

Press Release

25 April 2018

Manager of



Suntec REIT 1Q 18 Distributable Income 4.8% Higher Year-on-Year

1Q 18 Distribution Per Unit (DPU) of 2.433 cents, 0.3% higher

Singapore, 25 April 2018 – 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\$64.8 million for the period 1 January to 31 March 2018 (“1Q 18”) which was 4.8% higher compared to the quarter ended 31 March 2017 (“1Q 17”). The distribution per unit (“DPU”) of 2.433 cents for 1Q 18 was 0.3% higher than 1Q 17 DPU of 2.425 cents.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “We are pleased to have delivered a higher distributable income and DPU for the first quarter of 2018 which was mainly driven by the improved performance of our retail and convention business.”

As at 31 March 2018, the Singapore office portfolio achieved an overall committed occupancy of 99.5%. The committed occupancy for Suntec City Office was 99.1% while both One Raffles Quay and Marina Bay Financial Centre Properties enjoyed 100% committed occupancies.

On Suntec REIT’s office performance, Mr. Chan said, “In the first quarter of 2018, we renewed and signed approximately 89,000 sq ft of leases, reducing the 2018 leases expiring to only 9% of NLA. We will continue our proactive asset management to strengthen our office proposition and maintain the high occupancy level for our Singapore office portfolio.”

“For Suntec City office, we have reduced 2018 lease expiries to approximately 14% of NLA, with new demand coming mainly from the Consultancy and Technology, Media and Telecommunications sectors.”

“We are also pleased to update that the Suntec City Management Corporation Strata Title has approved upgrading works for the common areas of all five office towers. The works

which encompass upgrading of lift lobbies and washrooms at every level, is expected to commence fourth quarter of 2018 and complete by end 2021. Coupled with the excellent connectivity and amenities, the upgrading will strengthen Suntec City office's positioning as the preferred choice for businesses."

For the Singapore retail portfolio, the overall committed occupancy as at 31 March 2018 was 98.6%. The committed occupancy for Suntec City Mall was 98.6%, while the committed occupancy for Marina Bay Link Mall was 98.9%.

On Suntec REIT's retail performance, Mr. Chan said, "The key operation indicators for Suntec City mall remained robust. The overall committed occupancy was 98.6%. With active tenant adjustments, tenant sales per sq ft increased 5.2% year-on-year. Footfall has also increased 12.7% year-on-year, with strong growth registered from the Promenade MRT station entrance."

"In February this year, we inked a two-year partnership with Alipay to launch Alipay touchpoints in Suntec City. The partnership with the market leader in mobile and online payment platforms is a great opportunity for us to effectively engage our Chinese tourists in the digital space."

"In addition to the QuickChat and QuickFind navigation initiatives, QuickGuide, a web-based interactive in-mall directory, was launched in April this year. The advanced search function in QuickGuide allows shoppers to locate shops, brands, products, services and amenities easily. Shoppers can access QuickGuide through scanning of QR code or at www.sunteccity.com.sg/quickguide."

Mr. Chan concluded, "We will continue our strategies of active tenant adjustments, increase asset utilisation, encouraging communities to hub at Suntec City, to deliver greater value to our stakeholders."

In Australia, the committed occupancy for 177 Pacific Highway maintained at 100%. For Southgate Complex, the committed occupancies for the office towers and retail podium were 92.5% and 91.0% respectively.

By end May 2018, Suntec REIT will increase its interest in Southgate Complex from 25% to 50%. The A\$144.5 million purchase consideration was agreed upfront when the initial 25% interest was acquired in 2016, also at A\$144.5 million.

Mr. Chan said, "With the additional interest, we are poised to further capitalise on the strong office market in Melbourne and extract greater value from the asset through the re-positionings of the office and retail podium."

For the projects under development, 9 Penang Road and 477 Collins Street, construction works are in progress and are scheduled to complete by end 2019 and mid 2020 respectively.

On 477 Collins Street, Mr. Chan said, "We are pleased to report that anchor tenant Deloitte, has exercised its expansion right for additional 2 levels, more than 2 years ahead of expected practical completion in 2020. The pre-committed occupancy for 477 Collins Street is now 45.8% with an additional approximate 9% of NLA with Heads of Agreement signed."

Summary of Suntec REIT's 1Q 18 Results

| | 1Q 18 (S\$'000) | 1Q 17 (S\$'000) | % Change |
|---|--------------------|--------------------|-------------|
| Gross revenue | 90,719 | 88,436 | 2.6 |
| Net property income | 62,988 | 61,833 | 1.9 |
| Income contribution from JVs | 22,721 | 24,301 | -6.5 |
| Distributable income | 64,814 | 61,846 | 4.8 |
| - from operations | 58,314 | 58,846 | -0.9 |
| - from capital | 6,500 | 3,000 | 116.7 |
| Distribution per unit | 2.433¢ | 2.425¢ | 0.3 |
| - from operations | 2.189¢ | 2.307¢ | -5.1 |
| - from capital | 0.244¢ | 0.118¢ | 106.8 |
| Distribution yield | | | |
| - based on 31 March 2018 closing price of S\$1.89 | 5.2% | 5.2% | |
| - based on 24 April 2018 closing price of S\$1.90 | 5.2% | 5.2% | |

For 1Q 18, Suntec REIT's gross revenue of S\$90.7 million was 2.6% higher year-on-year. This was mainly due to higher contribution from Suntec Singapore and Suntec City mall. This was partially offset by lower contribution from Suntec City office mainly due to transitory downtime from replacement leases commencing progressively from March 2018.

The net property income of S\$63.0 million was 1.9% higher year-on-year which was similarly due to higher contributions from Suntec Singapore and Suntec City mall, partially offset by lower contribution from Suntec City office.

The debt-to-asset ratio stood at 35.2% as at 31 March 2018 whilst the all-in financing cost was 2.73% per annum for 1Q 18.

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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 ASSET MANAGEMENT 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 five listed REITs, namely 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. The Group also manages six privately-held REITs in South Korea;
- (b) **Private real estate funds** – The Group manages nine 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 21 cities in eight countries. It manages over 90 properties measuring 57 million square feet in Asia Pacific, with approximately S\$40 billion in assets under management.

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.

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