this Prospectus.

(c) **Cash and CPF Funds** — You may apply for the Offer Units through any ATM or IB website (as the case may be) of your Participating Bank using a combination of cash and CPF Funds, PROVIDED THAT the number of Offer Units applied for under each payment method is in lots of 1,000 Units or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Offer Units must use either cash only or CPF Funds only.

(10) If you make an Internet Placement Application through the website of DBS Vickers Online, you must have sufficient funds in your nominated Automatic Payment account with an Automatic Payment Facility (direct debit/credit authorisation or "GIRO") with DBS Vickers Online. Your application will be rejected if there are insufficient funds in your account with DBS Vickers Online to deduct the full amount payable for your application.

(11) You irrevocably agree and undertake to subscribe for and to accept the number of Offer Units or Placement Units (as the case may be) applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Offer Units or Placement Units (as the case may be) that may be allocated to you in respect of your Electronic Application. In the event that the Manager decides to allocate any lesser number of such Offer Units or Placement Units (as the case may be) or not to allocate any Offer Units or Placement Units (as the case may be) to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen) of the number of Offer Units or Placement Units (as the case may be) applied for shall signify and shall be treated as your acceptance of the number of Offer Units or Placement Units (as the case may be) that may be allocated to you and your agreement to be bound by the Trust Deed.

(12) The Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, or if you have applied for the Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your own risk, within two Market Days (or such shorter period as the SGX-ST may require) after balloting provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted in full or in part only, the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, or if you have applied for the Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your risk, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks and with DBS Vickers Online (as the case may be). Therefore, you are strongly advised to consult your Participating Bank or DBS Vickers Online as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Units or Placement Units (as the case may be), if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, SCCS, CPF, the Participating Banks, DBS Vickers Online, the Manager, the Trustee and the Underwriters assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(13) If your ATM Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

If your Internet Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank or DBS Vickers Online.

It is expected that successful applicants who applied for Internet Placement Units will be notified of the results of their applications through the website of DBS Vickers Online no later than the evening of the day immediately prior to the commencement of trading of the Units on the SGX-ST.

Applicants who make ATM Electronic Applications through the following banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank	1800-339 6666 (for POSB account holders) 1800-111 1111 (for DBS account holders)	Internet Banking www.dbs.com(1)	24 hours a day	Evening of the balloting day
OCBC	1800-363 3333	ATM	ATM: 24 hours a day Phone Banking: 24 hours a day	Evening of the balloting day
UOB Group	1800-222 2121	ATM (Other Transactions — "IPO Enquiry") or www.uobgroup.com(1), (2)	Phone Banking/ATM: 24 hours a day Internet Banking: 24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or UOB Group may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank or UOB Group.

(2) Applicants who have made Electronic Application through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(14) ATM Electronic Applications shall close at 8.00 a.m. on 3 December 2004 or such other date(s) and time(s) as the Manager may agree with the Underwriters. All Internet Electronic Applications and Internet Placement Applications must be received by 8.00 a.m. on 3 December 2004, or such other date(s) and time(s) as the Manager may agree with the Underwriters. Internet Electronic Applications and Internet Placement Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank or DBS Vickers Online, as the case may be.

(15) You are deemed to have irrevocably requested and authorised the Trustee or the Manager to:

(a) register the Offer Units or Placement Units, as the case may be, allocated to you in the name of CDP for deposit into your Securities Account;

(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank or if you have applied for the Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your risk, with the relevant amount within two Market Days after balloting, or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price), should your Electronic Application be accepted or accepted in part only, by automatically crediting your bank account with your Participating Bank or if you have applied for Internet Placement Units through DBS Vickers Online, by ordinary post or such other means as DBS Vickers Online may agree with you, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

(16) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, DBS Vickers Online, the Manager, the Trustee and the Underwriters, and if, in any such event the Manager, the Trustee, the Underwriters, DBS Vickers Online and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Manager, the Trustee, the Underwriters and/or the relevant Participating Bank or DBS Vickers Online for any Offer Units or Placement Units, as the case may be, applied for or for any compensation, loss or damage.

(17) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Manager shall reject any application by any person acting as nominee.

(18) All your particulars in the records of your Participating Bank or DBS Vickers Online at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank or DBS Vickers Online and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank or DBS Vickers Online (as the case may be).

(19) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank or DBS Vickers Online (as the case may be) are correct and identical. Otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(20) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Manager making available the Electronic Application facility, through the Participating Banks and DBS Vickers Online acting as agents of the Manager at the ATMs and IB websites of the relevant Participating Banks and the website of DBS Vickers Online:

(i) your Electronic Application is irrevocable; and

(ii) your Electronic Application, the acceptance by the Manager and the contract resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(b) none of the Manager, the Underwriters, the Participating Banks and DBS Vickers Online shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Manager, the Trustee or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 16 above or to any cause beyond their respective controls;

(c) in respect of the Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application; and

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Trustee, the Underwriters, and any other person involved in the Offering shall have any liability for any information not so contained.

Steps for ATM Electronic Applications for Offer Units through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS Bank or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select "CASHCARD & MORE SERVICES".

4: Select "ESA-IPO SHARE/INVESTMENTS".

5: Select "ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES)".

6: Read and understand the following statements which will appear on the screen:

- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
- ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

7: Select "SUNTEC" to display details.

8: Press the "ENTER" key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.
- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/VENDOR(S).
- FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
- FOR TENDER SECURITY APPLICATIONS, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
- YOU ARE NOT A US PERSON AS REFERRED TO IN THE PROSPECTUS/ DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

9: Select your nationality.

10: Select your payment method (*i.e.* by cash, CPF Funds, or a combination of cash and CPF Funds).

11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12: Enter the number of securities you wish to apply for using cash.

13: Enter the number of securities you wish to apply for using CPF Funds (if applicable).

14: Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number.

15: Check the details of your securities application, your NRIC or passport number and CDP Securities Account number and number of securities on the screen and press the "ENTER" key to confirm your application.

16: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1: Click on DBS Bank website (www.dbs.com)

2: Login to Internet banking.

3: Enter your User ID and PIN.

4: Select "Electronic Security Application (ESA)".

5: Click "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore.

6: Select your country of residence.

7: Click on "SUNTEC" and click the "Submit" button.

8: Click on "Confirm" to confirm, *inter alia*:

- You have read, understood and agreed to all terms of this application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
- You consent to disclose your name, NRIC or Passport No., address, nationality, CDP Securities A/c No., CPF Investment A/c No. (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).
- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
- This application is made in your own name and at your own risk.
- For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

9: Fill in details for securities application and click "Submit".

10: Check the details of your securities application, your NRIC or passport number and click "OK" to confirm your application.

11: Print the Confirmation Screen (optional) for your reference and retention only.

Steps for Internet Placement Applications for Placement Units through the website of DBS Vickers Online

For illustrative purposes, the steps for making an application through the website of DBS Vickers Online is shown below.

Step 1: Access the website at "www.dbsvonline.com".

2: Login with user ID and password.

3: Click on to the IPO Centre hyperlink to go to the IPO Section.

4: Click on the IPO Issue hyperlink.

5: Click "Yes" to represent and warrant that, *inter alia*, that you are in Singapore and you are not a U.S. person (as such term is defined in Regulation S).

6: Confirm the IPO applying for and its details by clicking on the "Next" button.

7: Click "Yes" and click "Submit" to confirm, *inter alia*:–

- You have read, understood and agreed to the terms and conditions set out in the Prospectus/Document or Profile Statement including the notes and instructions for the completion of this Application Form and that this application has been made in accordance with the Prospectus/Document or Profile Statement and such notes and instructions.
- You have read and understood the disclaimers.
- You have read, understood and agreed to the "APPLICATION TERMS AND CONDITIONS" and the "GENERAL TERMS AND DISCLAIMERS".
- You consent to disclose your name, NRIC or passport number, address, nationality and permanent resident status, CDP Securities A/c No., CPF Investment A/c No. (if applicable) and securities application amount from your account with DBS Vickers Online to the Issuer and the Manager, registrars of securities, SGX, SCCS, CDP and CPF (as applicable).
- This application is made in your own name and at your own risk.
- You understand that these are not deposits or other obligations of or guaranteed or insured by DBS Vickers Online and are subject to investment risks, including the possible loss of the principal amount invested.
- You declare that (a) you are not under 21 years of age, (b) you are not a corporation, sole-proprietorship, partnership or any other business entity, (c) you are not an undisclosed bankrupt, (d) you are in Singapore, (e) you have a mailing address in Singapore and (f) you are not a U.S. person (within the meaning of Regulation S under the US Securities Act of 1933, as amended).

8: Fill in amount of securities applied for and preferred payment mode, then click "Submit".

9: Check and verify the details of your securities application and your personal particulars on the screen.

10: Enter your password and click "Submit" to continue.

11: Click on "Application Status" to check your IPO application details.

12: Print page for your reference and retention only.

Terms and Conditions for Use of CPF Funds

(1) If you are using CPF Funds to subscribe for the Units, you must have a CPF Investment Account maintained with a relevant Participating Bank at the time of your application. If you are applying for the Units through an ATM Electronic Application, you must have an ATM card with that Participating Bank at the time of your application before you can use the ATMs of that Participating Bank to apply for the Units. For an Internet Electronic Application, you must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank. Upon the completion of your Internet Electronic Application through the IB website of DBS Bank, there will be an on-screen confirmation ("Transacted Completed Screen") of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as amended.

(2) CPF Funds may only be withdrawn for applications for the Units in lots of 1,000 Units or integral multiples thereof.

(3) If you are applying for the Units using a printed Application Form and you are using CPF Funds to apply for the Units, you must submit a CPF Cashier's Order for the total amount payable for the number of Units applied for using CPF Funds.

(4) Before you apply for the Units using your CPF Funds, you must first make sure that you have sufficient funds in your CPF Investment Account to pay for the Units. You need not instruct the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the Participating Bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to buy a CPF Cashier's Order from your Participating Bank in the case of an application by way of a printed Application Form or submit your application in the case of an application by way of an Electronic Application. The automatic transfer facility is available until the close of the Public Offer, and the operating hours of the facility are between 8.00 a.m. and 10.00 p.m. from Mondays to Fridays, and between 8.00 a.m. and 5.00 p.m. on Saturdays, Sundays and public holidays.

(5) The special CPF securities sub-account of the nominee company of the Participating Bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Units you subscribed for with CPF Funds.

(6) Where you are using CPF Funds, you cannot apply for the Units as nominee for any other person.

(7) All instructions or authorisations given by you in a printed Application Form or through an Electronic Application are irrevocable.

(8) CPF Investment Accounts may be opened with any branch of the Participating Banks.

(9) All information furnished by the CPF Board and the relevant Participating Banks on your authorisation will be relied on as being true and correct.

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PROPERTY FUNDS GUIDELINES

1. Scope and Definitions

1.1 These Guidelines apply to a collective investment scheme that invests or proposes to invest in real estate and real estate-related assets (hereinafter referred to as "a property fund"). The scheme may or may not be listed on the Singapore Exchange ("SGX"). An investment in real estate may be by way of direct ownership or a shareholding in an unlisted company whose sole purpose is to hold/own real estate.

1.2 For the purposes of this Appendix:

(a) **Associate of any director** includes

(i) any member of his immediate family[1];

(ii) the trustee, acting in its capacity as a trustee, of any property fund of which the director or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 25% or more.

(b) **Cash equivalent items** means instruments or investments of such high liquidity and safety that they are as good as cash.

(c) **Controlling unitholder** means a person who, together with (where applicable) -

(A) its ultimate/immediate holding company;

(B) its subsidiary;

(C) its associated company;

(D) its fellow subsidiary;

(E) where it is an associated company of another company, say, Company X - a subsidiary of Company X[2];

(F) its fellow associated company;

(G) an associated company of its immediate holding company;

(H) a subsidiary[3] of the entity in sub-paragraph (B), (D) or (E); and

(I) an associated company of the entity in sub-paragraph (B), (D) or (E), either

(i) hold 15% or more of the units in the property fund (MAS may determine that such a person is not a controlling unitholder); or

(ii) hold less than 15% of the units in the property fund but in fact exercise control over the property fund.

For the avoidance of doubt, the number of units in the property fund held by a person and persons listed in (A) to (I) should be aggregated in determining if the units held amount to 15% or more of the total units in the property fund.

(d) **Deposited property** means the value of the property fund's total assets based on the latest valuation.

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[1] This refers to his wife, child, adopted child, stepchild, brother, sister and parent.

[2] Where the sponsor/promoter, Manager or adviser is an associated company of more than one company, say, Company X and Company Y, all the subsidiaries of either Company X or Company Y will be considered as interested parties.

[3] This term is capable of successive application. For example, Company A is a subsidiary of the promoter of the fund. If Company B is a subsidiary of Company A, and Company C is a subsidiary of Company B, then Company B and Company C (and so on) will be considered as interested parties.

(e) **Desktop valuation** means a valuation based on transacted prices/yields of similar real estate assets, without a physical inspection of the property.

(f) **Interested party includes:**

(i) the sponsor/promoter of the property fund (if different from the manager)[4];

(ii) the manager of the property fund;

(iii) the adviser to the property fund;

(iv) in the case of a property fund which is established as a company, the directors of the property fund;

(v) a director, other than an independent director, of the sponsor/promoter, Manager or adviser (or an associate of any such director);

(vi) a controlling unitholder; or

(vii) in respect of the sponsor/promoter, Manager or adviser or controlling unitholder -

(A) its ultimate/immediate holding company;

(B) its subsidiary;

(C) its associated company;

(D) its fellow subsidiary;

(E) where it is an associated company of another company, say, Company X - a subsidiary of Company X[5];

(F) its fellow associated company;

(G) an associated company of its immediate holding company;

(H) a subsidiary[6] of the entity in sub-paragraph (B), (D) or (E); or

(I) an associated company of the entity in sub-paragraph (B), (D) or (E).

(g) **Real estate-related assets** means listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (*e.g.* furniture).

2. Listing on the Stock Exchange

2.1 Unless the Authority is satisfied that there is a ready market for the shares of a property fund established as a company, such a company should be listed on the SGX.

2.2 Where a property fund constituted as a trust is listed on the SGX, the Manager can, upon application under section 306 of the SFA, be considered for exemption from the requirement to redeem units for participants. Where an exemption is given, the property fund's marketing material should contain a clear statement to the effect that participants will have no right to request the Manager to redeem their units, and a warning to prospective investors that being listed on the SGX does not guarantee a liquid market for these units.

3. The Board of Directors

3.1 This section applies *only* to property funds which are established as companies.

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[4] For the avoidance of doubt, an entity acting merely as a marketing or sales agent will not be considered a sponsor/promoter.

[5] Where the sponsor/promoter, Manager or adviser is an associated company of more than one company, say, Company X and Company Y, all the subsidiaries of either Company X or Company Y will be considered as interested parties.

[6] This term is capable of successive application. For example, Company A is a subsidiary of the promoter of the fund. If Company B is a subsidiary of Company A, and Company C is a subsidiary of Company B, then Company B and Company C (and so on) will be considered as interested parties.

3.2 A property fund, whether listed or unlisted, should have a Board of Directors ("BOD") with at least 2 independent members.

3.3 For the purpose of paragraph 3.2, a director is considered independent only if he does not have a relationship with the property fund's manager which, in the opinion of the Authority, would interfere with the exercise of proper judgement in carrying out his duties as a director.

4. The Manager of a Property Fund

4.1 The Manager should:

(a) have at least 5 years of experience in managing property funds;

(b) appoint, with the approval of the trustee/BOD, an adviser(s) who has/have at least 5 years of experience in investing in and/or advising on real estate; or

(c) employ persons who have at least 5 years of experience in investing in and/or advising on real estate.

4.2 Where the Manager has appointed an adviser pursuant to paragraph 4.1(b), that adviser need not be independent of the Manager, and may act as agent in seeking out buyers/sellers of real estate or in managing the property fund's real estate assets. However, where the adviser has been appointed as the marketing agent for a property, that adviser may recommend the property fund to purchase that property only if:

(a) the adviser has disclosed to the Manager that it is the marketing agent for that property; and

(b) the adviser is not related to the Manager in a manner described in paragraph 1.2(f)(vii).

4.3 Where a commission or fee is paid by the property fund to the adviser in its capacity other than as adviser, such commission or fee paid should not be at more than market rates.

5. Diversification of Investments

Unless it is stated clearly in the prospectus that the property fund will not have a diversified portfolio of real estate, a property fund should be reasonably diversified in terms of the type(s) of real estate (*e.g.* residential/commercial/industrial), location/country and/or the number of real estate investments, as appropriate, taking into account the type and size of the scheme, its investment objectives, and the prevailing market conditions.

6. Interested-party Transactions

6.1 A property fund may, at the first public launch/offer of the scheme and any time after (but not during) 12 months from the first public launch/offer of the scheme,

— acquire assets from or sell assets to interested parties; or

— invest in securities[7] of or issued by interested parties,

if:

(a) adequate disclosures are made in the prospectus (if it is at the first launch/offer of the property fund) or circular (if it is during the life of the property fund), stating -

(i) the identity of the interested parties and their relationships;

(ii) the details of the assets to be acquired or sold, including a description of these assets and location of the real estate assets;

(iii) the prices at which these assets are to be acquired or sold;

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[7] A mortgage-backed security issued by a special purpose vehicle does not come within the ambit of this paragraph.

(iv) the details of the valuations performed (including the names of the valuers, the methods used to value these assets and the dates of the valuations) and their assessed values;

(v) the current/expected rental yield (if any);

(vi) the minimum amount of subscriptions to be received, if the transaction(s) is/are conditional upon the property fund receiving the stated amount of subscriptions; and

(vii) any other matters that may be relevant to a prospective investor in deciding whether or not to invest in the property fund or that may be relevant to a participant in deciding whether or not to approve the proposed transaction(s);

(b) for transaction(s) entered into at the first launch/offer of the property fund, the scheme has entered into agreements to buy those assets at the prices specified in sub-paragraph (a)(iii) from the interested parties. If the transaction(s) is/are conditional upon the property fund receiving a stated minimum amount of subscriptions, the agreements should reflect this;

(c) an independent valuation of each of those real estate assets, using both discounted cash flow analysis and comparable property analysis, has been conducted in accordance with paragraphs 9.1 to 9.8. Where the valuer uses only one of the above methods, he should explain why the other method was not used as well; and

(d) each of those assets is acquired from the interested parties at a price not more than the assessed value under sub-paragraph (a)(iv), or sold to interested parties at a price not less than the assessed value under sub-paragraph (a)(iv).

6.2 In addition to paragraph 6.1, a property fund that acquires assets from or sells assets to interested parties during the life of the scheme after 12 months of the first launch/offer of the scheme should:

(a) where the transaction is equal to or greater than 3% of the property scheme's NAV, announce[8] the transaction immediately; or

(b) where the transaction is equal to or greater than 5% of the property fund's NAV, obtain a majority vote at a participants' meeting and announce the transaction immediately. A person who has an interest, whether commercial, financial or personal, in the outcome of the transaction, other than in his capacity as a participant, will not be allowed to vote on the resolution approving the transaction. There should be an opinion rendered by an Independent Expert stating whether or not the transaction is on normal commercial terms and whether the transaction is prejudicial to participants, based on an assessment of the impact of the transaction on the property fund on an overall basis. The Independent Expert should also draw the participants' attention to any possible disadvantages of the transaction.

6.3 For the purpose of paragraph 6.2, the value of all transactions with the same interested party[9] during the current financial year should be aggregated. If the aggregate value of all transactions with the same interested party during the current financial year is:

(a) equal to or greater than 3% of the property fund's NAV, the requirement in paragraph 6.2(a) will apply to the latest transaction and all future transactions entered into with that interested party during that financial year; or

(b) equal to or greater than 5% of the property fund's NAV, the requirements in paragraph 6.2(b) will apply to the latest transaction and all future transactions entered into with that interested party during that financial year.

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[8] For listed property trusts, announcements should be made to the exchange for public release as stated in SGX's listing requirements. For unlisted property trusts, announcements should be made either through paid advertisements in at least one newspaper that is circulated widely in Singapore, or by sending a circular to participants.

[9] For this purpose, a company, its subsidiary companies, its associated companies, and all their directors, chief executive officers and substantial shareholders are regarded as one party.

6.4 For the purpose of paragraphs 6.1 to 6.6, the agreement(s) to buy or sell the assets should be completed:

(a) where the interested-party transaction is entered into at the first launch/offer of the property fund, within 6 months of the close of the first launch/offer; or

(b) where the interested-party transaction is entered into after 12 months from the first launch/offer and:

(i) the transaction is less than 5% of the property fund's NAV, within 6 months of the date of the agreement; or

(ii) the transaction is equal to or greater than 5% of the property fund's NAV, within 6 months of the date of the participants' approval referred to in paragraph 6.2(b); or

(c) where there is more than one interested-party transaction entered into during the current financial year and the latest transaction results in the 5% threshold referred to in paragraph 6.3(b) being exceeded, within 6 months of the date of participants' approval in respect of that latest transaction.

6.5 An Independent Expert for the purpose of paragraphs 6.1 to 6.6 should:

(a) not receive payments of more than $200,000 aggregated over the current financial year from the Manager, adviser or other party/parties whom the property fund is transacting with. For the avoidance of doubt, this does not include fees paid by the property fund to the Independent Expert for rendering an opinion on the interested-party transaction(s);

(b) not be a related corporation as defined in the Interpretation Section of the CIS Code or have a relationship with the Manager, adviser or other party/parties whom the property fund is transacting with which, in the opinion of the trustee/BOD, would interfere with the Independent Expert's ability to render an independent and professional opinion on the fairness and reasonableness of the transaction(s);

(c) disclose to the trustee/BOD any pending business transactions, contracts under negotiation, other arrangements with the Manager, adviser or other party/parties whom the property fund is transacting with and other factors that would interfere with the Independent Expert's ability to render an independent and professional opinion on the fairness and reasonableness of the transaction(s). The trustee/BOD should then take such disclosure into account when deciding whether the person concerned is sufficiently independent to act as the Independent Expert for the interested-party transaction(s); and

(d) have the necessary expertise and experience, in the opinion of the trustee/BOD, to form an opinion on the fairness and reasonableness of such transactions.

6.6 Paragraphs 6.1 to 6.5 do not prohibit a property fund from engaging an interested party as property management agent or marketing agent for the scheme's properties provided that any fees or commissions paid to the interested party are at not more than market rates.

7. Permissible Investments

7.1 Subject to the restrictions and requirements in paragraphs 8.1 to 8.7, a property fund may only invest in:

(a) Real estate, be it freehold, leasehold and/or as joint owner, and whether in or outside Singapore[10];

(b) Real estate-related assets, wherever the issuers/assets/securities are incorporated/ located/ issued/traded;

(c) Listed or unlisted debt securities and listed shares of or issued by local or foreign non-property corporations;

[10] In respect of investments in Singapore, a property trust should comply with the provisions of the Residential Property Act.

(d) Government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board; and

(e) Cash and cash equivalent items.

7.2 A property fund may invest in local or foreign assets, subject to the terms of its trust deed or its memorandum and articles of association. Where an investment in a foreign real estate asset is made, the Manager should ensure that the investment complies with all the applicable laws and requirements in that foreign country, for example, those relating to foreign ownership and good title to that real estate.

7.3 When investing in leasehold properties, the Manager should consider the remaining term of the lease, the objectives of the property fund, and the lease profile of the property fund's existing property portfolio.

7.4 When investing in real estate as a joint owner (in the case of direct ownership) or a shareholder (in the case of an unlisted company), the Manager should take into account whether the property fund can divest its investment within a reasonable period of time and, in the case of real estate, at a reasonable price as defined in paragraph 9.5.

7.5 Financial derivatives may only be used for the purpose of:

(a) hedging existing positions in a portfolio; or

(b) EPM, provided that derivatives are not used to gear the overall portfolio.

8. Restrictions and Requirements on Investments/Activities

8.1 A property fund should not engage or participate in property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies. For this purpose, property development activities do not include refurbishment, retrofitting and renovations.

8.2 A property fund should not invest in vacant land and mortgages (except for mortgage-backed securities). Subject to paragraph 8.1, this prohibition does not prevent a property fund from buying real estate to be built on vacant land that has been approved for development.

8.3 A property fund should comply with the following restrictions/requirements:

(a) Subject to paragraph 8.6, at least 35% of the property fund's deposited property should be invested in real estate. A new scheme will be given 24 months from the close of the first launch/offer to comply with this requirement;

(b) At least 70% of the property fund's deposited property should be invested, or proposed to be invested, in real estate and real estate-related assets;

(c) Investments in uncompleted[11] non-residential property developments in Singapore or uncompleted property developments outside Singapore should not exceed 20% of the property fund's deposited property;

(d) In paragraph 8.3(c), not more than 10% of the property fund's deposited property can be invested in uncompleted property developments by a single developer[12]; and

(e) For investments in listed or unlisted debt securities and listed shares of or issued by property and non-property corporations (local or foreign) and other locally-registered/ incorporated property funds, not more than 5% of the property fund's deposited property can be invested in any one issuer's securities or any one manager's funds. A corporation and its subsidiary companies are regarded as one issuer or manager.

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[11] An uncompleted property is one that has not been granted a Temporary Occupation Permit or equivalent by the relevant authorities.

[12] For the purpose of this paragraph, the value of the investment refers to the contracted purchase price and not the value of progress payments made to date.

8.4 In particular, investments in other property funds under paragraph 8.3(e) should not be made with a view to circumventing the letter or spirit of the prohibition on interested-party transactions set out in paragraphs 6.1 to 6.6.

8.5 The investment restrictions/requirements in paragraphs 8.3(c), (d) and (e) are applicable at the time the transactions are entered into. A property fund is not required to divest any assets that breach the restrictions/requirements if such breaches were a result of:

(a) the appreciation or depreciation of the value of the property fund's assets;

(b) any redemption of units or distributions made from the property fund; or

(c) in respect of investments in listed shares of or issued by property and non-property corporations (local or foreign), any changes in the total issued nominal amount of securities arising from rights, bonuses or other benefits that are capital in nature.

8.6 Where as a result of divestment or new issue of units by the property fund, a scheme's investments in real estate fall below 35% of its deposited property, the scheme should increase the proportion of its real estate investments to 35% within:

(a) 12 months if the real estate investments fall to a level between 20% and 35% of the property fund's deposited property; or

(b) 24 months if the real estate investments fall below 20% of the property fund's deposited property.

8.7 Para 8.6 would not apply if:

(a) in the case of divestment, the property fund offers to return (by way of redemption above the 10% minimum required in paragraph 10.7) or distributes *at least* 70% of the proceeds of the divestment in cash within 12 months (in the case of paragraph 8.6(a)) and 24 months (in the case of paragraph 8.6(b));

(b) in the case of a new issue of units, the property fund offers to return *at least* 70% of the subscription moneys received from such new issue within 12 months (in the case of paragraph 8.6(a)) and 24 months (in the case of paragraph 8.6(b)); or

(c) in the case of either divestment or new issue of units, the property fund is in the process of being wound up.

9. Valuation of the Property Fund's Real Estate Investments

9.1 A full valuation of each of the property fund's real estate assets should be conducted by a valuer *at least* once a year, in accordance with any applicable Code of Practice for asset valuations.

9.2 Where the Manager proposes to issue new units for subscription or redeem existing units, a valuation of all the scheme's real estate assets should be conducted by a valuer *unless* the asset(s) has/have been valued not more than 6 months ago (based on the date of the valuation report). In the case of a property fund constituted as a trust, where the manager offers to redeem units more than once a year (in accordance with paragraphs 11.1 to 11.10), only one of these redemption offers should be based on a full valuation; the other redemption offer(s) may be based on desktop valuations.

9.3 A valuer for the purpose of paragraph 9, be it for a full or desktop valuation, should:

(a) not receive payments of more than $200,000 aggregated over the current financial year from the Manager, adviser or the other party/parties whom the property fund is contracting with. For the avoidance of doubt, this does not include fees paid by the property fund to the valuer for valuation work undertaken for the scheme;

(b) not be a related corporation of or have a relationship with the Manager, adviser or other party/parties whom the property fund is contracting with which, in the opinion of the trustee/BOD, would interfere with the valuer's ability to give an independent and professional valuation of the property;

(c) disclose to the trustee/BOD any pending business transactions, contracts under negotiation, other arrangements with the Manager, adviser or other party/parties whom the property fund is contracting with and other factors that would interfere with the valuer's ability to give an independent and professional valuation of the property. The trustee/BOD should then take such disclosure into account when deciding whether the person concerned is sufficiently independent to act as the valuer for the property fund;

(d) be authorised under any law of the state or country where the valuation takes place to practice as a valuer;

(e) have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

(f) not value the same property for more than 2 consecutive years.

9.4 For the avoidance of doubt, an adviser appointed by the Manager pursuant to paragraph 4.1(b) should not value the properties that it recommends to be bought or sold by the property fund. However, that adviser may value the property after it has been acquired by the scheme.

9.5 Subject to paragraph 6.1(d) in respect of interested-party transactions, a property fund should purchase or sell real estate assets at a reasonable price. A "reasonable price" means:

(a) in the case of acquisitions, a price not more than 110% of the value assessed in a valuation report (valuer to be commissioned by the scheme) which is not more than 6 months old; or

(b) in the case of disposals, a price not less than 90% of the value assessed in a valuation report (valuer to be commissioned by the scheme) which is not more than 6 months old.

9.6 For the purpose of paragraph 9.5, the date of acquisition or disposal means the date of the sale and purchase agreement. Where there is more than one valuation conducted by more than one valuer for the same real estate asset, the Manager should use the average of the assessed values.

9.7 Where a real estate asset is to be bought or sold at a price other than that specified in paragraph 9.5, *prior approval* should be obtained from the trustee/BOD.

9.8 Notwithstanding paragraphs 9.1 and 9.2, a valuation of the property fund's real estate assets may be conducted if the trustee/BOD or Manager is of the opinion that it is in the best interest of participants to do so.

10. Borrowing Limits

10.1 Borrowings may be used for investment or redemption purposes. A property fund may mortgage its assets to secure such borrowings.

10.2 The total borrowings of a property fund should not exceed 35% of the fund's deposited property.

(a) New borrowings not intended for the purchase of new property should not be incurred if doing so would result in the total borrowings of the property fund exceeding 35% of the deposited property immediately before the borrowing is incurred.

(b) If the borrowings are to be used to fund partly or wholly the purchase of a new property, the value of the deposited property used for determining the 35% limit may include the value of the new property that is being purchased, provided that:

(i) the borrowings are incurred on the same day as that on which the purchase of the property is completed; OR if the borrowings are incurred before the purchase of the property is completed, those borrowings are kept in a separate bank account that is established and kept by the property fund solely for the purpose of depositing such monies;

(ii) the monies raised by such borrowings are utilised solely for the purchase of the property including related expenses such as stamp duties, legal fees and fees of experts and advisers (all of which must be determined on an arm's length basis) and for no other purpose; and

(iii) if borrowings are incurred before the new property is purchased and the manager subsequently becomes aware or ought reasonably to have become aware that the purchase will not take place, the manager must return the monies raised by such borrowings as soon as practicable.

10.3 The borrowing limit is not considered to be breached if due to circumstances beyond the control of the manager the following occurs:

(a) a depreciation in the asset value of the property fund; or

(b) any redemption of units or payments made from the property fund.

If the borrowing limit is exceeded as a result of (a) or (b) above, the manager should not incur additional borrowings.

10.4 Notwithstanding paragraph 10.2, a property fund may borrow more than 35% of the fund's deposited property if:

(a) all the borrowings (including the new borrowings) by the property fund are made via borrowings[13] which are rated at least A (including any sub-categories or gradations therein) by Fitch Inc., Moody's or Standard and Poor's taking into account the new borrowings; or

(b) the credit rating of the property fund itself is at least A (including any sub-categories or gradations therein) by Fitch Inc., Moody's or Standard and Poor's taking into account the new borrowings.

10.5 If the ratings in 10.4(a) and (b) subsequently fall below A (including any sub-categories or gradations therein) due to property market conditions which lead to a fall in property values or income, no corrective action need be taken, but the property fund should not incur additional borrowings.

10.6 The property fund should not change the composition of its properties after the borrowings are incurred if doing so would result in a downgrade of the ratings to below A (including any sub-categories or gradations therein) by Fitch Inc., Moody's or Standard and Poor's.

10.7 Where the requisite ratings in 10.4(a) and (b) are proposed to be obtained through a credit enhancement (*e.g.* a guarantee), the Authority should be consulted in advance.

11. Redemption Requirements

11.1 This section applies *only* to property funds which are constituted as trusts.

11.2 Where a listed property fund provides for redemption, units should be redeemed in accordance with paragraphs 11.4 and 11.5. Such an offer to redeem units should be made known publicly to investors through the SGX at least 14 calendar days before the offer is posted.

11.3 In respect of unlisted property funds, Managers should offer to redeem units *at least* once a year in accordance with paragraphs 11.4 and 11.5.

11.4 Any offer to redeem units pursuant to paragraph 11.2 or 11.3 should be sent to participants with adequate notice, and should state:

(a) the indicative price at which each unit will be redeemed;

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[13] Bonds, notes, syndicated loans, bilateral loans or other debt. Bonds/notes may be issued, directly by the fund or indirectly via a special purpose vehicle.

(b) the period during which the offer will remain open (this period should last for *at least* 21 calendar days, but in no case should it remain open for more than 35 calendar days, after the offer is made);

(c) the assets and/or borrowings that will be used to satisfy the minimum amount of redemption requests stipulated in paragraph 11.5 or a greater amount proposed by the Manager, as the case may be. In the case of non-cash assets, the amount of money that is expected to be available from the sale of such assets should be stated;

(d) subject to the minimum amount stipulated in paragraph 11.5, that if the money available (from cash, sale of non-cash assets and/or borrowings earmarked in sub-paragraph (c)), is insufficient to satisfy all redemption requests, the requests are to be satisfied on a pro-rata basis. For this purpose, no redemption requests made pursuant to the offer may be satisfied until after the close of the offer period;

(e) that the actual price at which the units will eventually be redeemed (as determined by reference to the latest valuations available of the property fund's portfolio of assets after deducting appropriate transaction costs) may differ from the indicative price in sub-paragraph (a) due to changes in the values of the property fund's assets during the offer period;

(f) that the participant should elect, at the same time, whether or not he wishes to proceed with the redemption if his entire redemption request cannot be met; and

(g) that redemption requests made pursuant to the offer will be satisfied within 30 calendar days after the closing date of the offer. Such period may be extended to 60 calendar days after the closing date of the offer if the Manager satisfies the trustee/BOD that such extension is in the best interest of the property fund. The redemption period may be extended beyond 60 calendar days after the closing date of the offer if such extension is approved by participants.

11.5 In respect of any offer to redeem units pursuant to paragraphs 11.2, 11.3 and 11.6, *at least* 10% of the property fund's deposited property should be offered. Where the total amount of redemption requests received by the Manager is for less than 10%, all redemption requests should be met in full.

11.6 Subject to paragraph 11.8, where a property fund listed on the SGX:

(a) has been suspended from trading for *at least* 60 consecutive calendar days; or

(b) has been delisted from the SGX;

the Manager should, within 30 calendar days from the date of the specified event, offer to redeem units in accordance with paragraphs 11.4 and 11.5.

11.7 In the case of the specified event in paragraph 11.6(a), the Manager should announce such offer publicly not later than the 16th calendar day after the date of the specified event. For the purpose of paragraph 11.6(b), the offer should remain open for such period (of between 21 and 35 calendar days) as stipulated by the Manager or until such time as the units resume trading on the SGX, whichever is the earlier. This should be specifically disclosed in the offer notice to participants.

11.8 Where trading suspension in the units of a listed property fund is lifted within 30 calendar days after the date of the specified event in paragraph 11.6(a), the Manager need not proceed to make an offer to redeem the units, or if the Manager has announced an offer to redeem before trading suspension is lifted, the offer can be withdrawn. This should be specifically disclosed in the offer notice to participants.

11.9 Where trading suspension in the units of a listed property fund is lifted after the offer period to redeem units has commenced, the Manager should satisfy all redemption requests which have been received prior to the date the trading suspension is lifted. For the avoidance of doubt, the Manager will not be obliged to satisfy those redemption requests received after the date the trading suspension is lifted. This should be specifically disclosed in the offer notice to participants[14].

11.10 Where a listed property fund continues to be suspended indefinitely or has been delisted from the SGX, the Manager should offer to redeem units *at least* once a year after the first offer to redeem units as specified in paragraph 11.6 has closed, *i.e.* the property fund will be treated as an unlisted property fund after such closing date.

12. Disclosure Requirements

12.1 Paragraph 3.3(b), 4.2(b), 7.1 and 7.2 of the CIS Code (in respect of the sending, preparation and content of semi-annual reports) will not apply to a property fund.

12.2 An annual report should be prepared by the manager at the end of each financial year, disclosing:

(a) details of all real estate transaction(s) entered into during the year, including the identity of the buyer(s)/seller(s), purchase/sale price(s), and their valuation(s) (including the method(s) used to value the asset(s));

(b) details of all the property fund's real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, and/or the remaining term(s) of the property fund's leasehold property(ies) (where applicable);

(c) in respect of the other assets of a property fund, details of the:

(i) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and

(ii) distribution of investments in dollar and percentage terms by country, asset class (*e.g.* equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (*e.g.* "AAA", "AA", etc.);

(d) details of the property fund's exposure to derivatives, including the amount (*i.e.* net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;

(e) details of the property fund's investment in other property funds, including the amount and percentage of total fund size invested in;

(f) details of borrowings of the property fund;

(g) the total operating expenses of the property fund, including all fees and charges paid to the Manager, adviser and interested parties (if any), and taxation incurred in relation to the scheme's real estate assets;

(h) the performance of the property fund in a consistent format, covering various periods of time (*e.g.* 1-year, 3-year, 5-year or 10-year) whereby:

(i) in the case of an unlisted property fund, such performance is calculated on an "offer to bid" basis over the period[15]; or

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[14] See Annex VIII(A) for some examples illustrating how the requirements in paragraphs 11.6 to 11.9 work in relation to a listed property fund that has been continuously suspended from trading for 60 calendar days.

[15] For the purpose of comparing the property trust's performance with an index or other property funds, such comparisons should be made based on the requirements set out in Regulation 25 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2002.

(ii) in the case of a listed property fund, such performance is calculated on the change in the unit price transacted on the stock exchange over the period[16].

Calculation of scheme performance should include any dividends/distributions made assuming that they were reinvested into the property fund on the day they were paid out[17];

(i) its NAV per unit at the beginning and end of the financial year; and

(j) where the property fund is listed, the unit price quoted on the exchange at the beginning and end of the financial year, the highest and lowest unit price and the volume traded during the financial year.

12.3 The Third Schedule of the SFR requires the prospectus to disclose the risks specific to investing in property funds. Some examples of such risks (list is not exhaustive; to be explained in relation to the property fund being offered, where appropriate) include the following:

(a) *Diversification* - Property funds tend to be less well-diversified than general securities fund.

(b) *High gearing* - Property funds tend to be more highly geared than general securities funds. This could be risky if interest rates rise sharply.

(c) *Valuation* - Property valuation, which affects the offer price of units in a property fund, is subjective.

(d) *Illiquidity of properties* - The underlying properties in a property fund are often illiquid. Property may have to be sold to make distributions if market conditions change, or to meet redemptions if the fund is unlisted or delisted; the property fund may be unable to do this expediently where the need arises.

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[16] This should be based on the closing price on the last day of the preceding reporting period (or in the case of a new fund, the opening price on the first day of trading) compared with the closing price on the last day of the current period.

[17] The price at which dividends/distributions are assumed to be reinvested should be the bid price (in the case of an unlisted property fund) or the closing price of the unit traded on SGX (in the case of a listed property fund) on the ex-dividend or ex-distribution date.

LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

Directors of the Manager

Mr Chiu Kwok Hung, Justin

Current Directorships	Past Directorships
Advancing Stock Limited	Art Full Resources Limited
Agrila Limited	Best Partner Resources Limited
Al Islami Far Eastern Real Estate Fund Limited	Citybase Service-Plus Limited (dissolved on 6 June 2003)
Apex Profit Developments Limited	Galex Group Limited (dissolved on 28 November 2003)
ARA Asset Management (HK) Limited	Global Media Technology Limited (dissolved on 11 June 2004)
ARA Asset Management Limited	Goodwell Service-Plus Limited (dissolved on 25 July 2003)
ARA Asset Management (Singapore) Limited	Keen Earning International Limited (dissolved on 27 September 2002)
ARA Trust Management (Suntec) Limited	Kingson Limited (struck off on 1 May 2004)
ARRA Development S.A.	Poko Shine Limited
Aylmer Profits Limited	Vision Million Limited
Ayrshire Investment Limited	Yee Pang Realty Limited
Bandick Limited	
Bayshore Property Management Limited	
Beautiland Company Limited	
Becogate Limited	
Beijing Net-Infinity Technology Development Co., Ltd	
Biro Investment Limited	
Bovision Limited	
Bright Sign Services Limited	
Carton International Limited	
Champion City Group Limited	
Charmford International Limited	
Cheuk Kin Investment Company Limited	
Cheung Kong (Bermuda) Limited	
Cheung Kong Center Property Management Limited	
Cheung Kong (China Housing Development) Limited	
Cheung Kong (China Property Development) Limited	
Cheung Kong (Holdings) Limited	
Cheung Kong Development Company Limited	
Cheung Kong Enterprises Holdings Limited	
Cheung Kong Finance Company Limited	
Cheung Kong Property Development Limited	
Cheung Kong Property Management Limited	
Cheung Kong Real Estate Limited	
Cheung Kong Real Estate Agency Limited	
Chinex Limited	
Citybase Property Management Limited	
Citytruth Property Management Limited	

Mr Chiu Kwok Hung, Justin

Current Directorships	Past Directorships
Colour Sky International Limited	
Comina Investment Limited	
Concordia Property Management Limited	
Conestoga Limited	
Damen Limited	
Deerhill Bay Management Limited	
Delight Resources Limited	
Dor Palace Company Limited	
E-Park Parking Management Limited	
Elite Property Advisors Limited	
Foo Chung Realty Limited	
Foo Yik Estate Company Limited	
Fordcity Group Limited	
Fortune Port Group Limited	
Germinish Company Limited	
Giga Resources Limited	
Glass Bead Limited	
Glenfield Investments Pte Ltd.	
Gold Braid Limited	
#Golden Famous International Limited	
Goldwin Property Management Limited	
Goodwell Property Management Limited	
Gorich Idea Limited	
Gorich Profits Limited	
Grayhill Estates Limited	
Greats Assets Limited	
Harbourfront Landmark Management Limited	
Haskins Investments Limited	
Haynes Estates Limited	
Hilder Company Limited	
#Hincow Limited	
#Honson Holdings Limited	
Horizon Concept Limited	
Hosar Investment Limited	
Houston Asset Management Limited	
In Favour Assets Limited	
Innonet (Holdings) Limited	
iVision International Limited	
J.A. Company Limited	
Jabrin Limited	
Japura Development Pte Ltd.	
Japura Pte Ltd.	
Jingcofield Limited	
Joynote Ltd	
Jurado Limited	
Kamos Limited	
Kiangsu And Chekiang Residents (HK) Association	
King Palace Development Limited	
Kingswood Property Services Limited	
Laguna City Property Management Limited	
Laguna Verde Property Management Limited	
Lifestyle Plus Limited	
Loyal City Services Limited	

Mr Chiu Kwok Hung, Justin

Current Directorships	Past Directorships
Manlai Court Property Management Company Limited	
Mantex Services Limited	
Maranta Estates Limited	
Maxon Investment Limited	
Mightypattern Limited	
Million Nice Development Limited	
Milo Top Development Limited	
Modern Warehouse Company Limited	
Montaco Limited	
Monte Vista Management Limited	
Mutual Luck Investment Limited	
Nob Hill Management Limited	
One Raffles Quay Pte Ltd	
Pako Wise Limited	
Paramatta Estate Management Limited	
Paramatta Real Estate Agency Limited	
Paramatta Investment Company Limited	
Pecan Co., Ltd	
Pine Fragrance Limited	
Pinelink Investment Limited	
Pofield Investments Limited	
Portofino Management Limited	
Presion Limited	
Prompton Property Management Limited	
Property Enterprises Development (Singapore) Pte Ltd	
Prostar Resources Limited	
Quebocity Limited	
Raffles Quay Asset Management Pte Ltd	
Ramad Investments Limited	
Randash Investment Limited	
Renton International Limited	
Rumbold Investments Limited	
Sai Ling Realty Limited	
Sceneway Property Management Limited	
Serwell Property Management Limited	
Shinta Limited	
Silver Keen Company Limited	
Silver Sight Property Management Limited	
Smart Wise Resources Limited	
Splendid Well Limited	
Sprado Company Limited	
Tai Poon Company, Limited	
The Cairnhill Property Management Limited	
The Center (Car Parks) Limited	
The Center Commercial (B.V.I.) Limited	
The Center (Display Spaces) Limited	
The Center (Leasing Agent) Limited	
The Center (Sky Restaurant) Limited	
The Center (19) Limited	
The Center (20) Limited	
The Center (21) Limited	

Mr Chiu Kwok Hung, Justin

Current Directorships	Past Directorships
The Center (22) Limited	
The Center (23) Limited	
The Center (25) Limited	
The Center (26) Limited	
The Center (27) Limited	
The Center (28) Limited	
The Center (29) Limited	
The Center (30) Limited	
The Center (31) Limited	
The Center (32) Limited	
The Center (33) Limited	
The Center (35) Limited	
The Center (36) Limited	
The Center (37) Limited	
The Center (38) Limited	
The Center (39) Limited	
The Center (42) Limited	
The Center (43) Limited	
The Center (45) Limited	
The Center (46) Limited	
The Center (47) Limited	
The Center (48) Limited	
The Center (49) Limited	
The Center (50) Limited	
The Center (51) Limited	
The Center (52) Limited	
The Center (53) Limited	
The Center (55) Limited	
The Center (56) Limited	
The Center (57) Limited	
The Center (58) Limited	
The Center (59) Limited	
The Center (61) Limited	
The Center (62) Limited	
The Center (63) Limited	
The Center (65) Limited	
The Center (66) Limited	
The Center (67) Limited	
The Center (68) Limited	
The Center (69) Limited	
The Center (72) Limited	
The Center (75) Limited	
The Center (76) Limited	
The Center (77) Limited	
The Center 78 (No. 2) Limited	
The Metropolis Management Company Limited	
The Paramount Management Limited	
The Portofino (90) Limited	
The Portofino (92) Limited	
The Portofino (96) Limited	
The Portofino (98) Limited	
The Portofino (100) Limited	
The Portofino (102) Limited	

Mr Chiu Kwok Hung, Justin

Current Directorships	Past Directorships
The Portofino (106) Limited	
The Portofino (108) Limited	
The Portofino (110) Limited	
The Portofino (112) Limited	
The Portofino (116) Limited	
The Portofino (118) Limited	
The Portofino (120) Limited	
The Portofino (121) Limited	
The Portofino (122) Limited	
The Portofino (123) Limited	
The Portofino (125) Limited	
The Portofino (126) Limited	
The Portofino (127) Limited	
The Portofino (128) Limited	
The Portofino (129) Limited	
The Portofino (130) Limited	
The Portofino (131) Limited	
The Portofino (132) Limited	
The Portofino (135) Limited	
The Portofino (136) Limited	
The Portofino (137) Limited	
The Portofino (139) Limited	
The Portofino (150) Limited	
The Portofino (151) Limited	
The Portofino (156) Limited	
The Portofino (157) Limited	
The Portofino (160) Limited	
The Portofino (161) Limited	
The Portofino (162) Limited	
The Portofino (163) Limited	
The Portofino (165) Limited	
The Portofino (166) Limited	
The Portofino (167) Limited	
The Portofino (170) Limited	
The Portofino (172) Limited	
The Portofino (176) Limited	
The Portofino (178) Limited	
The Portofino (180) Limited	
The Portofino (188) Limited	
The Portofino (A1) Limited	
The Portofino (A2) Limited	
The Portofino (A3) Limited	
The Portofino (A5) Limited	
The Portofino (A6) Limited	
The Portofino (B1) Limited	
The Portofino (B2) Limited	
The Portofino (B3) Limited	
The Portofino (B5) Limited	
The Portofino (B6) Limited	
The Portofino (C2) Limited	
The Portofino (C3) Limited	
The Portofino (C5) Limited	

Mr Chiu Kwok Hung, Justin

Current Directorships	Past Directorships
The Portofino (C6) Limited	
The Portofino (D2) Limited	
The Portofino (D3) Limited	
The Portofino (D5) Limited	
The Portofino (D6) Limited	
Thorogood Estates Limited	
Titanic Investments Limited	
Trendy Warehouse Company Limited	
Tsing-Yi Realty, Limited	
University Heights Mangement Company Limited	
Verda Max Limited	
Vigour Limited	
Vista Paradiso Property Management Limited	
Wah Tung Trading Company Limited	
Waldorf Realty Limited	
Webbland Limited	
Wellford Group Limited	
Wisdom Champion Limited	
Wisdom Champion (12) Limited	
Wisdom Champion (15) Limited	
Wisdom Champion (16) Limited	
Wisdom Champion (17) Limited	
Wisdom Champion (18) Limited	
Wisdom Champion (19) Limited	
Wisdom Champion (20) Limited	
Wisdom Champion (21) Limited	
Wisdom Champion (22) Limited	
Wisdom Champion (23) Limited	
Wisdom Champion (25) Limited	
Wisdom Champion (26) Limited	
Wisdom Champion (27) Limited	
Wisdom Champion (28) Limited	
Wisdom March Investment Limited	
Wooco Investment S.A.	

Mr Lim Hwee Chiang, John

Current Directorships	Past Directorships
Al Islami Far Eastern Real Estate Fund Limited	Abundance Investments Ltd
ARA Asset Management (Singapore) Ltd	Acacia Premier Ltd
ARA Asset Management Ltd	Academy Offshore Ltd
ARA Asset Management (HK) Ltd	Accent Property Ltd
ARA Trust Management (Suntec) Limited	Access Overseas Ltd
Fortune Port Group Limited	Accord Properties Ltd
Teck Wah Industrial Corporation Limited (formerly Teck Wah Paper Products Ltd)	Achieve Properties Ltd
Techwah China Corporation Pte Ltd	ACME Overseas Ltd
The Land Manager (S) Pte Ltd	Acorn Global Ltd
Wellford Group Limited	Acre Offshore Ltd
	Acropolis Property Ltd
	Active Universal Ltd

Mr Lim Hwee Chiang, John

Current Directorships

Past Directorships

Acumen Properties Ltd
Adept Ltd
Advance Investments Ltd
Alcove Properties Ltd
Alp Alliance Ltd
Alpen Investments Ltd
Amber Select Ltd
Anchorage Properties Ltd
Anson 5 Ltd
Anson 5A Ltd
Anson 6 Ltd
Anson 6A Ltd
Anson 7 Ltd
Anson 7A Ltd
Anson 8 Ltd
Anson 8A Ltd
Anson 9 Ltd
Anson 9A Ltd
Anson 10 Ltd
Anson 10A Ltd
Anson 11 Ltd
Anson 11A Ltd
Anson 12 Ltd
Anson 12A Ltd
Anson 13 Ltd
Anson 13A Ltd
Anson 14 Ltd
Anson 14A Ltd
Anson 15 Ltd
Anson 15A Ltd
Anson Property Holdings Ltd
Apex Property Ltd
ARC Properties Ltd
Ardent Offshore Ltd
Arete Properties Ltd
ARM International Investment Ltd
ARMF (Singapore) Private Limited
ARMF (TBP) Private Limited
Aspire Investments Ltd
Asset Properties Ltd
Aster Offshore Ltd
Atelier Investments Ltd
Autumn Property Ltd
Avalon Offshore Ltd
Award Properties Ltd
AWE Investments Ltd
Azure Premier Ltd
China Homes Ltd
Dynasty Pacific Homes (Lakeside 2) Pte Ltd
Dynasty Pacific Homes (Lakeside) Pte Ltd
Foodfare Catering Pte Ltd

Mr Lim Hwee Chiang, John

Current Directorships

Past Directorships

GRA (Singapore) Pte Ltd
Hancock 23 Ltd
Hancock 24 Ltd
Hancock 25 Ltd
Hancock Property Holdings Ltd
Holland Hill Mansions Condominium Limited
Holland Hill Mansions Condominium Unit #01-09 Ltd
Holland Hill Mansions Condominium Unit #01-11 Ltd
Holland Hill Mansions Condominium Unit #01-12 Ltd
Holland Hill Mansions Condominium Unit #01-13 Ltd
Holland Hill Mansions Condominium Unit #02-11 Ltd
Holland Hill Mansions Condominium Unit #02-12 Ltd
Holland Hill Mansions Condominium Unit #02-13 Ltd
Holland Hill Mansions Condominium Unit #03-09 Ltd
Holland Hill Mansions Condominium Unit #03-14 Ltd
Holland Hill Mansions Condominium Unit #03-18 Ltd
Holland Hill Mansions Condominium Unit #03-19 Ltd
Holland Hill Mansions Condominium Unit #04-10 Ltd
Holland Hill Mansions Condominium Unit #04-11 Ltd
Holland Hill Mansions Condominium Unit #04-12 Ltd
Holland Hill Mansions Condominium Unit #04-13 Ltd
Holland Hill Mansions Condominium Unit #05-16 Ltd
Holland Hill Mansions Condominium Unit #05-17 Ltd
Holland Hill Mansions Condominium Unit #06-07 Ltd
Holland Hill Mansions Condominium Unit #06-12 Ltd
Holland Hill Mansions Condominium Unit #06-13 Ltd
Holland Hill Mansions Condominium Unit #06-14 Ltd
Holland Hill Mansions Condominium Unit #06-16 Ltd

Mr Lim Hwee Chiang, John

Current Directorships

Past Directorships

MLKI (Foodfare) Singapore Pte Ltd
LTT Investment Holdings Pte Ltd
Mandarin Ventures Pte Ltd (formerly Lot One Enterprise Ltd)
Retail Mall Management Pte Ltd
Sim City 1 Ltd
Sim City 2 Ltd
Sim City 3 Ltd
Sim City 4 Ltd
Sim City 5 Ltd
Sim City 6 Ltd
Sim City 7 Ltd
Sim City 8 Ltd
Sim City 9 Ltd
Sim City 10 Ltd
Sim City Holdings Ltd
Springleaf 20 Ltd
Springleaf 21 Ltd
Springleaf 22 Ltd
Springleaf Property Holdings Ltd
The Forbes Tower Condominium Unit 1001 Ltd
The Forbes Tower Condominium Unit 1004 Ltd
The Forbes Tower Condominium Unit 1005 Ltd
The Forbes Tower Condominium Unit 1101 Ltd
The Forbes Tower Condominium Unit 1104 Ltd
The Forbes Tower Condominium Unit 1105 Ltd
The Forbes Tower Condominium Unit 1201 Ltd
The Forbes Tower Condominium Unit 1204 Ltd
The Forbes Tower Condominium Unit 1205 Ltd
The Forbes Tower Condominium Unit 1401 Ltd
The Forbes Tower Condominium Unit 1404 Ltd
The Forbes Tower Condominium Unit 1405 Ltd
The Forbes Tower Condominium Unit 1501 Ltd
The Forbes Tower Condominium Unit 1504 Ltd
The Forbes Tower Condominium Unit 1505 Ltd
The Forbes Tower Condominium Unit 1601 Ltd
The Forbes Tower Condominium Unit 1604 Ltd
The Forbes Tower Condominium Unit 1605 Ltd
The Forbes Tower Condominium Unit 1701 Ltd
The Forbes Tower Condominium Unit 1705 Ltd
The Forbes Tower Condominium Unit 1801 Ltd
The Forbes Tower Condominium Unit 1805 Ltd
The Forbes Tower Condominium Unit 1901 Ltd
The Forbes Tower Condominium Unit 1905 Ltd
The Forbes Tower Condominium Unit 2001 Ltd
The Forbes Tower Condominium Unit 2004 Ltd
The Forbes Tower Condominium Unit 2005 Ltd
The Forbes Tower Condominium Unit 2101 Ltd
The Forbes Tower Condominium Unit 2104 Ltd
The Forbes Tower Condominium Unit 2105 Ltd
The Forbes Tower Condominium Unit 2201 Ltd

Mr Lim Hwee Chiang, John

Current Directorships

Past Directorships

The Forbes Tower Condominium Unit 2204 Ltd
The Forbes Tower Condominium Unit 2205 Ltd
The Forbes Tower Condominium Unit 2301 Ltd
The Forbes Tower Condominium Unit 2304 Ltd
The Forbes Tower Condominium Unit 2401 Ltd
The Forbes Tower Condominium Unit 2404 Ltd
The Forbes Tower Condominium Unit 2501 Ltd
The Forbes Tower Condominium Unit 2504 Ltd
The Forbes Tower Condominium Unit 2601 Ltd
The Forbes Tower Condominium Unit 2604 Ltd
The Forbes Tower Condominium Unit 2701 Ltd
The Forbes Tower Condominium Unit 2704 Ltd
The Forbes Tower Condominium Unit 2801 Ltd
The Forbes Tower Condominium Unit 2804 Ltd
The Forbes Tower Condominium Unit 2901 Ltd
The Forbes Tower Condominium Unit 2904 Ltd
The Forbes Tower Condominium Unit 2905 Ltd
The Forbes Tower Condominium Unit 301 Ltd
The Forbes Tower Condominium Unit 305 Ltd
The Forbes Tower Condominium Unit 306 Ltd
The Forbes Tower Condominium Unit 401 Ltd
The Forbes Tower Condominium Unit 405 Ltd
The Forbes Tower Condominium Unit 406 Ltd
The Forbes Tower Condominium Unit 501 Ltd
The Forbes Tower Condominium Unit 505 Ltd
The Forbes Tower Condominium Unit 506 Ltd
The Forbes Tower Condominium Unit 601 Ltd
The Forbes Tower Condominium Unit 605 Ltd
The Forbes Tower Condominium Unit 606 Ltd
The Forbes Tower Condominium Unit 701 Ltd
The Forbes Tower Condominium Unit 705 Ltd
The Forbes Tower Condominium Unit 706 Ltd
The Forbes Tower Condominium Unit 801 Ltd
The Forbes Tower Condominium Unit 804 Ltd
The Forbes Tower Condominium Unit 805 Ltd
The Forbes Tower Condominium Unit 901 Ltd
The Forbes Tower Condominium Unit 904 Ltd
The Forbes Tower Condominium Unit 905 Ltd
TSM Resources Ltd
West Kowloon Investment Limited

Mr Ip Tak Chuen, Edmond

Current Directorships

Able Venture Profits Limited
Abundant Luck Limited
Action Advantage Limited
Advancing Stock Limited
Aesthetic Investments Limited
Agosta Limited
Agrila Limited
Aim Clever Holdings Limited
Akerman Holdings Limited
Albion Properties Limited
Albion Riverside Commercial Limited
Albion Residential Limited
Albion Riverside Residential Management Limited
Alexus Company Limited
All In Profit International Limited
Allday Enterprises Limited
Alliance Construction Materials Limited
Alpha Central Profits Limited
Alpha Future Limited
Alpine Profits Limited
Alps Mountain Agent Limited
Altech Investment Limited
Amassed Investments Limited
Amityville Limited
AMTD Direct Limited
AMTD Financial Planning Limited
AMTD Risk Management Limited
ARA Asset Management (Singapore) Limited
ARA Trust Management (Suntec) Limited
Arenal Limited
ARRA International Limited
Ascardo Limited
Asset Manage Investments Limited
Asian Equities Inc.
Aspiration Land Investment Limited
Assetview Investments Limited
Astino Limited
Asvick Investment Limited
Auckland Profits Limited
Australian Energy Holdings Limited
Autocent Investments Limited
Aventee Resources Limited
Aylmer Profits Limited
Ayrshire Investment Limited
Bamco Investment Limited
Bandick Limited
Beautiland Company Limited
Beauty Gold Enterprises Limited
Beauty Queen Limited
Beijing Net-Infinity Technology Development Co., Ltd.
Beijing Oriental Plaza Co., Ltd.
Belgravia Place Management Limited
Benson Resources Limited

Past Directorships

Advanced Internet Services Limited
Art Full Resources Limited
Beijing Planet Network Travel Information Tech Ltd
Beijing Super Channel Network Limited
BOC China Fund Limited
Better Growth Investment Limited (dissolved on 23 April 2004)
Brandish Victory Limited (dissolved on 14 October 2003)
Carton International Limited
Casco Resources Limited (dissolved on 27 November 2001)
CEF Capital Limited
CEF New Asia Company Limited
Changchao Power Co Ltd
Changhai Power Co Ltd
Changli Road Investment Company Limited (dissolved on 12 January 2004)
Changpu Power Co Ltd
Changliao Fuel Supply Company Limited
Chata Limited (dissolved on 26 May 2004)
Cheer Popular Investment Limited (dissolved on 9 August 2002)
Cheung Kong Jet Corporation Limited (dissolved on 22 July 2004)
Citybase Service-Plus Limited (dissolved on 6 June 2003)
CK iBusiness Limited (dissolved on 6 June 2003)
CK Life Sciences Int'l, Inc.
#CKI Cove Tunnel Holdings (Malaysian) Limited
CKI UK Water Finance Limited (dissolved on 17 December 2002)
CKI UK Water Limited (dissolved on 17 December 2002)
Cleverlink Enterprises Limited (dissolved on 6 June 2003)
Concord Property Development Limited
Cromwell Profits Limited (dissolved on 8 July 2003)
Crystal Marble Investment Limited (dissolved on 9 August 2002)
Delta Wise International Limited (dissolved on 20 September 2002)
Directpoint Investments Limited (dissolved on 5 August 2004)
Dorset Land Company Limited (dissolved on 2 March 2004)
Dragon Able International Limited (dissolved on 9 August 2002)
Dragon River Limited (dissolved on 9 July 2004)

Mr Ip Tak Chuen, Edmond

Current Directorships

Berlin Venture Limited
Bermington Investment Limited
Best Yet Resources Limited
Bestlead International Limited
Big City Investments N.V.
Bignet Limited
Bingham Venture Limited
Biodirect Profits Limited
bioSecure Systems Limited
bioSecure ID Systems Limited
Bio-World (Holdings) Limited
Bio-World Holdings Limited
Biocycle Resources Limited
Bioedit Developments Limited
Biotech Strategic (Holdings) Limited
Biotech Strategic Holdings Limited
Biro Finance Limited
Biro Investment Limited
Blue Quartz Limited
Bolo Investment Limited
Bonda Gold Limited
Bonda Way Investment Limited
Bonntile Industries (H.K.) Limited
Bonson Resources Limited
Boombay Limited
Bopson Limited
Bopson Investment Limited
Borneo Limited
Bovision Limited
Bowstar Limited
Bridgeview Profits Limited
Bright Sign Services Limited
Bristol Profits Limited
Broadstairs International Limited
Broadwell Profits Limited
Broadworld Investment Limited
Brytel Investments Limited
Building Management Security Communication Limited
Bylite (Nominees) Limited
Bytes Investments Limited
C.C. Investment Holdings Limited
C.C. Investments (Barbados) Limited
Cable Med Group Limited
Cabramatta Limited
Cambonic International Limited
Cambridge Water Plc
Camco Investment Limited
Campina Enterprises Limited
Capital Million Group Limited
Capitol Investments Limited
Career Times Online Limited
Cashmere Profits Limited

Past Directorships

ehealthcareasia Limited
Envestra Limited
Eurasia Holdings Limited (dissolved on 6 August 2003)
Everwell Enterprises Limited (dissolved on 19 April 2004)
Extra Permanent Limited (dissolved on 28 March 2003)
Falcon Sight Limited (dissolved on 4 April 2003)
First Bridge Limited (dissolved on 1 May 2002)
First Field Investment Limited (dissolved on 21 May 2004)
First Pioneer Limited (dissolved on 1 May 2002)
Flow Victory Company Limited
Galex Group Limited (dissolved on 28 November 2003)
Glasshouse Enterprises Limited
Global Media Technology Limited (dissolved on 11 June 2004)
Gold Gain Worldwide Limited (dissolved on 1 May 2002)
Gotak Investment Limited
Goodwell Service-Plus Limited (dissolved on 25 July 2003)
Gratton Resources Limited (dissolved on 28 October 2003)
Great Mercury Limited (dissolved on 9 August 2002)
Green Tech Consultants Limited (dissolved on 1 November 2001)
Happy Talent Development Limited (dissolved on 9 August 2002)
Harbour Plaza Technical Assistance Services Limited (dissolved on 11 June 2004)
Highmate Company Limited (dissolved on 19 July 2004)
Hong Kong Property Services (Agency) Limited
Hong Kong Property Services (Consultancy) Limited
Hong Kong Property Services (Investment) Limited
Hong Sing European Holdings Pte Ltd (dissolved on 9 April 2003)
Hong Sing Investments B.V.
Horbling Profits Limited (dissolved on 28 October 2003)
Icfox Hong Kong Limited
Icfox International Limited
iClaims21 Limited
iHR21 Limited

Mr Ip Tak Chuen, Edmond

Current Directorships

Cashweb Profits Limited
Castino Limited
Castmaster Limited
Caston Limited
Catic International Holdings Limited
Cavell Limited
Cefasia Finance Limited
CEF Holdings Limited
Centerlin Investments Limited
Century Global Profits Limited
Century Sixty Limited
Champful Limited
Champion Launch International Limited
Chang E Road Investment Company Limited
Changgang Road Investment Company Limited
Changhai Road Investment Company Limited
Changlian Road Investment Company Limited
Changlyn Road Investment Company Limited
Changpan Bei Dou Road Investment Company Limited
Changping Cogeneration Dust Disposal Investment Company Limited
Changping Cogeneration Fuel Supply Investment Company Limited
Changping Cogeneration Investment Company Limited
Changping Cogeneration Services Company Limited
Changping Cogeneration Water Investment Company Limited
Changping Electricity Company Limited
Changping Energy Investment Company Limited
Changqian Road Investment Company Limited
Changshun Energy Investment 1 Company Limited
Changshun Energy Investment 2 Company Limited
Changshun Energy Investment 3 Company Limited
Changtang Road Investment Company Limited
Changting Road Investment Company Limited
Changwang Road Investment Company Limited
Changxiang Wu Jia Ling Road Investment Company Limited
Changxiang Wu Yi Road Investment Company Limited
Chaoke Information Technology (BVI) Company Limited
Charmford International Limited
Charming Sky Enterprises Limited

Past Directorships

InnoDragon Inc (dissolved on 27 December 2002)
iStock21 Limited
Jackpot International Limited (dissolved on 9 August 2002)
Jesswell Investments Limited (dissolved on 27 April 2004)
Jetrade Investment Limited (dissolved on 3 November 2003)
Jiangling Water Plant Investment Company Limited (dissolved on 12 January 2004)
Jocund Investments Limited (dissolved on 25 March 2003)
Kash Rich Investments Limited (struck off on 1 November 2001)
Kingswood Limited (struck off on 1 May 2004)
Lahiji Vale Limited
Laurstinus Limited
Leading Point Investments Limited (struck off on 1 November 2000)
Legend Power Limited
Leisten Pte Ltd
Majestic Glory Limited
Maxtech Gain Limited (dissolved on 12 June 2003)
Maxyork Limited (struck off on 1 May 2004)
Metro Broadcast Corporation Limited
Milibow Assets Limited
Millennia Biotechnology (Holdings) Limited (dissolved on 31 March 2003)
Million Gold Investments Limited (dissolved on 30 April 2004)
Million Wealth Profits Limited (dissolved on 25 March 2003)
Mountain Profits Limited (dissolved on 23 March 2004)
Nanhai Road Investment 1 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 2 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 3 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 4 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 5 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 6 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 7 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 8 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 9 Co Limited (dissolved on 12 January 2004)

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Current Directorships

Chartex International Limited
Chasterton Limited
Chelson Limited
Chengdu Changdu Enterprise Development Co. Ltd.
Chengdu Changtian Co., Ltd.
Cherryred Group Limited
Cheuk Kin Investment Company Limited
Cheung Kong (Bermuda) Limited
Cheung Kong Bond Finance Limited
Cheung Kong (China Hotel) Limited
Cheung Kong (China Housing Development) Limited
Cheung Kong (China Infrastructure) Limited
Cheung Kong (China Project Management) Limited
Cheung Kong (China Property) Limited
Cheung Kong (Developments) Limited
Cheung Kong (Holdings) Limited
Cheung Kong Advertising Company Limited
Cheung Kong Capital Limited
Cheung Kong Center Property Management Limited
Cheung Kong China Infrastructure Limited
Cheung Kong China Property Limited
Cheung Kong Development Company Limited
Cheung Kong Enterprises Limited
Cheung Kong Enterprises Holdings Limited
Cheung Kong Finance Cayman Limited
Cheung Kong Finance China Limited
Cheung Kong Finance Company Limited — H.K.
Cheung Kong Finance Company Limited — B.V.I.
Cheung Kong Holdings (China) Limited
Cheung Kong Hutchison Beijing Power Company Limited
Cheung Kong Hutchison Highway Investment Ltd
Cheung Kong Hutchison Shantou Bay Bridge Ltd
Cheung Kong Inc
Cheung Kong Infrastructure (BVI) Limited
Cheung Kong Infrastructure Finance (Australia) Pty Limited
Cheung Kong Infrastructure Finance (BVI) Limited
Cheung Kong Infrastructure Finance Company Limited
Cheung Kong Infrastructure Holdings Limited
Cheung Kong Infrastructure Holdings (Australia) Pty Ltd

Past Directorships

Nanhai Road Investment 10 Co Limited (dissolved on 12 January 2004)
Nanhai Road Investment 11 Co Limited (dissolved on 12 January 2004)
Nanqiao Power Company Limited
New Stage Enterprises (dissolved on 3 June 2004)
Newage Champion Limited (dissolved on 21 July 2003)
Nice Work Investments Limited (dissolved on 26 May 2004)
Paul T.-ITC Construction Holdings Limited
Peak Victory Limited (dissolved on 1 November 2001)
Perfect Target Enterprises Limited (dissolved on 30 April 2004)
Perricom Holdings Limited (dissolved on 23 March 2004)
Pescaito Group Limited (dissolved on 28 October 2003)
Poko Shine Limited
PowerCom Network Indonesia Limited (dissolved on 12 January 2004)
PowerCom Network Japan Limited (dissolved on 24 December 2003)
PowerCom Network Malaysia Limited (dissolved on 12 January 2004)
PowerCom Network New Zealand Limited (dissolved on 9 January 2004)
PowerCom Network Singapore Limited (dissolved on 24 December 2003)
Prospering Assets Limited
Quick Switch Limited
Richboard Limited (dissolved on 9 August 2002)
Rich Rising Limited
Sellington Investment Limited (dissolved on 9 August 2002)
Shanghai Super Channel Network Limited
Silktop Limited (dissolved on 28 November 2003)
Sky Strength Limited (dissolved on 9 August 2002)
Smart Time Holdings Limited
Smile Beauty Investment Limited
Spectacular Trading Limited (dissolved on 11 August 2003)
Splendid Bright Investment Limited (dissolved on 9 August 2002)
Strength Profit Limited (dissolved on 9 August 2002)

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Current Directorships

#Cheung Kong Infrastructure Holdings (Malaysian) Limited
Cheung Kong International Limited — Bahama
Cheung Kong International Limited — H.K.
Cheung Kong International Limited — U.K.
Cheung Kong International Limited N.V.
Cheung Kong Investment (Singapore) Pte Limited
Cheung Kong Investment Company Limited
Cheung Kong Jianghe Highway Company Limited
Cheung Kong Jiangsha Highway Company Limited
Cheung Kong Jingyang Housing Development Limited
Cheung Kong Marketing Services Limited
Cheung Kong Prime Properties Limited
Cheung Kong Property Development Limited
Cheung Kong Property Management Limited
Cheung Kong Real Estate Limited
Cheung Kong Real Estate Agency Limited
Cheung Kong Shanping Housing Development Limited
Cheung Wo Hing Fung Enterprises Limited
Cheungma Road Investment Company Limited
Cheungyik Road Investment Company Limited
China Cement Company (International) Limited
China Power Managemnet Services Limited
Chinawide Profits Limited
Chistar Investment Limited
Choice Century Limited
Chopin International Limited
Citiland Investment Limited
Citimax Limited
#CitiPower I Pty Ltd
#CitiPower II Pty Ltd
#CitiPower Pty
City Day Investments Limited
Citybase Property Management Limited
Citytruth Property Management Limited
CK Ascom Asia Power Communications Limited
CK Ascom Asia Power Communications Holdings Limited
CK Biotech Laboratory Limited
CK Broadband Communications Limited
CK Communications Limited
CK Life Sciences Int'l, (Holdings) Inc.
CK Life Sciences Laboratory Limited

Past Directorships

Strong Position Enterprises Limited (dissolved on 9 August 2002)
Sunning Well Investment Limited (dissolved on 9 August 2002)
Sunparkal Investment Limited (dissolved on 9 August 2002)
Superforce Resources Limited
Target Winner Limited (dissolved on 25 April 2003)
The Portofino (181) Limited (dissolved on 9 August 2002)
The Portofino (183) Limited (dissolved on 9 August 2002)
The Portofino (C1) Limited (dissolved on 20 September 2002)
The Portofino (Car Parking Spaces) Limited (dissolved on 20 September 2002)
The Portofino (DI) Limited (dissolved on 25 June 2003)
Top Brilliant Limited (dissolved on 25 March 2003)
Town Health International Holdings Company Limited
Trasy Gold Ex Limited
Triple Wise Limited (dissolved on 20 September 2002)
Uniton Development Limited (dissolved on 4 June 2004)
Universe Dragon Limited
Vision Million Limited
Welko Industrial (B.V.I.) Limited
Wellko Industrial Limited
Welko Management Services Limited
Winplus Investment Limited (dissolved on 3 November 2003)
Yee Pang Realty Limited

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Current Directorships	Past Directorships
CK Life Sciences Limited	
CK Power Communications Limited	
CK Technology Holdings Inc.	
CK Venture Capital Limited	
CKCI Investments Limited	
CKH China Enterprises Limited	
CKH Star Limited	
CKI Airport Finance Pty Ltd.	
CKI Airport Loan Notes (Australia) Pty Ltd.	
CKI China Enterprises Limited	
#CKI City Tunnel Investment (Malaysia) Limited	
#CKI Electricity Distribution (Malaysian) Limited	
CKI Guangzhou Ring Roads Limited	
CKI Lane Cove Tunnel Holdings (Malaysian) Limited	
CKI Materials Limited	
#CKI Mitcham Holdings Limited	
#CKI Power Development Limited	
#CKI Power Distribution Limited	
#CKI Power (Malaysian) Limtied	
CKI UK Water (BVI) Limited	
CKI UK Water Limited	
#CKI Utilities Development Limited	
#CKI Utilities Holdings Limited	
#CKI Utilities (Malaysian) Limited	
#CKI/HEI Electricity Assignment Limited	
#CKI/HEI Electricity Distribution Holdings (Australia) Pty Ltd	
#CKI/HEI Electricity Holdings (Malaysian) Limited	
#CKI/HEI Electricity Distribution Pty Ltd.	
#CKI/HEI Electricity Distribution Two Pty Ltd.	
#CKI/HEI Power Holdings Limited	
#CKI/HEI Utilities Distribution Limited	
Clever Venture Limited	
Cloudstar Investments Limited	
Coco Resources Limited	
Comax Resources Limited	
Comina Limited	
Comina Investment Limited	
Commercelink Profits Limited	
Community Realty Limited	
Concord Investments Company Limited	
Conestoga Limited	
Conroy Assets Limited	
Constellation Properties (Colorado), Inc.	
Continental Estates Sdn Bhd	
Continental Realty Limited	
Conwell Action Enterprises Limited	
Corpnet Technology Limited	
Cosmic Rays Investments Limited	

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Current Directorships	Past Directorships
Cosmos Technology Limited	
Cotech Resources Limited	
Cotino Limited	
Cropland Investment Limited	
CrossCity Motorway Finance Pty Limited	
CrossCity Motorway Holdings Pty Limited	
CrossCity Motorway Nominees No. 1 Limited	
CrossCity Motorway Nominees No. 2 Limited	
CrossCity Motorway Pty Limited	
Crownice Investment Limited	
Crownity Limited	
Croyland Investments Ltd	
Curvers Holdings Limited	
Dalton Blue Limited	
Datalink Enterprises Limited	
Datalink Resources Limited	
Damen Limited	
Daredon Assets Limited	
Deerhill Bay Management Limited	
Delight Resources Limited	
Dellian Developments Limited	
Delta First Investments Limited	
Diamond Jubilee Investment Limited	
Diamond Profits Limited	
Dinmax Limited	
Dobie Development S.A.	
Doko Limited	
Domatic International Limited	
Dongbei Road Investment 1 Company Limited	
Dongbei Road Investment 2 Company Limited	
Dongbei Road Investment 3 Company Limited	
Dor Palace Company Limited	
Dragon Beauty International Limited	
Dragon Champion Limited	
Dragon Holdings Limited	
Dragon Pearl Investment Limited	
Dragonsford Investment Limited	
Dreamsell Group Limited	
E-Capital Profits Limited	
E-Option Limited	
E-Park Parking Management Limited	
e-Security Electronics Engineering Limited	
E-Smart System Inc.	
E-Smart System Limited	
E-Smart Technology Limited	
E-Total Profits Limited	
E-Vantage International Limited	
Eagle's Nest Limited	
Earnswell Holdings Limited	
East Hover Resources Limited	
East Leader Investments Limited	
East-West Exhibitions Pte Ltd	

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Current Directorships	Past Directorships
Eastern Harbour Crossing Company Limited	
Eastway Venture Limited	
Ebony Limited	
Eclink Electronic Network Systems (Shenzhen) Co., Ltd	
Effective Developments Limited	
Elephant Profits Limited	
Emerald Choice Limited	
Emino Limited	
Emma Better Limited	
Empero Limited	
Energetic Assets Limited	
#Envestra Limited	
Equisite Taste Investments Limited	
Erebus Investments Limited	
Errigal Investment Holdings Limited	
Esta Utilities	
Estimated Return Investments Limited	
Even Market Investments Limited	
Eurostar Venture Limited	
Excel Technology International Holdings Limited	
External Sales Agency (HK) Limited	
Fabulous Sky Development Limited (in the process of deregistration)	
Fairy International Limited	
Famous Star Venture Limited	
Fantastic State Limited	
Ferrensby Limited	
Fiennes Associates Limited	
Filand Enterprises Limited	
Fine Bridge Profits Limited	
Fireball Enterprises Limited	
Flextop Limited	
Flying Snow Limited	
Flystar Investment Limited	
Focus Eagle Investments Limited	
Foncom Limited	
Foo Chung Realty Limited	
Fordcity Group Limited	
Forecastor Limited	
Foris Investment Limited	
Fortech Resources Limited	
Fortune Bright Enterprises Limited	
Fortwin Investment Limited	
Fossiler Investments Limited	
Fountain Spray Limited	
Fumanda Limited	
Fumark Investment Limited	
Fusion System Limited — H.K.	
Fusion System Limited — Shenzhen	
Gadera Investments Limited	

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Current Directorships	Past Directorships
Gainbo Limited	
Gainley Limited	
Gainsmart Assets Limited	
Galaxy Power Investment Limited	
Galex Investment Limited	
Galiant Star Limited	
Gamma Enterprises Limited	
Gamton Enterprises Limited	
Garbo Field Limited	
Garex Resources Limited	
Genbo Limited	
Genero International Limited	
Germinish Company Limited	
Giga Investment Limited	
Giga Resources Limited	
Gina Resources Limited	
Gingerbread Investments Limited	
Glass Bead Limited	
Gleaming Profits Limited	
Glenfield Investments Pte Ltd	
Global Coin Limited	
Globeat Strategy Limited	
Glorient Investments Limited	
Glorious Enterprises Limited (in the process of deregistration)	
Goda International Limited	
Going Places Group Limited	
Golarge Limited	
Gold Braid Limited	
Gold Colour Profits Limited	
Gold Gear Limited	
Gold Rainbow Int'l Limited	
Gold Season Investments Limited	
Gold Stream Resources Limited	
Goldcash International Limited	
Golden Beatles Assets Limited	
Golden Case Limited	
Golden Famous International Limited	
Golden Lagoon Inc.	
Golden Target Limited	
Goldgate Investment Limited	
Goldleaf Venture Limited	
Goldwin Property Management Limited	
Goldwise Limited	
Gonet Venture Limited	
Good Century Limited	
Good Energy Limited	
Goodwell Property Management Limited	
Goodyear Limited	
Gorich Idea Limited	
Gorich Profits Limited	
Gosula Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
Gotak Limited	
Gowrie Profits Limited	
Grand Elegant Investment Limited	
Granlai Company Limited	
Grayhill Estates Limited	
Great Affluent Limited	
Great Poka Limited	
Great Top International Limited	
Great World Resources Limited	
Greats Assets Limited	
Great Cosmos International Limited	
Green Treasure Holdings Limited	
Gretton Hall Limited	
Guangzhou Int'l Toys And Gifts Center Co., Ltd.	
Guidefield Limited	
Gypsy Investments Limited	
Hainan Yangpu Development (H.K.) Limited.	
Hainan Yangpu Land Development Co. Ltd.	
Haldaner Limited	
Hamada Limited	
Hamstar Profits Limited	
Hanny Holdings Limited	
Harbour Plaza Hotel Management Limited	
Harbour Plaza Hotel Management (International) Limited	
Harbour Plaza Metropolis Limited	
Harbour Plaza North Point Resources Limited	
Harbour Plaza Resort City (H.K.) Resources Limited	
Harbourfront Landmark Management Limited	
Harrowgate Investments Limited	
Harvest Fair Finance Limited	
Harvestime Holdings Limited	
Haskins Investments Limited	
Haswell Resources Limited	
Haunder Investments Limited	
Haynes Estates Limited	
Headway Profits Limited	
#HEI Power Development Limited	
#HEI Power Distribution Limited	
#HEI Utilities Development Limited	
#HEI Utilities Holdings Limited	
Hero Star Venture Limited	
Herolink Limited	
Hester Properties Limited	
Hestonville Resources Limited	
Hey Darley Limited	
High Acceptation Limited	
High Perform Investments Limited	
Highbury International Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
Hilder Company Limited	
Hilision Limited	
Hilltop Venture Limited	
Hillwin Investment Limited	
Himax Investment Limited	
Himfield Limited	
Hincow Limited	
Hislop Resources Limited	
Hitech Profits Limited	
Honey Bear Holdings Limited	
Hong Kong Concord Holdings Limited	
Hong Kong Marina (Nominees) Limited	
Hong Kong Marina Limited	
Honmark Investment Limited	
Honourable Holdings Limited	
Honson Holdings Limited	
Honvast Limited	
Hopesource Corporation	
Hornby Pacific Limited	
Hoshing Resources Limited	
Houston Asset Management Limited	
Hui Xian (B.V.I.) Limited	
Hui Xian (Cayman Islands) Limited	
Hui Xian Holdings Limited	
Hui Xian Investment Limited	
Hutchison LR Development Limited	
Hutchison LR Properties Limited	
Hyford Limited	
i21 Limited	
IBC (Barbados) International Limited	
IBC (Barbados) Investment Limited	
iBusinessCorporation.com Holdings Limited	
iBusiness Corporation.com (Holdings) Limited	
iBusinessCorporation.com Limited	
iBusiness Corporation Limited	
Info Century Limited	
iMarkets Limited	
iMarkets Commodities Limited	
iMarkets (Holdings) Limited	
iMarkets Metals Limited	
iMarkets Structured Products Limited	
In Favour Assets Limited	
Individable Profits Limited	
Industrial Development Holdings Limited	
Inhand Profits Limited	
Inno Think Holdings Limited	
Inspection Profits Limited	
Interman Development Inc.	
iService21 Holdings Limited	
isoba Limited	
istar Venture Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
iTravel Limited	
iTravel (HK) Limited	
Ivory Limited	
J.A. Company Limited	
Jade Arch Investment Limited	
Jadeland Resources Limited	
Jadesun Enterprises Limited	
Japura Development Pte Ltd	
Japura Pte Ltd	
Jean-Marie Pharmacal Company Limited	
Jean-Marie Pharmacal Management Limited	
Jenway Limited	
Jethour International Limited	
Jetlead Investments Limited	
Jetmark Limited	
Jiangshi Water Plant Investment Company Limited	
Jiangshun Jiangjun Water Plant Investment Company Limited	
Jiangshun Pingshan Water Plant Investment Company Limited	
Jingcofield Limited	
Jingostar Investment Limited	
Joynote Ltd	
Jumbo Strategic Investment Limited	
Juno Gold Profits Limited	
Juralco Limited	
Kalop Limited	
Kam Chin Investment S.A.	
Kam Loy Investment S.A.	
Kammer Development Limited	
Kamos Limited	
Kersley International Limited	
Kiadina Investments Limited	
Kinetic Venture Limited	
Kido Profits Limited	
King Fame Investments Limited	
Kingswood Property Services Limited	
Kintop Target Investment Limited	
Kismet Developments Limited	
Kobert Limited	
Koga Limited	
Konorus Investment Limited	
Korado Limited	
L.F. Holdings Limited	
L.F. Special Holdings Ltd.	
Laguna City Property Management Limited	
Laguna Verde Property Management Limited	
Lake Dizin Limited	
Lalomy Limited	
Lapland Holdings Limited	
Leading Arms Developments Limited	
Leckford Resources Limited	

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Current Directorships	Past Directorships
Legend Ventures Group Limited	
Lema International Limited	
Li Ka Shing Shantou University Foundation	
Li Ka Shing Shantou University Foundation Company Limited	
Lico Investment Limited	
Lido Hotel Limited	
Life Vitality (Nominees) Limited	
Light Crown International Limited	
Lincore Limited	
Likson Investment Limited	
Lipton Finance S.A.	
Lipwin Resources Limited	
Liverton Investment Limited	
Loco Hongkong Limited	
Longyield Limited	
Lovell Park Limited	
Loyal City Services Limited	
Lucky Action Enterprises Limited	
Lumistar Limited	
Maenhout Investments N.V.	
Magic Fortune Limited	
Maissemore Limited	
Mantex Services Limited	
Maraket Limited	
Maranta Estates Limited	
Markreal Investment Limited	
Market Model Investments Limited	
Marketon Investment Limited	
#Marregon (No. 2) Pty Ltd	
#Marregon Pty Ltd	
Marymount Limited	
Marymount Overseas Investment Limited	
Mass Success Investments Limited	
Master Power Holdings Limited	
Master View Enterprises Limited	
Masterland Investment Limited	
Mastronic Enterprises Limited	
Match Power Investment Limited	
Max Same Investment Limited	
Maxchief Limited	
Maxtone Investments Limited	
Mayspin Management Limited	
Maysprings Holdings Limited	
Megawin International Limited	
Melville Park Development Pte Ltd	
Mercury Rising Limited	
Merry Finance Limited	
Merry Investments Limited	
Mesa Investment Limited	
Meta International Limited	
Metro Honour Holdings Limited	

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Current Directorships	Past Directorships
Metrofond Limited	
Midro Limited	
Mightycity Company Limited	
Milispeed Investments Limited	
Millen Investment Limited	
Million Rise Investments Limited	
Milo Top Development Limited	
Ming Step Investment Limited	
Mingo Investment Limited	
Mirabole Limited	
Miracle Star Advertising Limited	
Mitcham Resources Limited	
Modern Perfect Developments Limited	
Modern Warehouse Company Limited	
Moneywell Investments Limited	
Monitor Equities S.A.	
Monopro Investment Limited	
Montaco Limited	
Monte Vista Management Limited	
More Pleasure International Limited	
Mosa Profits Limited	
Mosco Enterprises Limited	
Mountergate Limited	
mReferal Corporation (HK) Limited	
mReferal Corporation Limited	
mReferal Investment Limited	
Mudari Limited	
Multiwide Investments Limited	
Munrose Limited	
Mutual Luck Investment Limited	
MV Properties Limited	
Narada Investment Limited	
Nasco Venture Limited	
Net Fun Limited	
Netgo Resources Limited	
Network Travel Limited	
Network Travel Enterprises Limited	
New Profit Resources Limited	
New Stride Investment Limited	
Newland Champion Limited	
Newport Profits Limited	
Newsbury Enterprises Limited	
Newton City Limited	
Niceline Company Limited	
Niceway Profits Limited	
Nito International Limited	
Nob Hill Management Limited	
Noblecrown Investment Limited	
Nobleway Investment Limited	
Nority Investment Limited	
North American Investments Limited	
Ocean Wonder Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships

Olivetto Limited
Onwin Enterprises Limited
Opal Charm Limited
Opengain Limited
Opticard Profits Limited
Orator Investment Limited
Oriental Glass Holdings Limited
Oriental Mountain Development Limited
Oriental Time Investment Limited
Oscar Resources Limited
Ostobo Limited
Outram Limited
Oxford Blue Holdings Limited
Oxford Investments Limited
Pacific Atlantic Investment Limited
Pacific Top Development Limited
Pacific Wins Development Limited
Pako Wise Limited
Panford Investment Limited
Panform Limited
Pastille International Limited
Pearl Wisdom Limited
Penkilan Limited
Perfect Idea Limited
Perfect Weddings Limited
Pervasive Developments Limited
Phonic Limited
Pine Fragrance Limited
Pleasant Town Limited
Podar Investment Limited
Pofield Investments Limited
Pokin Limited
Polycourt Limited
Polytown Investments Limited
Pomer International Limited
Portofino Management Limited
Potton Resources Limited
Power Communications Limited
Powercell Investment Limited
PowerCom Holdings (H.K.) Limited
Powercom International Holdings Limited
PowerCom Network Hong Kong Limited
#Powercor Australia Holdings Pty Ltd
#Powercor Australia Limited
#Powercor Australia Telecommunications Pty Ltd
#Powercor Pty Ltd
Powerlink Enterprises Limited
Powerstar Limited
Praying Mantis Limited
Premier Property Limited

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Current Directorships	Past Directorships
Premiere Biotech Laboratory (Holdings) Limited	
Premiere Biotech Laboratory Limited	
Presion Limited	
priceline.com Incorporated	
Prima Enterprises Corp.	
Prime Pro Group Limited	
Primefair Investment Limited	
Primrose Profits Corp.	
Princeroad Limited	
Princessroad Limited	
Principal Developments Limited	
Prodes Company Limited	
Profit Growth Resources Limited	
Progress Future Limited	
Prompton Property Management Limited	
Property Enterprises Development (Singapore) Pte Ltd	
Proway Limited	
Punto Investment Limited	
Pyrope Assets Limited	
Quartet Profits Limited	
Quebocity Limited	
Rado Resources Limited	
Rainbow Bright Limited	
Ramad Investments Limited	
Rambus Limited	
Rasven Investments S.A.	
Raven Profits Limited	
Ready Mixed Concrete (China) Limited	
Realty Zone Developments Limited	
Reedy Profits Limited	
Renton International Limited	
Resort Clubs Limited	
Rhythmical Profits Limited	
Rich Wealth Holdings Limited	
Richland Realty Limited	
Right Charm International Limited	
Richtop Holdings Limited	
Rigo Enterprises Limited	
Rigor Assets Limited	
Riverpearl Enterprises Limited	
Robas Limited	
*Robo Investment Limited	
Roderick Profits Limited	
Roman Profits Limited	
Romefield Limited	
Rothwell Resources Limited	
Rubic International Limited	
Rumbold Investments Limited	
Ruotolo Investments Limited	
Ryleston Limited	
Ryona Holdings Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
Saba Resources Limited	
Sabara Enterprises Limited	
Sai Ling Realty Limited	
Sambo Property Limited	
Samwell Limited	
Sanco Resources Limited	
Sang Fai Investment Company Limited (in the process of deregistration)	
Sanwick Associates Limited	
Satiate Group Limited	
Sawston Developments Limited	
Sceneway Property Management Limited	
Seastar Developments Inc.	
Serwell Property Management Limited	
Sheer Profit Enterprises Limited	
Shentong (BVI) Network Technology Company Limited	
Shenyang Lido Business Co. Ltd.	
Shenyang Lido Car Park Co. Ltd.	
Shenyang Lido Hotel Co. Ltd.	
Sherlock Assets Limited	
Shieldfield Limited	
#Shin Ho Ch'eng Development Limited	
Shining Heights Profits Limited	
*Shiner International Limited	
Shinna Limited	
Shinta Limited	
Shougang Concord International Enterprises Company Limited	
Sialake High Limited	
Sicec Management Pte Ltd	
Silver Charm Limited	
Silver Keen Company Limited	
Silver Palace International Limited	
Silver Sight Property Management Limited	
Silver Sound Limited	
Silverware Development Corp	
Sima Investment Limited	
Sinclair Profits Limited	
Sino China Enterprises Limited	
Sino Vantage Limited	
Sinobond Investment Limited	
Smart Rainbow Limited	
Smartwise Investments Limited	
Southern Mount Limited	
Space Dragon Limited	
Special Cheer Investments Limited	
Speed Mark Profits Limited	
Spinebill Investments Limited	
Splendid Well Limited	
Spotlight Investment Limited	
Sprado Company Limited	
Standard Benefit Investments Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships

Starball International Limited
Starboard Profits Limited
Starcom Venture Limited
Starquest Investments Limited
Steelmill Resources Limited
Stephigh Holdings Limited
Stocklink Limited
Strategic (Holdings) Company Limited
Sukvit Investments Limited
Sun Castle Investments Limited
Sunbest International Limited
Sunfex Limited
Sunnylink Enterprises Limited
#Suntec City Development Pte Ltd
Suntec City Management Pte Ltd
#Suntec Investment Pte Ltd
Sunway Asia Limited
Sunwell Resources Limited
Super Biz Limited
Super Books Limited
Super Cool Limited
Super Cultural Limited
Super Heaven Holdings Limited
Super Medium Limited
Super Science Limited
Super Spider Limited
Super Stocks Limited
Super Travel Limited
Super Web Limited
Super Winner Development Limited
Superfun Limited
Superquest Holdings Limited
T Advertising Limited
T Advertising Holdings Limited
T Holdings Development Limited
T Holdings Limited
T Sub Limited
Tai Poon Company, Limited
Talent Sun Limited
Tallulah Belle Limited
Tallywood Profits Limited
Tangiers Enterprises Limited
*Team Asia Limited
Terrier International Limited
Tessien Incorporated
Texcept Limited
The Cairnhill Property Management Limited
The Center (Car Parks) Limited
The Center Commercial (B.V.I.) Limited
The Center (Display Spaces) Limited
The Center (Finance) Limited
The Center (Holdings) Limited
The Center International Limited

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
The Center (Leasing Agent) Limited	
The Center (Sky Restaurant) Limited	
The Center (19) Limited	
The Center (20) Limited	
The Center (21) Limited	
The Center (22) Limited	
The Center (23) Limited	
The Center (25) Limited	
The Center (26) Limited	
The Center (27) Limited	
The Center (28) Limited	
The Center (29) Limited	
The Center (30) Limited	
The Center (31) Limited	
The Center (32) Limited	
The Center (33) Limited	
The Center (35) Limited	
The Center (36) Limited	
The Center (37) Limited	
The Center (38) Limited	
The Center (39) Limited	
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The Center (43) Limited	
The Center (45) Limited	
The Center (46) Limited	
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The Center (63) Limited	
The Center (65) Limited	
The Center (66) Limited	
The Center (67) Limited	
The Center (68) Limited	
The Center (69) Limited	
The Center (72) Limited	
The Center (75) Limited	
The Center (76) Limited	
The Center (77) Limited	
The Center 78 (No. 2) Limited	
The Lucky Dragon Development (H.K.) Limited	
The Paramount Management Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
The Portofino (100) Limited	
The Portofino (102) Limited	
The Portofino (106) Limited	
The Portofino (108) Limited	
The Portofino (110) Limited	
The Portofino (112) Limited	
The Portofino (116) Limited	
The Portofino (118) Limited	
The Portofino (120) Limited	
The Portofino (121) Limited	
The Portofino (122) Limited	
The Portofino (123) Limited	
The Portofino (125) Limited	
The Portofino (126) Limited	
The Portofino (127) Limited	
The Portofino (128) Limited	
The Portofino (129) Limited	
The Portofino (130) Limited	
The Portofino (131) Limited	
The Portofino (132) Limited	
The Portofino (135) Limited	
The Portofino (136) Limited	
The Portofino (137) Limited	
The Portofino (139) Limited	
The Portofino (150) Limited	
The Portofino (151) Limited	
The Portofino (156) Limited	
The Portofino (157) Limited	
The Portofino (160) Limited	
The Portofino (161) Limited	
The Portofino (162) Limited	
The Portofino (163) Limited	
The Portofino (165) Limited	
The Portofino (166) Limited	
The Portofino (167) Limited	
The Portofino (170) Limited	
The Portofino (172) Limited	
The Portofino (176) Limited	
The Portofino (178) Limited	
The Portofino (180) Limited	
The Portofino (188) Limited	
The Portofino (90) Limited	
The Portofino (92) Limited	
The Portofino (96) Limited	
The Portofino (98) Limited	
The Portofino (A1) Limited	
The Portofino (A2) Limited	
The Portofino (A3) Limited	
The Portofino (A5) Limited	
The Portofino (A6) Limited	
The Portofino (B1) Limited	
The Portofino (B2) Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
The Portofino (B3) Limited	
The Portofino (B5) Limited	
The Portofino (B6) Limited	
The Portofino (C2) Limited	
The Portofino (C3) Limited	
The Portofino (C5) Limited	
The Portofino (C6) Limited	
The Portofino (D2) Limited	
The Portofino (D3) Limited	
The Portofino (D5) Limited	
The Portofino (D6) Limited	
Thorogood Estates Limited	
Throughput Limited	
Tibon Limited	
Timerich Resources Limited	
Timor International Limited	
Tin Shui Wai Development Limited	
Tindor Limited	
Tissington Finance Limited	
Toba Investment Limited	
Tom Centro Limited	
Tom Fashion Limited	
Tom Holdings Limited - H.K.	
Tom Holdings Limited - Cayman Islands	
Tom Media Limited	
Tom Nominees Limited	
Tom Outdoor Advertising Company Limited	
Tom Outdoor Media Group Limited	
Tom Payment Limited	
Tom Print Media Group Limited	
Tom Solutions Limited	
Tom Stocks Limited	
Tom Telecommunications Limited	
Tom Telecommunications Holdings Limited	
Tom.com (China) Investment Limited	
Tom.com Development Limited	
Tom.com Enterprises Limited	
Tom.com International Limited - H.K.	
Tom.com International Limited - B.V.I.	
Tom Group Limited	
Tom.com Marketing Limited	
Tom.com Sports Development Limited	
Tomon Limited	
Top Dollar Limited	
Top Region Holdings Limited	
Top Sails Limited	
Top Target Enterprises Limited	
Top Win Investment Limited	
Topa International Limited	
Toprow Investment Limited	
Topson Profits Limited	
Topstyle Enterprises Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
Tosbo Limited	
Tosca Enterprises Limited	
Towerich Limited	
Tradex Resources Limited	
Tremendous Wealth Limited	
Trendy Warehouse Company Limited	
Trilite (Nominees) Limited	
Triluck Assets Limited	
Trimore Investment Limited	
Tronic Limited	
Trudeau Holdings Limited	
True Accent Limited	
Trueway International Limited	
Tsing-Yi Realty, Limited	
Tullieres Limited	
Tumia Investments Limited	
U.S. Assets Limited	
U.S. Assets Inc.	
U.S. Assets Management, Inc.	
U.S. Assets (Texas), Ltd., Inc.	
Ultimate Happy Limited	
Uni Lite Investment Limited	
Uni-super Network Technology (BVI) Company Limited	
Unicenter Limited	
Union Ford Investments Limited	
Uniko Venture Limited	
Unitech Worldwide Limited	
University Heights Management Company Limited	
Univest Equity S.A.	
Vastsino Assets Limited	
Venniton Development Inc.	
Verda Max Limited	
Versa International Limited	
Veteran Holdings Limited	
Videofone Company Limited	
Videofone International Limited	
Vigour Limited	
Vinet Holdings Limited	
Vision City International Limited	
Vista Paradiso Property Management Limited	
Vistek Investment Limited	
Volly Best Investment Limited	
Wah Tung Trading Co Limited	
Warble Limited	
Wastpoly Limited	
Waygone Investments Limited	
Wealth Pleasure Limited	
Wealthy Port Enterprises Limited	
Webbland Limited	
Weeton Investments Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
Wei Po Profits Limited	
Well Karin Limited	
Wenson Limited	
White Rain Enterprises Limited	
Wideplex Limited	
Widesource Investments Limited	
*Wilks Estate Company Limited	
Winbo Power Limited	
Winchesto Finance Co Limited	
Wincom Investment Limited	
Winfolk International Limited	
Wingchem International Limited	
Wingco Investment Limited	
Wingham Limited	
*Winlaton Profits Limited	
Winrise Champion Limited	
Wintop Investment Limited	
Wisdom Champion Limited	
Wisdom Champion (12) Limited	
Wisdom Champion (15) Limited	
Wisdom Champion (16) Limited	
Wisdom Champion (17) Limited	
Wisdom Champion (18) Limited	
Wisdom Champion (19) Limited	
Wisdom Champion (20) Limited	
Wisdom Champion (21) Limited	
Wisdom Champion (22) Limited	
Wisdom Champion (23) Limited	
Wisdom Champion (25) Limited	
Wisdom Champion (26) Limited	
Wisdom Champion (27) Limited	
Wisdom Champion (28) Limited	
Wisdom Choice Investment Limited	
Wisdom March Investment Limited	
Wisdom Worth Development Limited	
Wisdominvest Limited	
Wise Method Limited	
Wit Profits Limited	
Wogan Holdings Limited	
Wonder Pacific Investment Limited	
Wondex Investment Limited	
World Focus Developments Limited	
World Trump Limited	
Worlder Jingbao Housing Development Limited	
Wormholt Limited	
Wringer Investments Limited	
Wynncor Limited	
Wythburn Investments Limited	
Yearbest Profits Limited	
Yencon Profits Limited	

Mr Ip Tak Chuen, Edmond

Current Directorships	Past Directorships
Yetcome Investments Limited	
Yick Ho Limited	
Yogishu Limited	
Yonsan Profits Limited	
Yuda Limited	
Yuhuai Power Investment Company Limited	
Yujiang Power Investment Company Limited	
Yushan Power Investment Company Limited	
Zealand Limited	
Zulin Profits Limited	

Mr Tan Kian Chew

Current Directorships	Past Directorships
ARA Trust Management (Suntec) Limited	Bakery Corner Pte Ltd
Cheers Holdings Pte Ltd	Cheers Holdings (2004) Pte Ltd
FairPrice International (Pte) Ltd	Convenience Shopper Pte Ltd
Grocery Logistics of Singapore Pte Ld	Edo Sushi Pte Ltd
IGA International, Inc. Pte. Ltd	FairPrice Homemart Pte Ltd
Spring Singapore	FairPrice Investment Pte Ltd
NTUC Media Co-operative Ltd	FairPrice Management Service Pte Ltd
NTUC Foodfare Co-operative Ltd	FairVision Pte Ltd
Nextmall (Cayman Islands) Holdings Corporation	FHTK Holdings Ltd
	Foodland (2000) Pte Ltd
	Interstates Market Pte Ltd
	NTUC Link Private Limited
	Office 1 Pte Ltd
	Thomson Plaza Investments Pte Ltd

Mrs Sng Sow-Mei (Phoon Sui Moy alias Poon Sow Mei)

Current Directorships	Past Directorships
ARA Asset Management (Singapore) Ltd	Central Hill Limited
ARA Trust Management (Suntec) Limited	Central Union Limited
Cheung Kong Infrastructure Holdings Ltd	Pidemco Land (HK) Pte Ltd

Mr Lim Lee Meng

Current Directorships	Past Directorships
ARA Asset Management (Singapore) Limited ARA Trust Management (Suntec) Limited Datapulse Technology Limited Driston Investments Limited Educare Co-operative Limited Europtronic Group Ltd SF Consulting Pte Ltd Stone Forest Consulting Limited Stone Forest IT Limited Stone Forest IT Pte Ltd Stone Forest Limited Stone Forest Management Consultants Sdn Bhd Stone Forest Pte Ltd Techwah China Corporation Pte Ltd Teckwah Industrial Corporation Ltd Tye Soon Limited	Dai-Ichi Consultancy Pte Ltd Stone Forest Consulting Pte Ltd Stone Forest Excel Education Inc. Pte. Ltd (application made for company to be struck off) Stone Forest M & A Pte. Ltd. Supergreat International Pte Ltd

Executive Officers of the Manager

Mr Quek Kar Tung

Current Directorships	Past Directorships
Not applicable	Power Automation Pte Ltd SP Capital Limited

Ms Wong Yuen Chinn, Cynthia

Current Directorships	Past Directorships
Not Applicable	Beijing PREMAS Property Services Co., Ltd (formerly known as Beijing Cushman & Wakefield PREMAS Asset Services Co., Ltd) Cushman & Wakefield (Shanghai) Co. Ltd (formerly known as Cushman & Wakefield PREMAS Real Estate Consultants (Shanghai) Co., Ltd) LandArt (Shanghai) Co. Ltd PREMAS Property Services (Shanghai) Co., Ltd (formerly known as Cushman & Wakefield PREMAS Asset Services (Shanghai) Co., Ltd) PREMAS Technologies and Services (Shanghai) Co., Ltd

Mr Yip Kam Thai

Current Directorships	Past Directorships
Maxus Holdings Pte Ltd Panpac Ventures (China) Pte Ltd (as Legal Representative)	Sunrise Nexus (M) Sdn. Bhd.

Ms Goo Li Ling

Current Directorships	Past Directorships
*^Teledata (Hong Kong) Limited	Davotek Sdn Bhd.
^Teledata (Thailand) Co., Ltd	Plexus Technology Pte Ltd
^PT Teledata Indonesia	Premier Electro Communications Pte Ltd
^Teledatacom (India) Pvt Ltd	TD Services Pte Ltd
^Intracel Pte Ltd	Telebit (Singapore) Pte Ltd
^Teledatacom Phils. Inc.	Teledata China Investment Pte Ltd
	Teledata International Pte Ltd

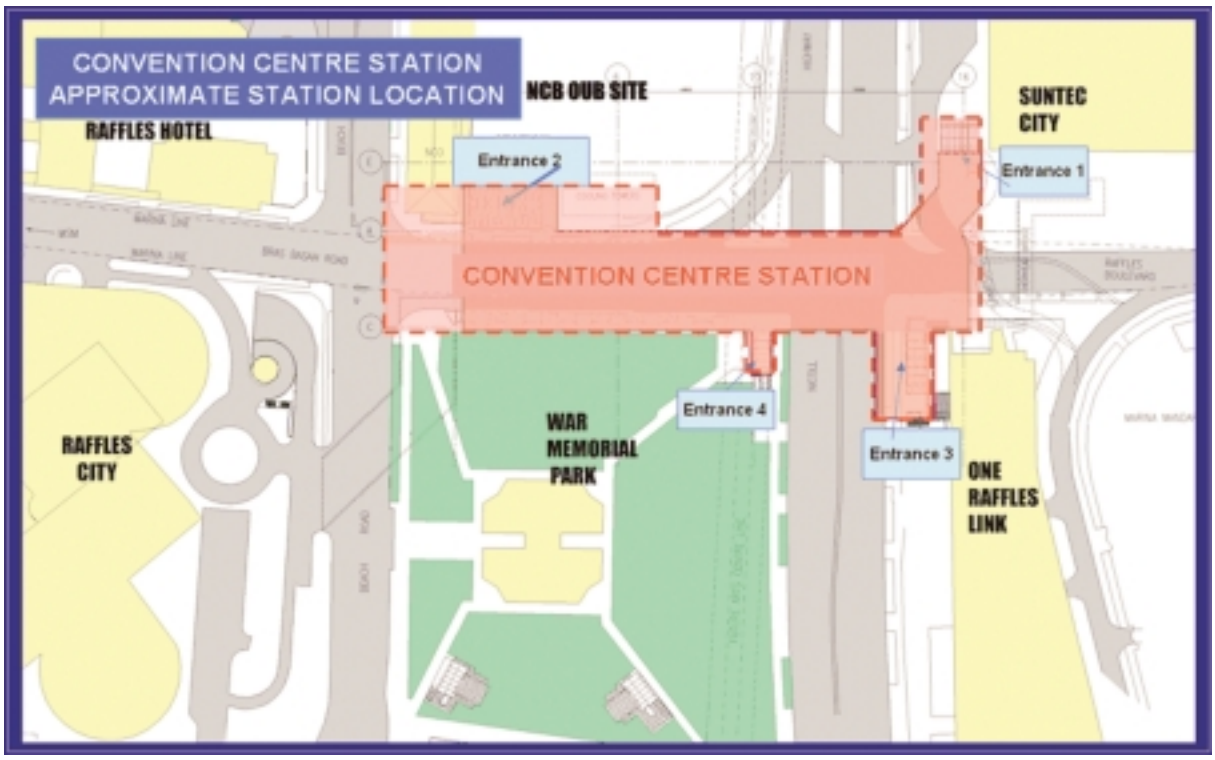
Notes:

* In liquidation

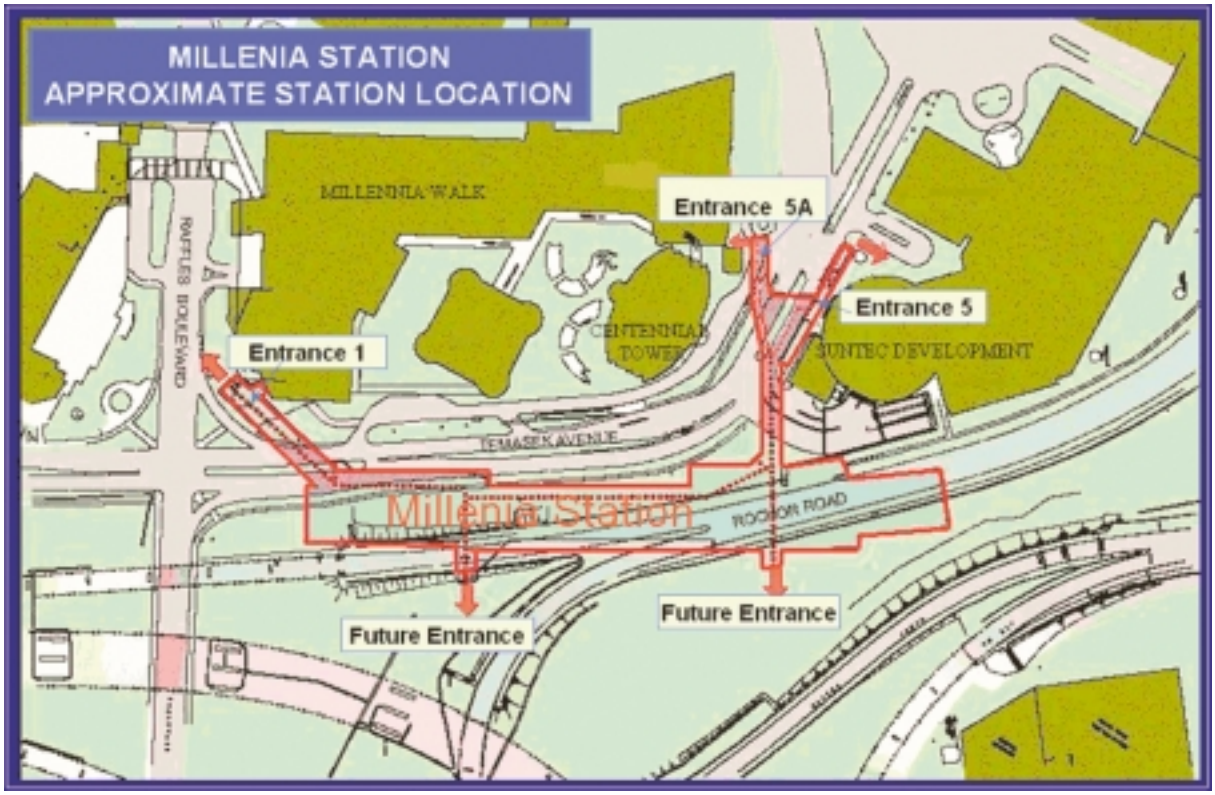
\# Alternate director

^ In the process of resigning as a director of the company

LOCATION OF NEW CIRCLE LINE MRT STATIONS



Source: Land Transport Authority (see http://www.lta.gov.sg).



Source: Land Transport Authority (see http://www.lta.gov.sg).

MANAGER OF SUNTEC REAL ESTATE INVESTMENT TRUST

ARA Trust Management (Suntec) Limited
9 Temasek Boulevard
#09-01 Suntec Tower Two
Singapore 038989

JOINT FINANCIAL ADVISORS

Citigroup Global Markets Singapore Pte. Ltd.
3 Temasek Avenue
12th Floor Centennial Tower
Singapore 039190

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

JOINT LEAD UNDERWRITERS AND BOOKRUNNERS

Citigroup Global Markets Singapore Pte. Ltd.
3 Temasek Avenue
12th Floor Centennial Tower
Singapore 039190

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

Deutsche Bank AG, Singapore Branch
5 Temasek Boulevard
#10-01/02 Suntec Tower Five
Singapore 038985

CO-MANAGER

BNP Paribas Peregrine (Singapore) Ltd
20 Collyer Quay
#08-01
Tung Centre
Singapore 049319

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

LEGAL ADVISORS

Legal Advisor to the Offering and to the Manager
Allen & Gledhill
One Marina Boulevard #28-00
Singapore 018989

Legal Advisors to the Underwriters

Stamford Law Corporation
9 Raffles Place
#32-00 Republic Plaza
Singapore 048619

Latham & Watkins LLP
80 Raffles Place
#14-20 UOB Plaza 2
Singapore 048624

Legal Advisor to the Trustee

Shook Lin & Bok
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

AUDITORS/INDEPENDENT REPORTING ACCOUNTANTS

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

INDEPENDENT TAX ADVISOR

KPMG Tax Services Pte Ltd
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

INDEPENDENT VALUER

CB Richard Ellis (Pte) Ltd
6 Battery Road
#32-01
Singapore 049909

INDEPENDENT PROPERTY CONSULTANT

CB Richard Ellis (Pte) Ltd
6 Battery Road
#32-01
Singapore 049909

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SUNTEC REAL ESTATE INVESTMENT TRUST

SUNTEC
Real Estate Investment Trust

9 Temasek Boulevard, #09-01, Suntec City Tower Two, Singapore 038989

SNP SPrint Pte Ltd *6419127*