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CANADA, JAPAN OR AUSTRALIA



Suntec Real Estate Investment Trust
("Suntec REIT")



SUNTEC REIT PLACEMENT

LAUNCH OF PLACEMENT OF NEW UNITS IN SUNTEC REIT TO RAISE GROSS PROCEEDS OF NO LESS THAN APPROXIMATELY S\$150.0 MILLION

1. Introduction

The Board of Directors of ARA Trust Management (Suntec) Limited, in its capacity as manager of Suntec REIT (the "**Manager**"), wishes to announce that the Manager proposes to issue 84.7 million new units ("**New Units**") in Suntec REIT pursuant to a placement of New Units (the "**Private Placement**") at an issue price of between S\$1.77 per New Unit ("**Maximum Issue Price**") and S\$1.81 per New Unit ("**Maximum Issue Price**", and the issue price range, the "**Issue Price Range**") to raise gross proceeds of approximately S\$150.0 million. The net proceeds from the Private Placement will amount to approximately S\$147.7 million based on the Minimum Issue Price and approximately S\$149.9 million based on the Maximum Issue Price, after deducting the underwriting, selling and management fee and other estimated fees and expenses (including professional fees and expenses) incurred in connection with the Private Placement.

The Manager may, together with the Joint Lead Managers and Underwriters (as defined below), decide to increase the size of the Private Placement by up to an additional S\$50.0 million (the "**Placement Upsize**").

2. Details of the Private Placement

The Manager has today entered into a placement agreement (the "**Placement Agreement**") with Citigroup Global Markets Singapore Pte. Ltd. and DBS Bank Ltd. (the "**Joint Lead Managers and Underwriters**") in relation to the Private Placement, pursuant to which the Joint Lead Managers and Underwriters have been appointed to procure subscribers for the New Units at the issue price per New Unit (the "**Issue Price**") to be determined, on the terms and subject to the conditions of the Placement Agreement. The Private Placement is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the

conditions of the Placement Agreement.

The Issue Price Range of between S\$1.77 and S\$1.81 per New Unit represents a discount of between:

- (i) 5.8% and 3.7% to the volume weighted average price of S\$1.879 per unit in Suntec REIT (“Unit”) for trades done on the full market day on 24 April 2019; and
- (ii) (for illustrative purposes only) 4.2% and 2.0% to the adjusted volume weighted average price (“Adjusted VWAP”)¹ of S\$1.847 per Unit for trades done on the full market day on 24 April 2019.

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

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

3. Eligibility to participate in the Private Placement

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

The New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any state or jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

4. Use of Proceeds

The Manager intends to allocate the gross proceeds of approximately S\$150.0 million (based on the Minimum Issue Price and assuming the Placement Upsize is not exercised) from the Private Placement in the following manner:

- (i) approximately S\$147.7 million to finance potential acquisition(s) of property(ies) in Australia (which is equivalent to 98.5% of the approximately S\$150.0 million of gross proceeds from the Private Placement) subject to satisfactory due diligence

¹ The Adjusted VWAP is computed based on the volume weighted average price of all trades in the Units on Singapore Exchange Securities Trading Limited (the “SGX-ST”) on the full market day on 24 April 2019 and subtracting the Cumulative Distribution (as defined herein) of approximately 3.20 cents per Unit. The Cumulative Distribution of approximately 3.20 cents per Unit is an estimate only based on information currently available to the Manager, and the actual Cumulative Distribution may differ.

and receipt of relevant regulatory approvals and there is no assurance that such acquisition(s) would proceed²; and

- (ii) approximately S\$2.2 million to pay for underwriting, selling and management fee as well as other estimated fees and expenses (including professional fees and expenses) incurred in connection with the Private Placement (which is equivalent to 1.5% of the approximately S\$150.0 million of gross proceeds of the Private Placement),

with the balance of the gross proceeds, if any, to be used for general corporate and working capital purposes.

Notwithstanding its current intention (or in the event that the potential acquisition(s) do not proceed), the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes.

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

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

5. Rationale for the Private Placement

5.1 Benefits of the potential acquisition(s)

The potential acquisition(s) is/are expected to extend Suntec REIT's footprint in Australia. The property(ies) are expected to be acquired at property yields, which the Manager believes will enhance distributable income to Unitholders.

The potential acquisition(s) is/are in line with Suntec REIT's pro-active investment strategy of acquiring good quality, income-producing assets, generating stable cash flows to Unitholders.

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

In line with paragraph 5.1 above, the Manager will look out for investment opportunities/pipeline to grow the portfolio. The Private Placement will provide Suntec REIT with greater financial capacity to capitalise on potential growth opportunities as and when they may arise. Suntec REIT will continue to evaluate opportunities in a disciplined manner.

5.3 Possible increase in trading liquidity of Units

The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by at least 84.7 million, which is an increase of 3.2% of the total number of Units, in issue as at 24 April 2019.

² The acquisition(s) may or may not proceed and if it proceeds, the Manager will make appropriate announcements in relation to the acquisition(s) in accordance with the SGX-ST Listing Manual.

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

6. Authority to Issue New Units

The Manager is relying on the general mandate (the “**General Mandate**”) given by Unitholders to the Manager obtained at the annual general meeting of Suntec REIT on 18 April 2019 for the issue of New Units under the Private Placement. The General Mandate allows the Manager to issue new Units and/or convertible securities or other instruments (including but not limited to warrants) which may be convertible into Units (“**Convertible Securities**”) such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Units in issue as at 18 April 2019 (the “**Base Figure**”), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a pro rata basis to existing Unitholders, shall not be more than 20.0% of the Base Figure (as defined herein). As at 18 April 2019, the number of Units in issue was 2,680,536,828.

112.9 million New Units (assuming the Placement Upsize if exercised), together with the Units issued since 18 April 2019 constitutes 4.3% of the Base Figure, which is within the 20.0% limit for issue of new Units other than on a pro rata basis. Accordingly, the prior approval of the Unitholders is not required for the issue of up to 112.9 million New Units under the Private Placement.

7. Cumulative Distribution

On 24 April 2019 (before trading hours), the Manager had announced a quarterly distribution of 2.434 cents per Unit for the period from 1 January 2019 to 30 March 2019 (the “**1QFY19 Distribution**”). Suntec REIT’s policy is to distribute its distributable income on a quarterly basis to Unitholders.

In connection with the Private Placement, the Manager however intends to declare in respect of the Units in issue immediately prior to the issue of the New Units (“**Existing Units**”), a distribution of the distributable income for the period from 1 April 2019 to 5 May 2019 (the “**Advanced Distribution**”, and together with 1QFY2019 Distribution, the “**Cumulative Distribution**”).

The next distribution thereafter will comprise Suntec REIT’s distributable income for the period from 6 May 2019 to 30 June 2019. Quarterly distributions will resume thereafter.

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

The current expectation of the Manager is that the quantum of the distribution per Unit

("DPU") under the Cumulative Distribution will be approximately 3.20 cents per Unit³. The actual quantum of the DPU under the Cumulative Distribution will be announced on a later date after the management accounts of Suntec REIT for the relevant period have been finalised.

(Please see the announcement dated 24 April 2019 issued by the Manager in relation to the notification of the time and date on which the transfer books and register of Unitholders will be closed to determine Unitholders' entitlement to the Cumulative Distribution.)

8. Status of the New Units

Other than the Cumulative Distribution to which the New Units will not be entitled, the New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may be paid for the period from 6 May 2019 to 30 June 2019, as well as all distributions thereafter.

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

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

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

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

Chong Kee Hiong
Director
24 April 2019

³ The estimated distribution for the period from 1 January 2019 to 5 May 2019 is based on distributable income for 1 January 2019 to 31 March 2019 and the Manager's pro-rated estimate of Suntec REIT's revenue and expenses for the period from 1 April 2019 to 5 May 2019. This amount is only an estimate based on information currently available to the Manager, and the actual Cumulative Distribution may differ.

ABOUT SUNTEC REIT

Listed on 9 December 2004, Suntec REIT holds properties in Suntec City, Singapore's largest integrated commercial development (including one of Singapore's largest shopping mall), a 60.8% interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall and a 30.0% interest in 9 Penang Road. Suntec REIT holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 50.0% interest in Southgate complex, Melbourne and a 50.0% interest in a commercial building to be developed located at Olderfleet 477 Collins Street, Melbourne, Australia. Its aim is to invest in income-producing real estate which is primarily used for office and/or retail purposes. Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited. For more details, please visit www.suntecreit.com.

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited (“ARA” or the “Group”).

ARA Asset Management Limited is a premier global integrated real assets fund manager. As at 31 December 2018, the Gross Assets Managed by ARA Group and its Associates is approximately S\$80.1 billion⁴ across over 100 cities in 23 countries.

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

- (a) **REITs** – ARA is one of the largest REIT managers in Asia Pacific. The Group directly manages Fortune REIT, dual-listed in Singapore and Hong Kong; Suntec REIT and Cache Logistics Trust, listed in Singapore; and Hui Xian REIT and Prosperity REIT, listed in Hong Kong. It also indirectly manages REITs in Japan, Australia, Singapore and Malaysia through its associate companies.
- (b) **Private real estate funds** – The Group manages private funds providing investment opportunities in diverse real estate sectors and geographies that cater to different investor risk appetites.
- (c) **Country desks** – ARA operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States. The country desks employ a strong understanding of each local market to facilitate the flow of inbound and outbound capital and cross-country collaborations. ARA has an expanded presence in Japan via its strategic stake in Kenedix, Inc. and in Europe via its strategic stake in Cromwell Property Group.
- (d) **Infrastructure** – ARA Infrastructure was established in 2018 to cater to strong investor demand for global infrastructure investment.
- (e) **Real estate management services** – As part of the Group's investor-operator philosophy, its dedicated property management teams actively work the ground to manage its assets globally.

⁴ Includes assets under management by ARA Asset Management Holdings Pte. Ltd. and the Group of companies (“ARA Group”) and its Associates and Joint Ventures as at 31 December 2018.

ARA's multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge, enables the Group to offer enduring value to investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

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

IMPORTANT NOTICE

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

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.

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

The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and under the applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the securities referred to herein in the United States.

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

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore:

The Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).
