

Press Release

27 October 2017

Manager of



Suntec REIT 3Q 17 Distributable Income 2.4% Higher Year-on-Year

3Q 17 Distribution Per Unit (DPU) of 2.483 cents

Singapore, 27 October 2017 – ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust (“Suntec REIT”, and the “Manager”), is pleased to announce a distributable income of S\$65.9 million for the period 1 July to 30 September 2017 (“3Q 17”) which was 2.4% higher compared to the quarter ended 30 September 2016 (“3Q 16”). With the enlarged units base which included approximately 95.7 million new units issued on 29 May 2017¹, the distribution per unit (“DPU”) of 2.483 cents for 3Q 17 was 2.1% lower than 3Q 16 DPU of 2.535 cents. Suntec REIT’s annualised distribution yield for 3Q 17 was 5.1%².

For the period 1 January to 30 September 2017 (“YTD Sep 17”), the distributable income of S\$193.7 million was 3.2% higher year-on-year. The DPU of 7.401 cents for YTD Sep 17 was a marginal 0.1% lower year-on-year.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “We are pleased to have delivered a higher distributable income for the first nine months of 2017. Suntec REIT continues to reap the benefits from the diversification strategy into Australia. While the Singapore assets continued to deliver steady income, the properties in Australia, 177 Pacific Highway and Southgate Complex contributed to our robust performance this quarter.”

As at 30 September 2017, the Singapore office portfolio achieved an overall committed occupancy of 99.0%. The committed occupancies for Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Properties were at 98.4%, 99.6% and 100% respectively. In Australia, the committed occupancies for 177 Pacific Highway and Southgate Complex (Office) were 100% and 89.6% respectively as at 30 September 2017.

¹ Conversion notices for the conversion of S\$166.5 million in principal amount of the Convertible Bonds were received, translating to approximately 95.7 million new units issued.

² Based on 26/10/2017 closing price of S\$1.93 per unit.

On Suntec REIT's office performance, Mr. Chan said, "During the third quarter of 2017, we renewed and signed approximately 150,000 sq ft of leases reducing the 2017 leases expiring to only 2.0% of NLA. To-date, we have also reduced the leases expiring for 2018 to 14.9% of NLA. We will continue our proactive asset management to maintain the high occupancy level for our Singapore office."

On 8 August 2017, Suntec REIT completed the acquisition of a 50% interest in Olderfleet, 477 Collins Street which is located within the Western Core of Melbourne's Central Business District. The premium grade 40-level state-of-the-art building is under construction and is expected to achieve practical completion by mid 2020. The acquisition will improve earnings and distributions to unitholders with an initial net property income yield of 4.80%. It is a strategic fit with Suntec REIT's portfolio of high quality assets and enhances the REIT's income and geographical diversification.

"The office markets in Sydney and Melbourne are expected to continue to be on an upward trend driven by positive occupier demand in both markets coupled with limited new supply. Underpinned by a portfolio of high quality office assets with annual rent escalations and long lease terms, our Australian assets are poised to continue to perform well."

For the Singapore retail portfolio, the overall committed occupancy as at 30 September 2017 was 99.1%. The committed occupancy for Suntec City Mall maintained at 99.3%, while the committed occupancy for Marina Bay Link Mall stood at 93%. In Australia, the committed occupancy for Southgate Complex (Retail) was 87.8% as at 30 September 2017.

On Suntec REIT's retail performance, Mr. Chan said, "We are pleased to report that Suntec City Mall's operational performance continued to strengthen in 3Q 2017. The overall committed occupancy maintained at a high of 99.3% while year-to-date footfall and tenant sales per sq ft increased by 12.2% and 4.9% year-on-year respectively. We also secured a number of new-to-market brands which will further enhance the City's retail offerings"

"We will continue active tenant adjustments and increase our asset utilisation to further strengthen Suntec City Mall's value proposition."

Mr. Chan also updated, "We are pleased to report that piling works are in progress and development works for the new Grade A commercial building at 9 Penang Road will complete by end 2019."

Summary of Suntec REIT's 3Q 17 & YTD SEP 17 Results

	3Q 17 (S\$'000)	3Q 16 (S\$'000)	% Change	YTD SEP 17 (S\$'000)	YTD SEP 16 (S\$'000)	% Change
Gross revenue	91,132	82,373	10.6	266,873	239,654	11.4
Net property income	63,852	57,234	11.6	185,102	163,879	13.0
Income contribution from JVs	22,254	24,236	-8.2	68,364	68,193	0.3
Distributable income	65,858	64,336	2.4	193,737	187,664	3.2
- from operations	57,858	60,336	-4.1	174,737	171,664	1.8
- from capital	8,000	4,000	100.0	19,000	16,000	18.8
Distribution per unit	2.483¢	2.535¢	-2.1	7.401¢	7.407¢	-0.1
- from operations	2.181¢	2.377¢	-8.2	6.679¢	6.775¢	-1.4
- from capital	0.302¢	0.158¢	91.1	0.722¢	0.632¢	14.2
Distribution yield						
- based on 30 September 2017 closing price of S\$1.865	5.3%	5.4%		5.3%	5.3%	
- based on 26 October 2017 closing price of S\$1.93	5.1%	5.2%		5.1%	5.1%	

For 3Q 17, Suntec REIT's gross revenue of S\$91.1 million was 10.6% higher year-on-year. This was mainly due to the rental contribution of 177 Pacific Highway which received practical completion in August 2016 and higher contribution from Suntec Singapore.

The net property income of S\$63.9 million was 11.6% higher year-on-year which was similarly due to the contribution from 177 Pacific Highway and Suntec Singapore.

The debt-to-asset ratio stood at 35.4% as at 30 September 2017 whilst the all-in financing cost was 2.55% per annum for 3Q 17.

For YTD Sep 17, Suntec REIT's gross revenue of S\$266.9 million was an increase of 11.4% year-on-year while net property income increased by 13.0% to S\$185.1 million. These were due to the contribution from 177 Pacific Highway which was partially offset by lower retail contribution.

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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 25.0% interest in Southgate Complex, Melbourne, and a 50.0% interest in a commercial building to be developed which is 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").

Established in 2002, ARA is a premier integrated real estate fund manager driven by a vision to be the best-in-class real estate fund management company focused on the management of real estate investment trusts ("REITs") and private real estate funds.

ARA's business is focused on the following segments:

- (a) **REITs** – ARA is one of the largest REIT managers in Asia ex-Japan and currently manages six REITs listed in three countries, namely Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Hui Xian REIT and Prosperity REIT listed in Hong Kong and AmFIRST REIT listed in Malaysia. The Group also manages six privately-held REITs in South Korea;
- (b) **Private real estate funds** – The Group manages 10 private funds investing in real estate in Asia; and
- (c) **Real estate management services** – The Group provides property management services and convention & exhibition services, including managing the award-winning Suntec Singapore Convention & Exhibition Centre

ARA's diverse suite of REITs and private real estate funds are invested in the office, retail, logistics/industrial, hospitality and residential sectors. ARA has distinguished itself over the years with its unique investor-operator philosophy, which nurtures each asset from acquisition to divestment to add value to every stage of the asset life cycle. Built on a foundation of strong corporate governance and business integrity, it counts some of the world's largest pension funds, financial institutions, endowments and family offices as its investors.

ARA has approximately 1,300 staff in 19 cities in seven countries. It manages close to 100 properties measuring 57 million square feet in Asia Pacific, with approximately \$35 billion in assets under management.

IMPORTANT NOTICE

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

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Suntec) Limited (as the manager of Suntec REIT) (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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The 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.

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