SUNTEC
Real Estate Investment Trust

BUILDING FOR GROWTH

ANNUAL REPORT 2019

SUNTEC REAL ESTATE INVESTMENT TRUST

BUILDING FOR GROWTH

Our strategies for portfolio optimisation, asset enhancement, accretive acquisition and prudent capital management are building blocks upon which we build our diversified strengths and drive stable long-term growth.

CONTENTS

OUR MISSION

Forging ahead to create, provide and deliver premium value to all stakeholders of Suntec REIT.

ABOUT SUNTEC REIT

Listed on 9 December 2004 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Suntec Real Estate Investment Trust ("Suntec REIT") is one of the leading real estate investment trusts in Singapore, owning income-producing real estate that is primarily used for office and/or retail purposes. As at 31 December 2019, Suntec REIT has assets under management of over S$10 billion with properties in Singapore and key Australian cities of Sydney, Melbourne and Adelaide.

In Singapore, Suntec REIT's portfolio comprises office and retail properties in Suntec City, 60.8% interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), one-third interest in One Raffles Quay ("ORQ"), one-third interest in Marina Bay Financial Towers 1 and 2 and the Marina Bay Link Mall ("MBFC Properties"), and 30.0% interest in 9 Penang Road. The properties in Australia include 177 Pacific Highway in Sydney, 50.0% interest in Southgate Complex and 50.0% interest in Olderfleet, 477 Collins Street in Melbourne, and the newly acquired 55 Currie Street in Adelaide.

Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited (the "Manager"). The Manager is focused on delivering regular and stable distributions to Suntec REIT's unitholders, and to achieve long-term growth in the net asset value per unit of Suntec REIT, so as to provide unitholders with a competitive rate of return on their investment.

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 is a leading APAC real assets fund manager with a global reach. With S$88 billion[1] in gross assets under management as at 31 December 2019, ARA manages listed and unlisted real estate investment trusts and private real estate and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA's multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge and expertise, 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.

The Manager is responsible for the management and administration of Suntec REIT, as well as the implementation of Suntec REIT's strategic long-term growth.

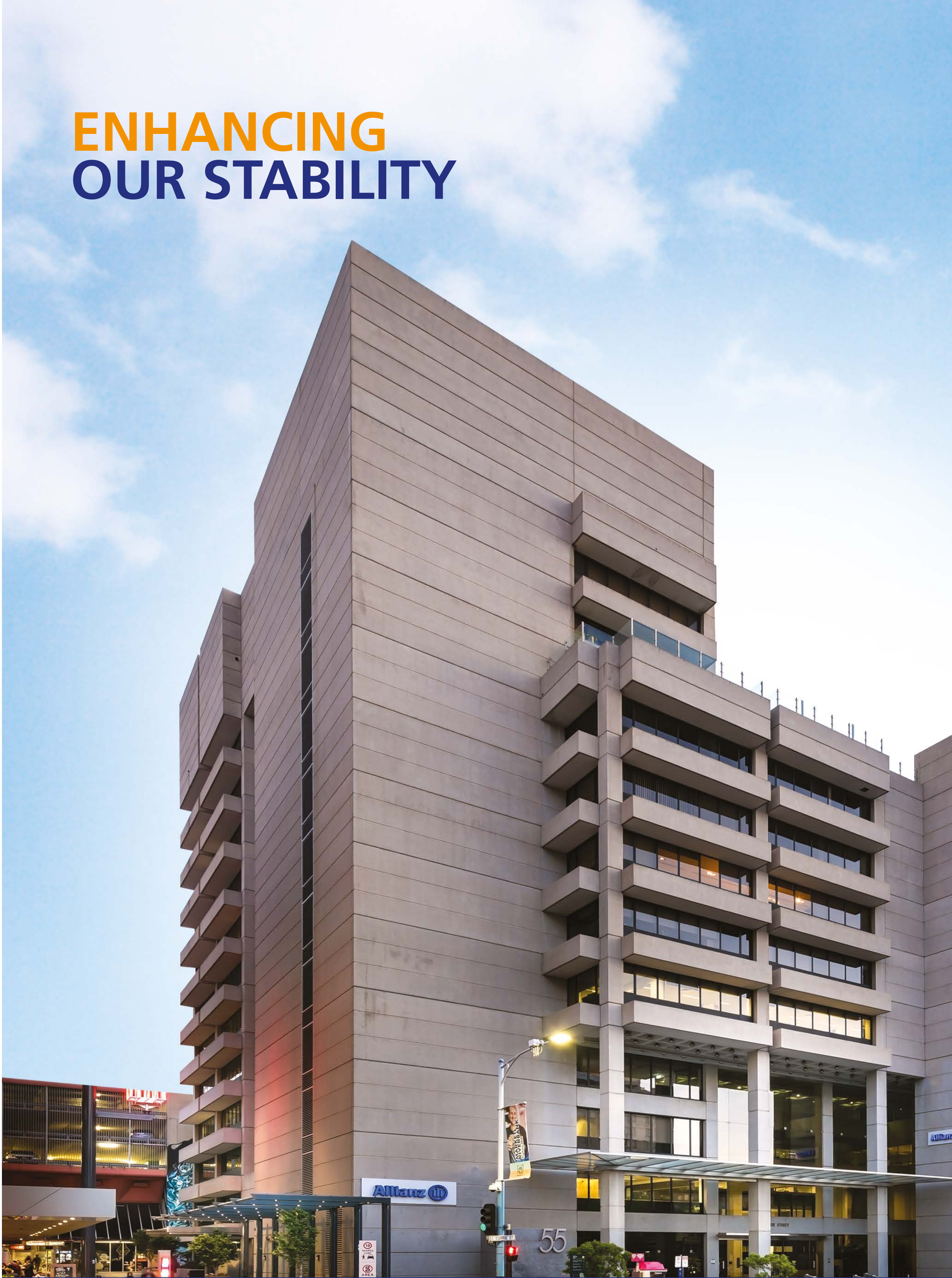
Note:

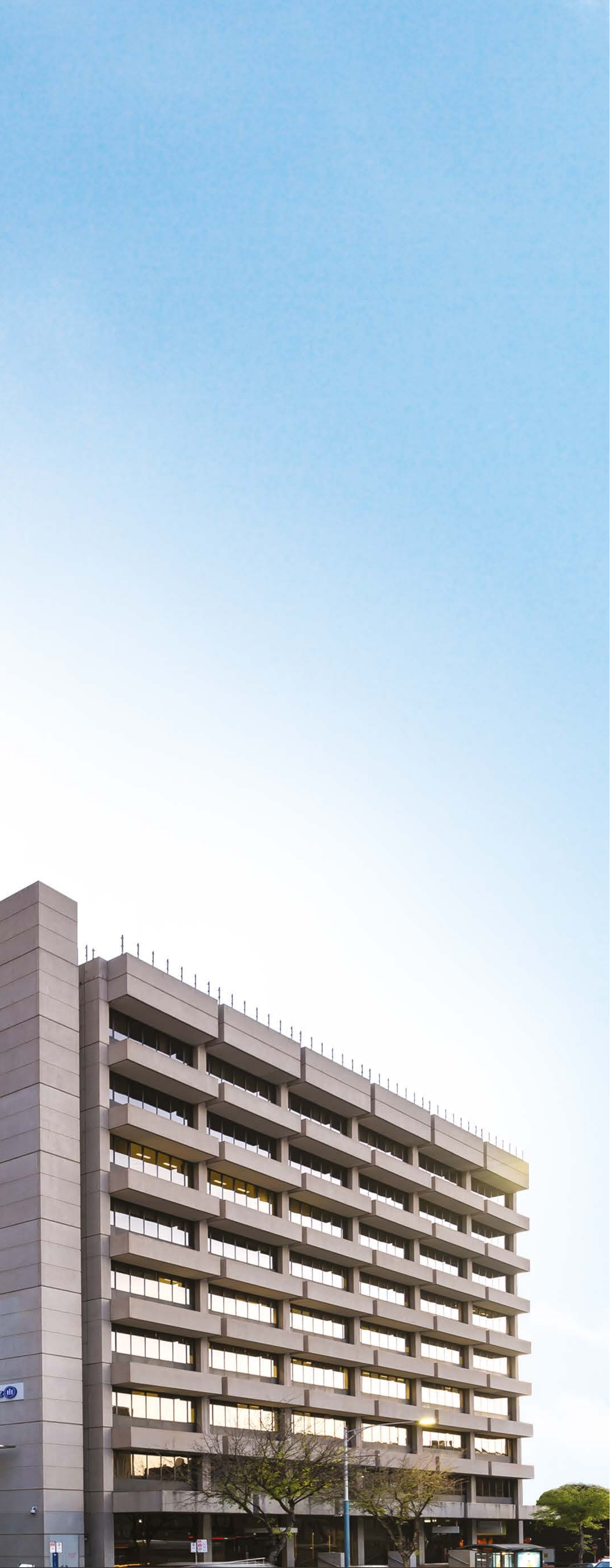
1 Includes assets under management by ARA Asset Management Limited and the Group of companies and its Associates as at 31 December 2019.

OPTIMISING OUR ASSETS

Through proactive asset management and strategic asset enhancement initiatives, we have transformed our properties into vibrant destinations and strengthened our revenue streams.

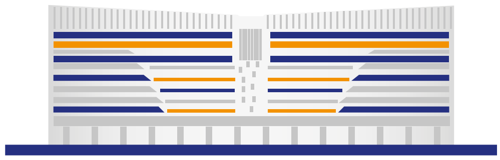
ENHANCING
OUR STABILITY





Our expansion into Australia
has increased our income and
geographical diversification.
We continue to undertake accretive
acquisitions to further enhance
the resiliency of our portfolio.

UNLOCKING UNDERLYING VALUE



Steered by long-term strategic planning, we constantly assess our assets to unlock their potential and create additional value for our unitholders.

AT A GLANCE

DISTRIBUTABLE INCOME FROM OPERATIONS

S$236.7 MILLION

Increased 3.9% y-o-y due to increase in contribution from Suntec City, Southgate Complex, MBFC Properties and contribution from 55 Currie Street.

ASSETS UNDER MANAGEMENT

S$10.4 BILLION

Increased 5.1% year-on-year ("y-o-y") due to the acquisition of 55 Currie Street in Adelaide, Australia and completion of development works at 9 Penang Road, Singapore.

DISTRIBUTABLE INCOME

S$262.7 MILLION

Decreased 1.5% y-o-y as increase in Distributable Income from Operations was offset by lower capital distribution.

DISTRIBUTION PER UNIT

9.507 CENTS

Decreased 4.8% y-o-y due to the enlarged unit base and lower capital distribution.

PORTFOLIO OCCUPANCY

98.7% Office

99.1% Retail

NET PROPERTY INCOME

S$236.2 MILLION

Decreased 2.0% y-o-y due to the sinking fund contribution for Suntec City Office upgrading works.[1]

INCOME CONTRIBUTION FROM JOINT VENTURES

S$98.6 MILLION

Increased 8.1% year-on-year due to the stronger performance and additional 25% interest in Southgate Complex as well as one-off compensations received for MBFC Properties.

NET ASSET VALUE PER UNIT

S$2.126

ALL-IN FINANCING COST

3.05%

per annum

AGGREGATE LEVERAGE RATIO

37.7%

Note:

1 Excluding the sinking contribution of S$19.3 million, the net property income would be 1.3% higher y-o-y.

YEAR IN REVIEW 2019

JANUARY

- Achieved distributable income of S$69.5 million for the period 1 October 2018 to 31 December 2018. Distribution per unit ("DPU") for the quarter amounted to 2.590 cents.
- Issued S$100 million medium term notes under the US$1.5 billion Euro Medium Term Note ("EMTN") Programme.

APRIL

- Entered in a S$400 million 5-year facility agreement.
- Unitholders approved all resolutions tabled at Suntec REIT's annual general meeting held on 18 April 2019.
- Announced the resignation of Mr Chen Wei Ching, Vincent as Lead Independent Non-Executive Director and Chairman of the Audit Committee ("AC").
- Announced the appointment of Mr Yap Chee Meng as Lead Independent Non-Executive Director of the AC.
- Achieved distributable income of S$65.4 million for the period 1 January 2019 to 31 March 2019. DPU for the quarter amounted to 2.434 cents.
- Announced and closed the placement of 111,111,000 new units of Suntec REIT to raise gross proceed of approximately S$200 million.
- Announced estimated advanced distribution of 3.20 cents per unit for the period 1 January 2019 to 5 May 2019.

MAY

- Announced actual advanced distribution of 3.23 cents per unit for the period 1 January 2019 to 5 May 2019.
- Issue and listing of 111,111,000 new Suntec REIT units on SGX-ST.

JULY

- Announced acquisition of 100% interest in a freehold Grade A office building at 21 Harris Street, Pyrmont, Sydney, Australia.
- Announced acquisition of 100% interest in a freehold Grade A office building at 55 Currie Street, Adelaide, Australia.
- Achieved distributable income of S$65.2 million for the period 1 April 2019 to 30 June 2019. DPU for the quarter amounted to 2.361 cents (including advanced distribution of 0.796 cents from 1 April 2019 to 5 May 2019).

SEPTEMBER

- Completed the acquisition of 55 Currie Street.

OCTOBER

- Achieved distributable income of S$66.2 million for the period 1 July 2019 to 30 September 2019. DPU for the quarter amounted to 2.365 cents.
- Completion of the development works at 9 Penang Road, Singapore.

NOVEMBER

- Established Marina Promenade Limited as part of URA Business Improvement District Programme.

CHAIRMAN'S REPORT

Dear Unitholders,

On behalf of the Board of ARA Trust Management (Suntec) Limited ("Board"), it is my pleasure to present to you the annual report of Suntec REIT for the financial year ended 31 December 2019 ("FY 2019").

Despite challenging global economic circumstances in 2019, Suntec REIT improved its operating performance. We continue to share the gains that arose from the divestment of Park Mall in 2015 through the capital distribution of S$26.0 million in 2019. In this aspect, we have refined our plans and extended the remaining capital distribution for an additional year to 2021.

During the year, Suntec REIT expanded its footprint in Australia with the acquisition of 55 Currie Street, a freehold, Grade A office building in Adelaide's Central Business District ("CBD"). The initial net property income yield of 8.0% provided unitholders with immediate distribution per unit ("DPU") accretion. We expect the Adelaide office market to improve further due to spending by the infrastructure sector.

For projects under development, 9 Penang Road obtained the Temporary Occupation Permit on 30 October 2019. Both office towers have been fully pre-leased to UBS. We are pleased to have retained UBS as a tenant within our portfolio of properties and look forward to accommodating them in the coming months. In Australia, the development works for Olderfleet, 477 Collins Street is on schedule to complete by mid 2020. Pre-commitment, including Heads of Agreement for the property was 95.6% as at 31 December 2019.

ROBUST FINANCIAL PERFORMANCE

The distributable income from operations of S$236.7 million was S$8.9 million higher year-on-year. This was due to the higher contribution from Suntec City, stronger performance of Southgate Complex as well as our increased interest in the property, higher contribution from MBFC Properties and contribution from the newly acquired 55 Currie Street. However, the capital distribution of S$26.0 million was 33.3% lower than the previous year. This resulted in a total distributable income of S$262.7 million, a decrease of 1.5% year-on-year. Likewise, DPU of 9.507 cents for FY 2019 was 4.8% lower year-on-year due to lower capital distribution as well as an enlarged unit base.

STRONG PORTFOLIO PERFORMANCE

Our proactive asset management has resulted in a committed occupancy of 99.1% for our Singapore office portfolio (as at 31 December 2019), well above the market occupancy of 95.9% for Grade A, CBD offices. We were also able to capitalise on the tight office market supply to command higher rents for our Singapore office assets. Suntec City Office in particular, achieved seven consecutive quarters of positive rent reversions.

To further strengthen the value proposition of Suntec City Office, we have embarked on asset enhancement works to upgrade the lobbies and restrooms of the five office towers. Upgrading works for Tower 5 have been completed and this was very well received by the office tenants. Upgrading works for the remaining four towers will progressively complete by end 2021.

Our office towers in One Raffles Quay and Marina Bay Financial Centre performed well, with positive rent reversions for the leases secured in 2019. Occupancy as at 31 December 2019 was 97.8% and 98.5% for One Raffles Quay and Marina Bay Financial Centre respectively, which are above the market benchmark.

Occupancies for our Australian properties remain high with 177 Pacific Highway and Southgate Complex Office achieving 100% committed occupancies as at 31 December 2019.

On the retail front, Suntec City Mall continued to stay relevant by curating a comprehensive and attractive trade mix. A year-long calendar of in-mall shopping promotions, festive celebrations, atrium activities and the launch of the revamped Suntec+ lifestyle program all helped to achieve a 3.9% year-on-year increase in footfall. The food and beverage offerings in Suntec City Mall were further enhanced with the completion of the asset enhancement initiative at West Wing Basement 1.

CHAIRMAN'S REPORT

EXPANDING PRESENCE IN AUSTRALIA

In September 2019, Suntec REIT expanded its presence in Australia with the acquisition of 55 Currie Street, its first office asset in Adelaide. The initial net property yield for this property is 8.0% as it has a pool of good quality tenants providing a strong income stream. Unitholders will enjoy the income stability with growth through the annual rental escalations of between 3.50% to 3.75%.

In July 2019, Suntec REIT also announced the acquisition of 21 Harris Street in Pyrmont, Sydney. Located 2km west of Sydney's CBD, 21 Harris Street is a freehold, Grade A office development that is currently under construction. Pre-committed occupancy as at 31 December 2019 was 65.3%. The acquisition is expected to be completed shortly when the property achieves practical completion.

Our strategy to expand in Australia has been beneficial for unitholders as the geographical diversification has enhanced the stability of Suntec REIT's income with growth achieved through the annual rental escalations.

As at end 2019, our assets under management ("AUM") increased 5.1% to S$10.4 billion with our Australian assets constituting approximately 13.0% of the total AUM.

PRUDENT CAPITAL MANAGEMENT

Suntec REIT remains focused on prudent and proactive capital management. Our balance sheet remains healthy with an aggregate leverage ratio of 37.7%, well within the regulatory limit of 45.0%. As at 31 December 2019, the financing cost for FY 2019 was 3.05% per annum with approximately 75.0% of the debt fixed or hedged, and with a weighted average debt maturity of 3.1 years.

In 2019, Suntec REIT raised S$700 million in financing, reducing 2020 re-financing needs to S$310.0 million or approximately 8.5% of our total borrowings. This has been subsequently refinanced in February 2020.

SUSTAINABILITY REPORTING

Sustainability continues to be an important aspect of Suntec REIT's long-term business strategy as this guides the engagement with our stakeholders and is one of the considerations in our business decisions. More information can be found in our sustainability report which will be released separately in May 2020.

LOOKING AHEAD

Looking ahead, our Singapore office portfolio will continue to perform well in 2020 due to proactive lease management and tight office supply.

The adverse impact of the COVID-19 pandemic on the Singapore retail sector is expected to last for some time. Since the onset of the outbreak in end January 2020, we have introduced various measures to help our retail tenants cope with the impact to their businesses. To bring shoppers back to the mall and spur spending, marketing initiatives such as complimentary parking, transport rebates for shoppers and double reward points for Suntec+ members are on-going. We are also assisting our tenants with their individual marketing efforts by offering them complimentary booking of in-mall media, electronic digital mailers and event spaces.

To help reduce operating costs and ease cashflow pressures, tenants are given the flexibility to shorten operating hours and draw down a month of their security deposit to offset their rental payments respectively.

We have also communicated additional relief measures which include passing on the full property tax rebates savings to tenants ahead of us receiving them from the Inland Revenue Authority of Singapore. Additional rental rebates are also given to tenants for the month of March to June 2020.

Unfortunately, the situation is still evolving rapidly in the region and globally. We remain committed to navigate through this challenging business climate together with all our retailers.

In Australia, Suntec REIT's office portfolio will continue to perform well, underpinned by strong occupancy and long weighted average lease expiry of more than five years (with minimal lease expiry in 2020).

We are cognizant of the heightened uncertainties in the external environment and will proactively manage the risks and improve the underlying performance of our assets to strengthen the resiliency of our properties, source for accretive acquisitions and continue the prudent capital management strategy to enhance unitholders' value.

IN APPRECIATION

On behalf of the Manager and the Board, I would like to thank Mr Chen Wei Ching, Vincent, who stepped down as Lead Independent Non-Executive Director, Chairman of the audit committee and member of the designated committee of the Manager, for his valuable guidance.

We are also pleased to welcome Mr Yap Chee Meng who joined the Board as Lead Independent Non-Executive Director, Chairman of the audit committee and member of the designated committee of the Manager. His vast experience will complement and strengthen the Board.

I would also like to thank my fellow board members for their continued counsel and the management team for their hard work and dedication. Last but not least, 2019 marked the 15th year of Suntec REIT's listing on the Singapore Stock Exchange and I would like to extend my heartfelt appreciation to our unitholders, tenants, business partners and stakeholders for their continued trust and steadfast support.

CHEW GEK KHIM PJG
Chairman and Non-Executive Director
27 March 2020

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF TOTAL RETURN FOR THE FINANCIAL YEAR	2019	2018
Gross Revenue	S$366.7m	S$363.5m
Net Property Income	S$236.2m	S$241.0m
Income Contribution From Joint Ventures[1,2]	S$98.6m	S$91.2m
Distributable Income	S$262.7m	S$266.8m
- from operations	*S$236.7m*	*S$227.8m*
- from capital	*S$26.0m*	*S$39.0m*
Distribution Per Unit ("DPU")	9.507¢	9.988¢
- from operations	*8.570¢*	*8.529¢*
- from capital	*0.937¢*	*1.459¢*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 DEC 2019	31 DEC 2018
Investment Properties	S$6,879.7m	S$6,494.0m
Interest In Joint Ventures[2,3]	S$2,956.8m	S$2,855.2m
Total Assets	S$10,032.4m	S$9,512.4m
Debt at Amortised Cost	S$3,630.2m	S$3,491.8m
Total Liabilities	S$3,926.2m	S$3,744.3m
Unitholders' Funds	S$5,977.1m	S$5,636.5m
Net Asset Value Per Unit	S$2.126	S$2.103
Aggregate Leverage Ratio[4]	37.7%	38.1%

Notes:

1 Refers to the one-third interest in One Raffles Quay and one-third interest in the Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("MBFC Properties").

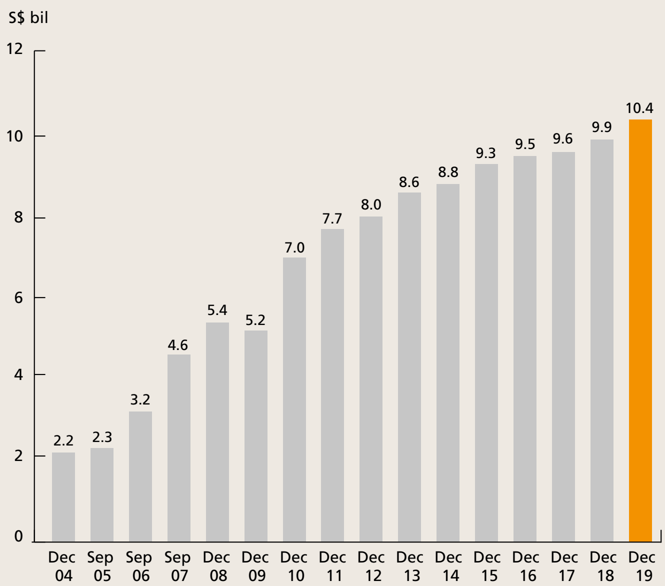
2 Reflects 25.0% interest in Southgate Complex from 1 January 2018 to 30 May 2018 and 50.0% interest thereafter from 31 May 2018.

3 Refers to the one-third interest in One Raffles Quay, one-third interest in the MBFC Properties, 30.0% interest in 9 Penang Road and 50.0% interest in Olderfleet, 477 Collins Street.

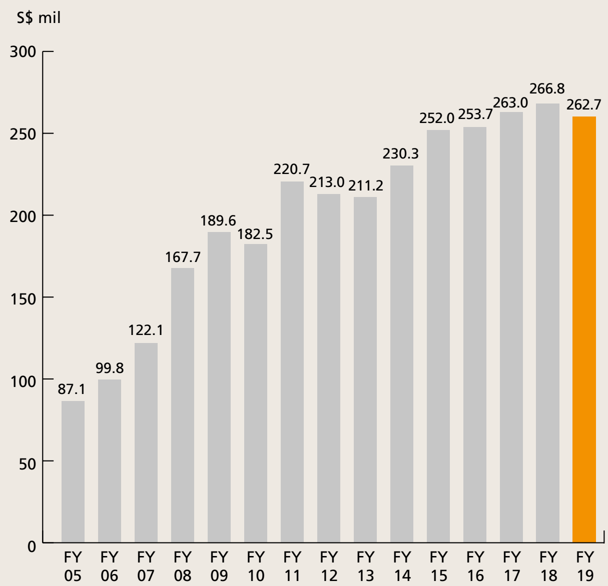
4 Refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of joint ventures and deferred payments (if any)) to the value of the Deposited Property in accordance with Appendix 6 on the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "Property Funds Appendix").

STRONG PERFORMANCE TRACK RECORD SINCE LISTING

Assets Under Management



Distributable Income



UNIT PERFORMANCE

UNIT PERFORMANCE AS AT[1]	2019	2018	2017	2016	2015
Last Done Unit Price	S$1.840	S$1.780	S$2.150	S$1.650	S$1.550
Highest Unit Price	S$1.990	S$2.250	S$2.190	S$1.800	S$2.000
Lowest Unit Price	S$1.770	S$1.670	S$1.650	S$1.505	S$1.470
Market Capitalisation[2] (m)	S$5,154	S$4,754	S$5,703	S$4,185	S$3,908
Traded Volume for the Financial Year (m)	2,180	1,823	1,421	1,329	1,582

Notes:

1 Unit performance statistics as at 31 December are for the respective financial years.

2 Based on 2,521 million units, 2,537 million units, 2,652 million units, 2,671 million units and 2,801 million units in issue as at 31 December 2015, 2016, 2017, 2018 and 2019 respectively.

UNIT PERFORMANCE AS AT[1]	2019	2018	2017	2016	2015
Traded Yield (based on DPU[1])	5.17	5.61	4.65	6.06	6.45
Singapore Government 10-Year Bond[2]	1.74	2.04	1.97	2.44	2.60

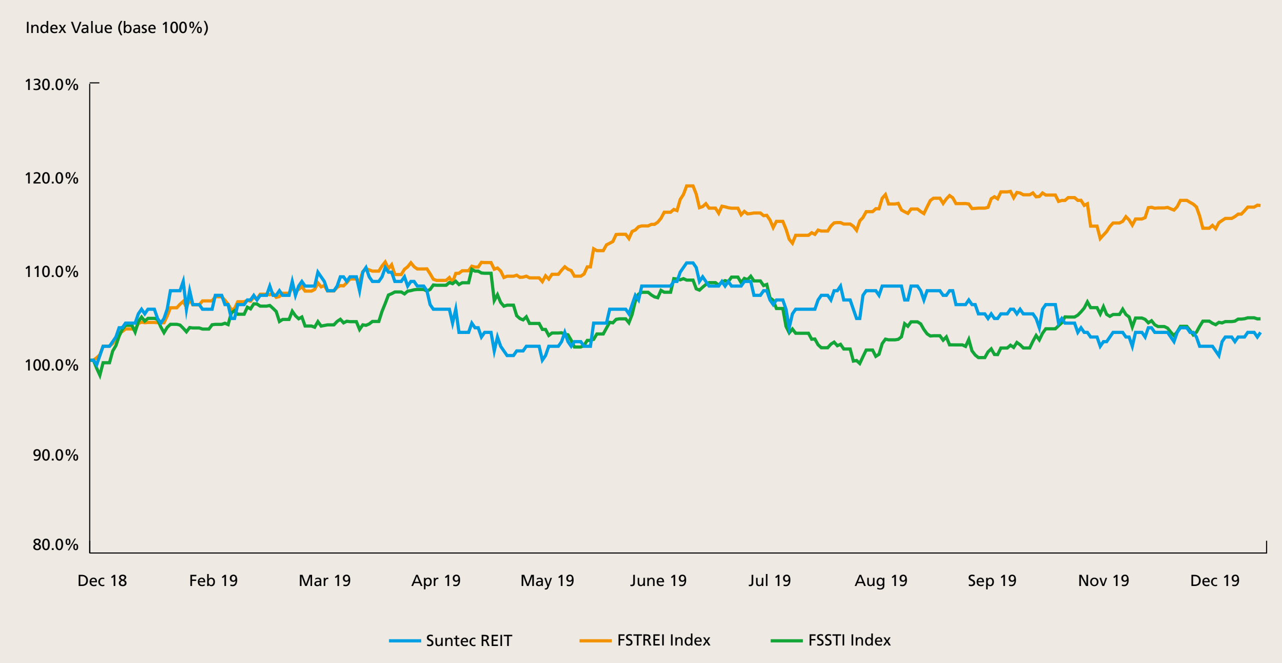
Notes:

1 Based on the last done unit price (as stated in the table above) and the full year DPU based on the period from 1 January to 31 December. Calculations were based on a DPU of 10.002 cents, 10.003 cents, 10.005 cents, 9.988 cents and 9.507 cents for FY 2015, FY 2016, FY 2017, FY 2018 and FY 2019 respectively.

2 As at 31 December for the respective financial years.

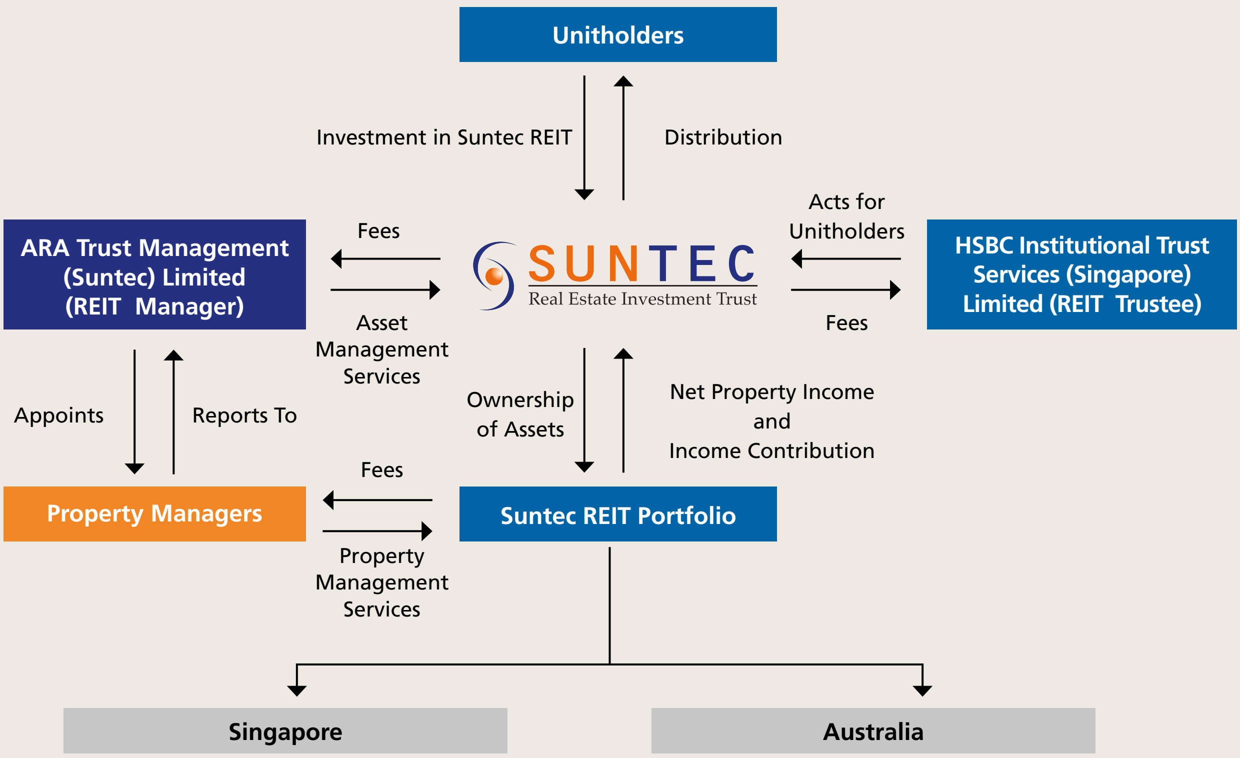
For FY 2019, Suntec REIT's unit opening price was S$1.770 and closed at S$1.840 with a market capitalisation of S$5.2 billion as at 31 December 2019. Suntec REIT's FY 2019 DPU yield of 5.17% has also outperformed the Singapore Government 10-year bond yield at 1.74%. As at end FY 2019, Suntec REIT unitholders would have achieved a total return of 227.0% since listing. As one of Singapore's most liquid listed REITs, the overall traded volume was 2,180 million units for the 12 months ended 31 December 2019. Suntec REIT is also a constituent member of major global indices such as the MSCI Singapore Index, FTSE NAREIT/EPRA Global Real Estate Index and the Global Property Research 250 Index series. It is also a constituent of the FTSE Straits Times Mid Cap Index and FTSE Straits Times Real Estate Index in Singapore.

RELATIVE PERFORMANCE INDICES FOR THE FINANCIAL YEAR 2019



TRUST STRUCTURE AND ORGANISATION CHART

TRUST STRUCTURE



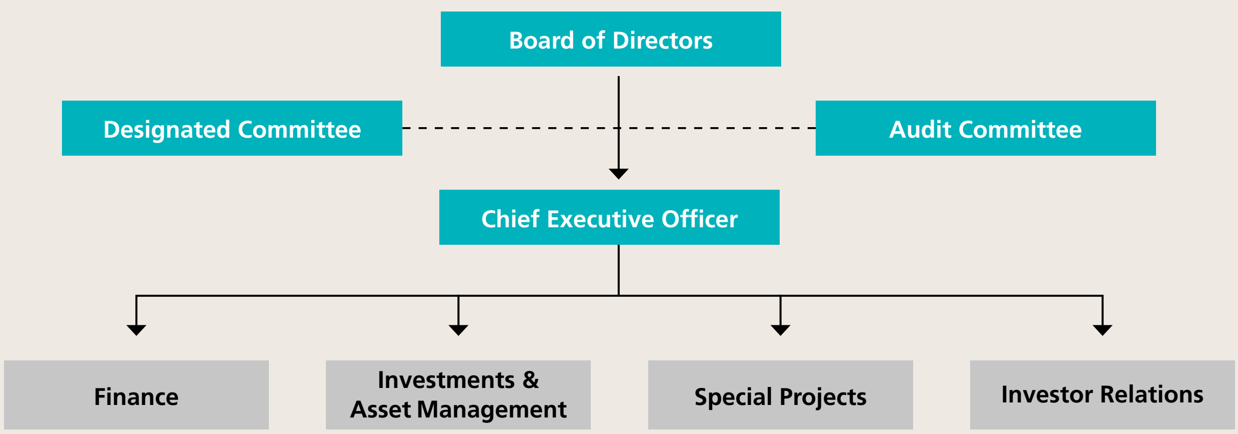
Singapore

- Suntec City
- Suntec Singapore[1] (60.8% interest)
- One Raffles Quay (one-third interest)
- MBFC Properties[2] (one-third interest)
- 9 Penang Road (30.0% interest)

Australia

- 177 Pacific Highway, Sydney
- Southgate Complex, Melbourne (50.0% interest)
- Olderfleet, 477 Collins Street[3], Melbourne (50.0% interest)
- 55 Currie Street, Adelaide

ORGANISATION STRUCTURE – ARA TRUST MANAGEMENT (SUNTEC) LIMITED



Notes:

1 Refers to Suntec Singapore Convention & Exhibition Centre.

2 Refers to Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.

3 Currently under development.

BOARD OF DIRECTORS

MS CHEW GEK KHIM PJG

Chairman and Non-Executive Director

Ms Chew Gek Khim joined the Board on 21 January 2014 and was appointed Chairman on 17 April 2014. She has been the Chairman of The Straits Trading Company Limited since 24 April 2008.

Ms Chew is also Executive Chairman of Tecity Group. She is Chairman of Malaysia Smelting Corporation Berhad and sits on the boards of ARA Asset Management Holdings Pte. Ltd. and Singapore Exchange Limited.

Ms Chew is also Deputy Chairman of the Tan Chin Tuan Foundation. She sits on the Board of Governors of S. Rajaratnam School of International Studies.

Ms Chew graduated from the National University of Singapore in 1984 and is a lawyer by training. She was awarded the *Chevalier de l'Ordre National du Mérite* in 2010, the Singapore Businessman of The Year 2014 in 2015, and the Meritorious Service Medal at the National Day Award in 2016.

MR LIM HWEE CHIANG, JOHN PBM

Non-Executive Director

Mr Lim Hwee Chiang, John joined the Board on 30 August 2004. Mr Lim is Co-Founder, Group Chief Executive Officer and Executive Director of ARA Asset Management Limited. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of Suntec Singapore International Convention & Exhibition Services Pte. Ltd.

In the preceding three years, Mr Lim was also a Director of ARA-CWT Trust Management (Cache) Limited.

Mr Lim is Chairman of the Asia Pacific Real Estate Association ("APREA"), the Consultative Committee to the Department of Real Estate, National University of Singapore, Straits Real Estate and Lim Hoon Foundation. He is a Patron of Jurong Spring Citizens' Consultative Committee and the Securities Investors Association of Singapore ("SIAS"). He is also a Council Member of Singapore Chinese Chamber of Commerce and Industry and an Independent Director and Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited.

Mr Lim has more than 30 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur Of the Year Singapore 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

BOARD OF DIRECTORS

Mr Yap Chee Meng is the Lead Independent Director, Chairman of the audit committee and member of the designated committee of the Manager. He joined the Board on 22 April 2019.

Mr Yap was the Chief Operating Officer of KPMG International for Asia Pacific and a member of its Global Executive Team. Prior to his appointment as the regional Chief Operating Officer of KPMG International in 2010, he was a Senior Partner in KPMG Singapore, the Regional Head of Financial Services in Asia Pacific, and Country Head of Real Estates and Specialised REITs Group in Singapore.

In his career spanning 37 years of experience in the financial sector, Mr Yap has served in the committees of various professional and regulatory bodies including Singapore's Accounting & Corporate Regulatory Authority and the Institute of Certified Public Accountants of Singapore.

Mr Yap is currently Non-Executive Chairman of AXA Insurance Pte Ltd and RHB Asset Management Group. He also holds independent directorships in several companies including Keppel Land Limited, RHB Investment Bank Berhad, RHB Securities Singapore Pte Ltd, SATS Ltd, The Esplanade Co Ltd, Pavilion Energy Singapore Pte Ltd and Pavilion Energy Trading & Supply Pte Ltd.

Mr Yap's past independent board memberships included those in SMRT Corporation Ltd and the National Research Foundation (Prime Minister's Office, Singapore).

He qualified as a UK Chartered Accountant in 1981, and is now a non-practising Fellow of the Institute of Singapore Chartered Accountants and a non practising Fellow of the Institute of Chartered Accountants in England & Wales.

MR YAP CHEE MENG

Lead Independent Non-Executive Director

MR CHAN PEE TECK, PETER

Independent Non-Executive Director

Mr Chan Pee Teck , Peter is an Independent Director and member of the audit committee. He joined the Board on 1 January 2017. Mr Chan is the founder and Managing Partner of Crest Capital Asia, a regional private equity practice investing mainly in Singapore and Australia, specializing in designing and customizing alternative direct investment programmes for clients and managing the assets under these programmes.

Mr Chan started his private equity career in 1987 with one of the earliest US private equity firms in Asia. Then, he set up a division of ING Barings Asia Private Equity as Managing Director in 1996 to start ING's private equity investment in Asia and setting up offices in Singapore, Indonesia, India, China, Taiwan and South Korea. He then acquired the business to set up Crest Capital Asia in 2004. Mr Chan is responsible for the general management of the funds under management, innovating new fund strategies, risk management as well as investor communication.

Mr Chan graduated with a Bachelor of Accountancy (Hons) Degree from the National University of Singapore and is a Fellow Member of both the Institute of Singapore Chartered Accountants as well as the Certified Public Accountants of Australia. In addition to being board member of Teckwah Industrial Corporation Ltd, he is also board member of Clarity, a not-for-profit organization which mission is to provide healing and support for people with mental conditions to help them regain self-confidence and re-discover their abilities and beauty in life.

BOARD OF DIRECTORS

Mrs Yu-Foo Yee Shoon is an Independent Director and member of the audit committee. She joined the Board on 1 January 2017. Mrs Yu-Foo is currently the Justice of the Peace, Chairman of Traditional Chinese Medicine Practitioners Board, Ministry of Health and also an Independent Director of KOP Limited and Singapura Finance Ltd. She is also Advisor of Nuri Holdings (S) Pte Ltd, Senior Advisor, International Advisory Panel of Hyflux Ltd and Senior Advisor of Elomart Pte Ltd.

Mrs Yu-Foo was a Former Minister of State, retired after 27 years in politics. Before she became Minister of State, she was the first woman Mayor in Singapore and she started her career with National Trades Union Congress (NTUC) and she was the Deputy Secretary-General of NTUC.

Mrs Yu-Foo graduated from Nanyang University with a Bachelor of Commerce and a Masters Degree in Business from Nanyang Technology University. She was awarded the Honorary Doctorate of Education by Wheelock College of Boston, United States in 2008.

MRS YU-FOO YEE SHOON

Independent Non-Executive Director

MR LOCK WAI HAN

Independent Non-Executive Director

Mr Lock Wai Han is an Independent Director and member of the audit committee. He joined the Board on 1 August 2018. Currently, Mr Lock is the Executive Director and Chief Executive Officer of OKH Global Limited and is responsible for all the Group's business activities, which is the construction and development of industrial real estate. Mr Lock is also an Independent Director of Chip Eng Seng Corporation Ltd.

Prior to joining OKH Group Limited, Mr Lock was the Executive Director and Group CEO of Rowsley Ltd and before that he was based in Beijing as the China CEO of CapitaMalls Asia ("CMA"), where he had oversight of a retail mall portfolio that included Raffles City projects and CMA mixed developments.

Up until he joined CMA in March 2010, Mr Lock had served in the Singapore public sector for more than 20 years during which he held various leadership roles including Commissioner of the Immigration & Checkpoints Authority; Director of the Criminal Investigations Department and Deputy Secretary of the Ministry of Information, Communications & the Arts, as well as directorships in various statutory boards.

Mr Lock holds a Bachelor and Master of Arts (Engineering) from the University of Cambridge, UK, and a Master of Science (Management) from Leland Stanford Junior University, USA.

BOARD OF DIRECTORS

Mr Chow Wai Wai, John is a Non-Executive Director and the Chairman of the designated committee of the Manager. He joined the Board on 1 July 2007. Currently, Mr Chow is also the Managing Director of Winsor Industrial Corporation Limited, which has international operations, spanning countries in the US, Europe and Asia, and he holds directorships in the various subsidiaries and associated companies of the Winsor companies. He is an Executive Director of Hong Kong-listed Wing Tai Properties Limited.

In the preceding three years, Mr Chow was a Non-Executive Director of Dah Sing Financial Holdings Limited.

Mr Chow has more than 30 years of experience in property investment and management, textile and clothing businesses. He serves as an Honorary Chairman of the Hong Kong Garment Manufacturers Association.

Mr Chow received his Bachelor of Arts (Economics) degree from the University of British Columbia.

MR CHOW WAI WAI, JOHN

Non-Executive Director

MR CHONG KEE HIONG

Chief Executive Officer and Executive Director

Mr Chong Kee Hiong was appointed as Chief Executive Officer and Executive Director on 1 January 2019. He is also a Director of One Raffles Quay Pte. Ltd., Harmony Convention Holding Limited and Park Mall Pte. Ltd. Mr Chong is a Partners' Representative of BFC Development LLP. He is also a member of the ARA Group Investment Committee which oversees its global investment strategy.

Mr Chong has close to 30 years of financial and management experience. Prior to joining the Manager, Mr Chong was the Chief Executive Officer of OUE Hospitality REIT Management Pte Ltd from 2013 to 2018. He was Chief Executive Officer of The Ascott Limited ("Ascott") from 2012 to 2013 and Chief Executive Officer of Ascott Residence Trust Management Limited from 2005 to 2012. Prior to that, Mr Chong was with Raffles Holdings Limited as their Chief Financial Officer. Mr Chong began his career in audit with KPMG Peat Marwick in 1990.

Mr Chong is currently the president of the Orchid Country Club General Committee and Chairman and Non-Executive Director of NTUC Foodfare Catering Pte Ltd. Mr Chong is also an elected Member of Parliament for Bishan-Toa Payoh GRC.

Mr Chong holds a Bachelor of Accountancy with National University of Singapore and completed Harvard Business School's Advanced Management Program in 2008. He is a member of the Institute of Singapore Chartered Accountants.

MANAGEMENT TEAM

MR CHONG KEE HIONG
Chief Executive Officer and Executive Director

Please refer to description under the section on 'Board of Directors'.

MS DAWN LAI
Chief Operating Officer

Ms Dawn Lai assists the Chief Executive Officer on all operational matters; including asset management, investment, finance, investor relations and strategic planning.

Ms Lai has more than 30 years of experience in the real estate sector. She was with CapitaLand Ltd for the last 19 years. Her last appointment with the company was as the Head of Global Marketing & Leasing at CapitaLand Commercial Management Private Limited, the manager for CapitaLand's portfolio of commercial assets (REIT and non-REIT) in Singapore. In this capacity, she was responsible for the marketing and leasing of more than four million square feet of commercial properties with a total asset value of more than S$10 billion. The commercial portfolio under her responsibility included prime Grade A offices such as CapitaGreen, Asia Square Tower 2, Six Battery Road, Raffles City Singapore and Capital Tower.

Ms Lai holds a Bachelor of Science in Estate Management (Hons) degree from the National University of Singapore.

MS NG EE SAN
Finance Director

Ms Ng Ee San heads the Finance team and assists the Chief Executive Officer on the finance, treasury and capital management functions of Suntec REIT.

Ms Ng has more than 20 years of experience in accounting and finance. Prior to joining the Manager, she was the Finance Manager at Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust. She was also previously an Accountant at Wing Tai Holdings Limited and The Hour Glass Limited, and has held various positions with PSA Corporation Limited and Deloitte & Touche LLP.

Ms Ng holds a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore, and is a member of Institute of Singapore Chartered Accountants.

From left to right
Raymond Ong, Dawn Lai, Chong Kee Hiong, Ng Ee San, Melissa Chow

MR RAYMOND ONG
Director, Special Projects

Mr Raymond Ong assists the Chief Executive Officer on acquisitions, projects, operational and asset management matters and oversees Suntec REIT's project developments.

Prior to his appointment, Mr Ong was the Director, Project of APM Property Management Pte Ltd (a 100% subsidiary of ARA Asset Management Limited) since 2012 where he led the project team in the remaking of Suntec City which was successfully completed in 2015.

Mr Ong has more than 30 years of experience in real estate development, project and property management. Prior to joining the group, he worked with public listed property companies Centrepoint Properties Ltd, Parkway Holdings Ltd and Wing Tai Property Management Pte Ltd, and with private property companies Kallang Development Pte Ltd and SK Land Pte Ltd. He had held positions as Executive Director and General Manager taking charge of development and property management.

Mr Ong holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

MS MELISSA CHOW
Manager, Investor Relations

Ms Melissa Chow oversees the Investor Relations function of Suntec REIT. Her responsibilities include the timely communication of quality information to unitholders, potential investors, key stakeholders and providing the Manager with key market updates.

Ms Chow has close to 10 years of experience in the field of investor relations. Prior to joining the Manager, she was an investor relations associate at a private equity firm where she managed the communication channels between the company and the investment community. She was previously with a boutique public and investor relations agency.

Ms Chow holds a Bachelor of Business Management (Finance and Corporate Communications) from Singapore Management University.

MANAGER'S REPORT

YEAR IN REVIEW

Suntec REIT achieved a distributable income of S$262.7 million and distribution per unit ("DPU") of 9.507 cents for the financial year ended 31 December 2019 ("FY 2019"). In 2019, Suntec REIT expanded its footprint in Australia, with the acquisition of 55 Currie Street in Adelaide. Suntec REIT also announced the proposed acquisition of 21 Harris Street in Sydney which is expected to complete in April 2020.

As at end FY 2019, Suntec REIT's assets under management ("AUM") has grown to approximately S$10.4 billion[1], underpinned by a 3.5 million square feet ("sq ft") of office portfolio and 1.0 million sq ft of retail portfolio strategically-located in the prime districts of Singapore and Australia.

FINANCIAL PERFORMANCE

Suntec REIT achieved gross revenue of S$366.7 million in FY 2019 which was 0.9% higher compared to the corresponding period in 2018 ("FY 2018"). This was mainly due to higher contribution from Suntec City Mall and Suntec City Office as well as contribution from 55 Currie Street. This was partially offset by lower revenue from Suntec Singapore and 177 Pacific Highway due to the weakened Australian dollar.

Office revenue in FY 2019 was S$176.4 million, 3.7% higher year-on-year, mainly due to higher occupancy at Suntec City Office as well as contribution from 55 Currie Street.

Retail revenue in FY 2019 of S$128.6 million was 4.1% higher than in FY 2018 mainly due to the positive rent reversions at Suntec City.

Convention revenue of S$61.7 million declined 11.7% year-on-year as the higher number of corporate events were offset by fewer major convention events.

Net property income in FY 2019 was S$236.2 million, a decrease of 2.0% year-on-year. This was due to the sinking fund contribution for Suntec City Office upgrading works, lower convention income and the weakened Australian dollar. Excluding the sinking fund contribution of S$19.3 million which has no impact on distributable income, the net property income for FY 2019 would be 1.3% higher year-on-year.

The total income contribution from the joint ventures for FY 2019 was S$98.6 million. This comprised the income contribution of S$23.9 million from the one-third interest in One Raffles Quay, S$57.2 million from the one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (the "MBFC Properties") and S$17.5 million from the 50.0% interest in Southgate Complex. The total income contribution for FY 2019 was 8.1% higher than FY 2018 of SS$91.2 million mainly due to the stronger performance and additional 25.0% interest in Southgate Complex[2] and one-off compensations received for MBFC Properties. This was partially offset by lower occupancy at One Raffles Quay.

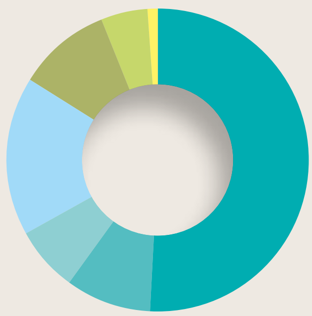
Suntec REIT achieved a distributable income from operations of S$236.7 million in FY 2019, an increase of 3.9% year-on-year. This was on the back of higher contribution from Suntec City, stronger performance of and an additional 25.0% interest in Southgate Complex[2], higher contribution from MBFC Properties and contribution from 55 Currie Street. This was partially offset by lower contribution from One Raffles Quay and higher financing costs. The total distributable income of S$262.7 million was 1.5% lower year-on-year as the capital distribution was S$13.0 million lower year-on-year. The DPU achieved for FY 2019 amounted to 9.507 cents, which translated to an annual yield of 5.17%[3] for the year.

In FY 2019, the total rent guarantee received amounted to approximately S$0.8 million. This translated to 0.023 cents of FY 2019 DPU.

Cents	FY 2019	FY 2018
Distribution Per Unit	9.507	9.988
- *from operations*	*8.570*	*8.529*
- *from capital*	*0.937*	*1.459*

NET PROPERTY INCOME & INCOME CONTRIBUTION FROM JOINT VENTURES

Contribution by Asset
FY 2019



Notes:

1 Includes the carrying value of S$213.2 million for Olderfleet, 477 Collins Street.

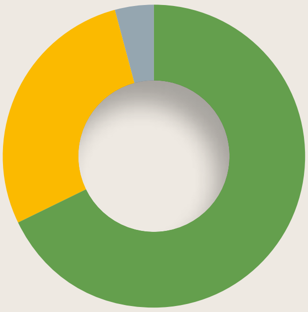
2 Suntec REIT completed the acquisition of the additional interest in Southgate Complex in May 2018, raising the effective interest from 25.0% to 50.0%.

3 Based on the market closing price of S$1.84 as at 31 December 2019.

MANAGER'S REPORT

NET PROPERTY INCOME & INCOME CONTRIBUTION FROM JOINT VENTURES

Contribution by Segment[4]
FY 2019



68%	Office
28%	Retail
4%	Convention

Note:

4 Total income contribution from MBFC Properties was apportioned based on approximate 93.0% split between office and 7.0% retail. Total income contribution from Southgate Complex was apportioned on approximate 82.0% split between office and 18.0% retail.

CAPITAL STRUCTURE

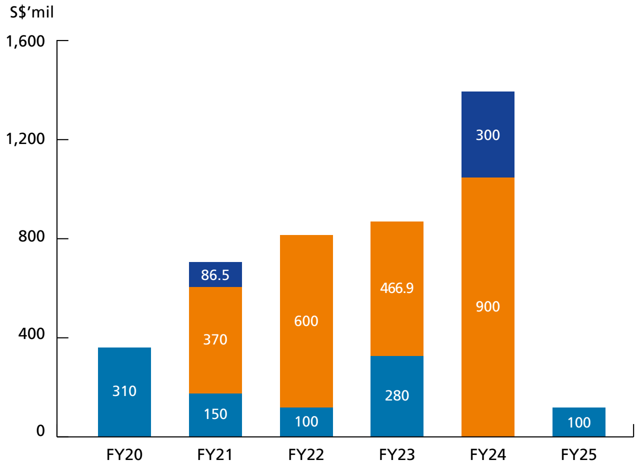
Suntec REIT's total consolidated debt stood at S$3,663.4 million, with aggregate leverage ratio of 37.7% as at 31 December 2019. The all-in cost financing of Suntec REIT's debt portfolio for FY 2019 was 3.05% per annum.

In FY 2019, Suntec REIT raised a total of S$700 million in financing. This comprised S$100 million 6-year medium term notes, S$400 million 5-year unsecured loan facility and S$200 million through the placement of 111.1 million new Suntec REIT units. Out of the S$200.0 million gross proceeds raised, approximately 79.5% or S$158.9 million was used to partially fund the acquisitions of 55 Currie Street, Adelaide and deposit for 21 Harris Street, Pyrmont, Sydney with another approximate S$3.7 million or 1.9% used for transaction related expenses. Some of the proceeds initially set aside to finance the acquisitions were redeployed to repay existing debt, resulting in an approximate 17.5% or S$35.0 million of the gross proceeds being used to repay existing debt. Further announcements on the utilisation of the remaining proceeds from the private placement will be made as and when the funds are materially disbursed.

Suntec REIT's exposure to derivatives is elaborated in the Financial Statements. The fair value derivative for FY 2019, which is included in the Financial Statements as "Derivative Assets" and "Derivative Liabilities", was approximately S$1,000 and S$32.2 million respectively. The net fair value derivative represented 0.5% of the net assets of Suntec REIT as at 31 December 2019.

DEBT MATURITY PROFILE

As at 31 December 2019



Medium term notes (S$940mil)
Bank facility (S$2,336.9 mil)
Convertible bonds (S$386.5 mil)

MANAGER'S REPORT

PROPERTY PORTFOLIO

In September 2019, Suntec REIT expanded its presence in Australia with the acquisition of 55 Currie Street, its first asset in Adelaide. The freehold Grade A office building is situated in the heart of Adelaide's central business district ("CBD"). The property has a committed occupancy of 91.7% with key tenants such as the Commonwealth Government, South Australian Government, Allianz and Data Action.

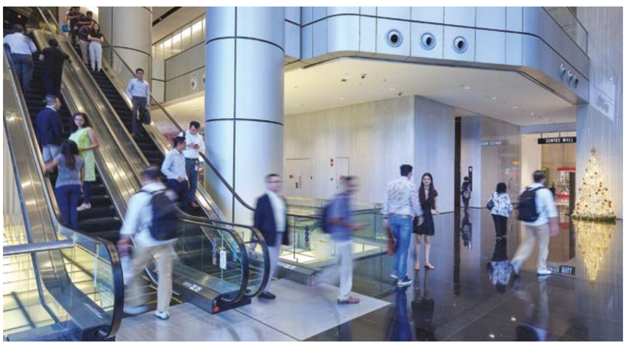
In July 2019, Suntec REIT announced the proposed acquisition of 21 Harris Street in Pyrmont, Sydney from 21 Harris Street Pty Ltd, as trustee of 21 Harris Street Unit Trust for an amount payable of A$297.0 million[1]. Located 2km west of Sydney's CBD, 21 Harris Street is a premium Grade A office building that is currently under construction. As at 31 December 2019, the property has a pre-committed occupancy of 65.3% which is anchored by Publicis Groupe, a global communications and marketing company. The acquisition is expected to be completed in April 2020 when the property achieves practical completion.

These acquisitions further enhance the stability of Suntec REIT's income with growth through the annual rental escalations.

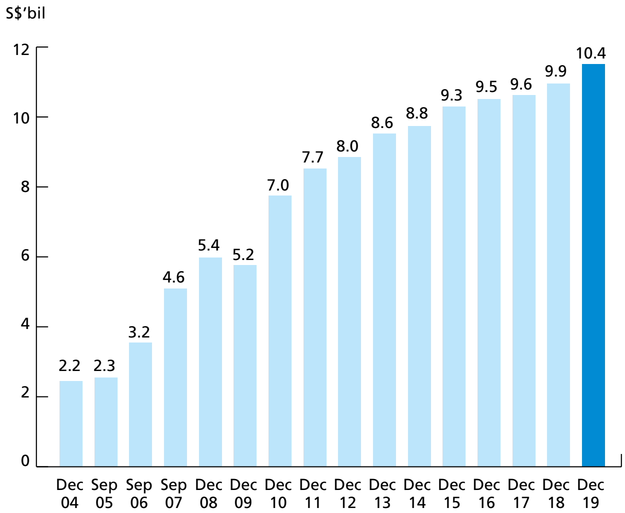
In Singapore, development works for 9 Penang Road had been completed and the property obtained the Temporary Occupation Permit on 30 October 2019. The two office towers comprising approximately 381,000 sq ft had been fully committed UBS.

At Suntec City Office, asset enhancement works to upgrade the lobbies and restrooms for Tower 5 was completed in 2019. Upgrading works for the remaining four towers will be completed progressively by end 2021.

Suntec REIT's property portfolio comprising of approximately 3.5 million sq ft of attributable office space and more than 1.0 million sq ft of retail and convention space was valued at S$10.2 billion and together with cash and other assets, the total AUM was S$10.4 billion as at 31 December 2019, or 5.1% higher than the preceding year. The net asset value of Suntec REIT and its subsidiaries stood at S$2.126 per unit as at 31 December 2019.



ASSETS UNDER MANAGEMENT



Property Valuation[2] (S$ millions)	31 Dec 2019	31 Dec 2018
Suntec City[3]	5,206.0	5,110.0
Suntec Singapore[3]	437.8	432.3
One Raffles Quay[3]	1,254.3	1,275.6
MBFC Properties[3]	1,695.3	1,695.3
9 Penang Road[4]	279.0	191.0
177 Pacific Highway[5]	599.8	561.5
Southgate Complex[6]	377.8	349.9
Olderfleet, 477 Collins Street[7]	213.2	111.4
55 Currie Street[8]	140.7	-
Total	**10,203.9**	**9,727.0**

Notes:

1 The amount payable takes into account an independent valuation of A$297.0 million based on the discounted cashflow method and capitalisation approach.

2 Reflects Suntec REIT's interest in its respective properties.

3 Based on the valuation by Savills Valuation and Professional Services (S) Pte Ltd.

4 Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. 9 Penang Road obtained its Temporary Occupation Permit on 30 October 2019 and the valuation as at 31 Dec 2018 reflected the carrying value at cost during construction stage.

5 Based on the valuation by Savills Valuations Pty Ltd.

6 Based on the valuation by CIVAS (VIC) Pty Limited.

7 Based on the valuation by CIVAS (VIC) Pty Limited, reflecting the carrying value of Olderfleet, 477 Collins Street.

8 Based on the valuation by Valuation Services (SA) Pty Limited.

MANAGER'S REPORT

STRONG OCCUPANCY FOR ASSET PORTFOLIO

Suntec REIT's asset portfolio performance continued to remain strong. As at 31 December 2019, the Singapore office portfolio achieved an overall committed occupancy of 99.1%, or 3.2 percentage point higher than the overall Central Business District ("CBD") Grade A occupancy of 95.9%[1]. For the Singapore retail portfolio, the overall committed occupancy as at 31 December 2019 was 99.5%.

Suntec REIT's overall committed occupancy for the office and retail portfolio stood at 98.7% and 99.1% respectively as at 31 December 2019.

Committed Office Occupancy as at	31 Dec 2019	31 Dec 2018
Suntec City Office	100.0%	98.6%
One Raffles Quay	97.8%	96.1%
MBFC Towers 1 & 2	98.5%	100.0%
9 Penang Road	96.7%	-
Singapore Office Portfolio	**99.1%**	**98.5%**
177 Pacific Highway	100.0%	100.0%
Southgate Complex	100.0%	98.8%
55 Currie Street	91.7%	-
Australia Office Portfolio	**97.8%**	**99.4%**
Overall Office Portfolio	**98.7%**	**98.7%**

Committed Retail Occupancy as at	31 Dec 2019	31 Dec 2018
Suntec City Mall	99.6%	99.6%
Marina Bay Link Mall	97.7%	99.2%
Singapore Retail Portfolio	**99.5%**	**99.6%**
Southgate Complex	92.8%	90.9%
Australia Retail Portfolio	**92.8%**	**90.9%**
Overall Retail Portfolio	**99.1%**	**99.1%**

Note:

1 Source: JLL

LEASING ACHIEVEMENTS IN FY 2019

For the office portfolio, a total of 662,578 sq ft of new and renewal leases were secured in FY 2019. The tenant retention ratio for FY 2019 was 72.3%. The average rent secured for FY 2019 for the Singapore and Australia office portfolios were S$10.56 per square foot per month ("psf/mth") and S$5.70 psf/mth respectively.

Office Leasing Activities	Tenants	NLA (sq ft)
Renewal leases	90	411,848
New leases	66	250,730
Total	**156**	**662,578**

For the retail portfolio, a total of 313,691 sq ft of new and renewal leases were secured in FY 2019. The tenant retention ratio for FY 2019 was 69.0%.

Retail Leasing Activities	Tenants	NLA (sq ft)
Renewal leases	143	239,267
New leases	84	74,424
Total	**227**	**313,691**

PROPERTY PORTFOLIO

Suntec City | One Raffles Quay | MBFC Properties | 9 Penang Road

HIGH QUALITY COMMERCIAL ASSETS STRATEGICALLY LOCATED IN SINGAPORE'S & AUSTRALIA'S PRIME DISTRICTS

Suntec REIT's portfolio comprises prime commercial properties in Suntec City, 60.8% interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), one-third interest in One Raffles Quay ("ORQ") and one-third interest Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("MBLM" and collectively known as "MBFC Properties"), and 30.0% interest in 9 Penang Road. These properties are located within Singapore's Central Business District, Marina Bay and the Civic and Cultural District. In Australia, Suntec REIT holds a 100% interest in 177 Pacific Highway located in Sydney, 50.0% interests in Southgate Complex and 50.0% interest in Olderfleet, 477 Collins Street, in Melbourne, as well as 100% interest in 55 Currie Street in Adelaide.

Spanning a total net lettable area ("NLA") of about 4.5 million square feet ("sq ft"), the properties provide a steady stream of income from a well-diversified pool of strong office and retail tenants.

VIBRANT TENANT MIX

Suntec REIT's office portfolio leases are well diversified across 13 business sectors. 60.3% of the total gross office revenue for the month of December 2019 was attributable to the major business sectors of Banking, Insurance and Financial Services, and Technology, Media and Telecommunications. The top 10 tenants of the office portfolio contributed 20.3% of Suntec REIT's total gross revenue for the month of December 2019 and occupied an area representing 30.3% of the REIT's total office portfolio leased area.

For the retail portfolio, 51.6% of the total gross retail revenue for the month of December 2019 was attributable to the major business sectors of Food and Beverage, and Fashion and Accessories. The top 10 tenants of the retail portfolio contributed 5.7% of Suntec REIT's total gross revenue for the month of December 2019 and occupied an area representing 28.6% of the REIT's total retail portfolio leased area.

Property Statistics

As at 31 December 2019

Total Net Lettable Area[1]	**4,495,343 sq ft**
Office	3,508,162 sq ft
Retail	987,181 sq ft
Number of tenants	**918**
Office	439
Retail	479
Valuation[2]	**S$10,203.9 million**
Committed Occupancy[1]	
Office	98.7%
Retail	99.1%

Note:

1 Based on Suntec REIT's interest in its respective properties.

2 The valuation is based on Suntec REIT's interest in its respective properties and the carrying value of its 50.0% interest in Olderfleet, 477 Collins Street.

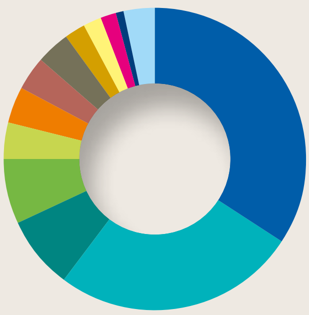
PROPERTY PORTFOLIO

177 Pacific Highway | Southgate Complex | 55 Currie Street | Olderfleet, 477 Collins Street

OFFICE PORTFOLIO BUSINESS SECTOR ANALYSIS

(By Gross Rental Income[1])

As at 31 December 2019



- 34.4% Banking, Insurance and Financial Services
- 25.9% Technology, Media and Telecommunications
- 8.0% Real Estate and Property Services
- 6.8% Consultancy / Services
- 4.0% Government and Government-Linked Offices
- 3.9% Trading and Investments
- 3.6% Shipping and Freight Forwarding
- 3.5% Energy and Natural Resources
- 2.3% Manufacturing
- 2.0% Legal
- 1.7% Pharmaceutical and Healthcare
- 0.6% Hospitality / Leisure
- 3.3% Others

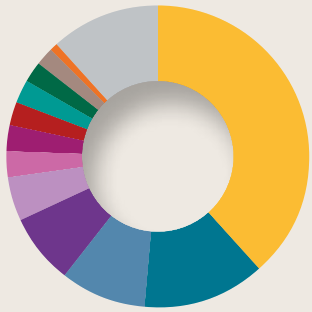
Note:

1 Based on Suntec REIT's interest in its respective properties.

RETAIL PORTFOLIO BUSINESS SECTOR ANALYSIS

(By Gross Rental Income[1])

As at 31 December 2019



- 38.5% Food and Beverage
- 13.1% Fashion and Accessories
- 9.2% Leisure, Fitness and Entertainment
- 7.5% Hair, Beauty and Wellness
- 4.7% Sporting Goods and Apparel
- 2.8% Hypermart / Supermarket
- 2.8% Specialty and Gifts
- 2.5% Electronics and Technology
- 2.3% Kid's Fashion, Toys and Kid's Specialty
- 2.3% Homeware and Home Furnishings
- 1.9% Books, Stationery and Education
- 1.0% Jewellery and Watches
- 11.4% Services and Others

Note:

1 Based on Suntec REIT's interest in its respective properties.

PROPERTY PORTFOLIO

OFFICE PORTFOLIO – TOP 10 TENANTS

(By Gross Rental Income[1])
As at 31 December 2019

Properties[1]	Tenant	Business Sector	NLA (sq ft)	% of Total Office NLA	% of Total Monthly Gross Rental Income
MBFC	Standard Chartered Bank	Banking, Insurance and Financial Services	131,604	4.0%	3.5%
Suntec City Office, ORQ	UBS AG	Banking, Insurance and Financial Services	159,416	4.9%	3.3%
177 Pacific Highway	CIMIC Group Limited	Real Estate and Property Services	114,206	3.5%	2.1%
177 Pacific Highway	Vodafone Hutchison Australia Pty Limited	Technology, Media and Telecommunications	107,360	3.3%	2.0%
MBFC	Barclays	Banking, Insurance and Financial Services	61,929	1.9%	1.7%
Suntec City Office	PayPal Pte Ltd	Technology, Media and telecommunications	73,733	2.2%	1.7%
ORQ	Deutsche Bank	Banking, Insurance and Financial Services	72,495	2.2%	1.7%
55 Currie Street	Commonwealth of Australia	Government and Government-Linked Offices	147,955	4.5%	1.6%
ORQ	Ernst & Young	Banking, Insurance and Financial Services	48,292	1.5%	1.4%
177 Pacific Highway	Jacobs Group (Australia) Pty Ltd	Consultancy / Services	73,873	2.3%	1.3%
Total			**990,863**	**30.3%**	**20.3%**

RETAIL PORTFOLIO – TOP 10 TENANTS

(By Gross Rental Income[1])
As at 31 December 2019

Properties[1]	Tenant	Business Sector	NLA (sq ft)	% of Total Retail NLA	% of Total Monthly Gross Rental Income
Suntec City Mall, ORQ, MBLM	Cold Storage Singapore (1983) Pte Ltd	Hypermart / Supermarket, Wellness, Service and Others	48,649	5.2%	0.9%
Suntec City Mall	Pure Yoga (Suntec) Pte Ltd	Leisure, Fitness and Entertainment	41,464	4.4%	0.8%
Suntec City Mall	Golden Village Multiplex Pte Ltd	Leisure, Fitness and Entertainment	60,098	6.4%	0.8%
Suntec City Mall	SuperPark Singapore SC Pte. Ltd.	Leisure, Fitness and Entertainment	28,763	3.1%	0.7%
Suntec City Mall	Food Republic Pte. Ltd.	Food and Beverage	13,134	1.4%	0.5%
Suntec City Mall	Cotton On Singapore Pte. Ltd.	Fashion and Accessories	14,926	1.6%	0.4%
Suntec City Mall, MBLM	RE&S Enterprises Pte Ltd	Food and Beverage	13,301	1.4%	0.4%
Suntec City Mall	Pertama Merchandising Pte Ltd	Electronics and Technology	22,217	2.4%	0.4%
Suntec City Mall	Copitiam Pte Ltd	Food and Beverage	12,688	1.3%	0.4%
Suntec City Mall	Uniqlo (S) Pte Ltd	Fashion and Accessories	13,624	1.4%	0.4%
Total			**268,864**	**28.6%**	**5.7%**

Note:

1 Based on Suntec REIT's interest in its respective properties.

PROPERTY PORTFOLIO

LEASE EXPIRY PROFILE

In FY 2019, approximately 662,578 sq ft of office space was renewed and replaced, including forward renewal of approximately 219,863 sq ft of the office leases expiring in FY 2020. As at 31 December 2019, 45.2% of the total office NLA are due to expire during the period from FY 2020 to FY 2022, while 53.3% is due to expire in FY 2023 and beyond.

For the retail portfolio as at 31 December 2019, 74.0% of the total retail NLA are due to expire during the period from FY 2020 to FY 2022, while 24.7% is due to expire in FY 2023 and beyond.

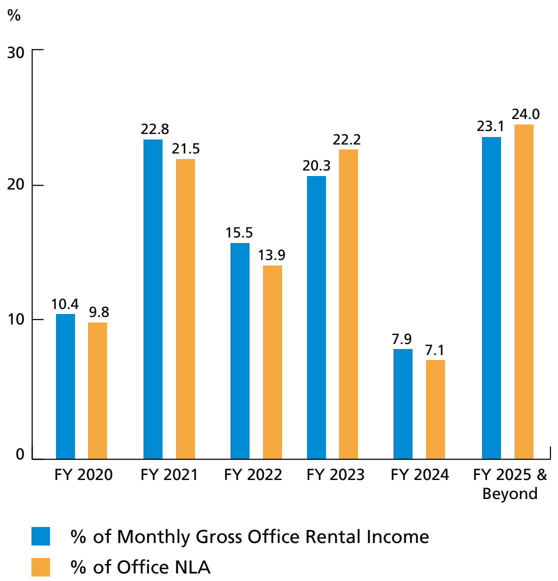
WEIGHTED AVERAGE LEASE EXPIRY PROFILE

The weighted average lease expiry ("WALE") of the overall office portfolio was 3.94 years as at 31 December 2019. The Singapore and Australia office portfolios' WALE was 3.30 years and 5.12 years respectively. The WALE of the office leases committed in FY 2019 was 3.70 years. These leases contribute 24.7% to the total monthly gross office rental income.

The WALE of the overall retail portfolio was 2.78 years as at 31 December 2019. The Singapore and Australia retail portfolios' WALE was 2.69 years and 4.97 years respectively. The WALE of the retail leases committed in FY 2019 was 2.72 years. These leases contibute 36.3% to the total monthly gross retail rental income.

OFFICE PORTFOLIO LEASE EXPIRY PROFILE[1]

As at 31 December 2019

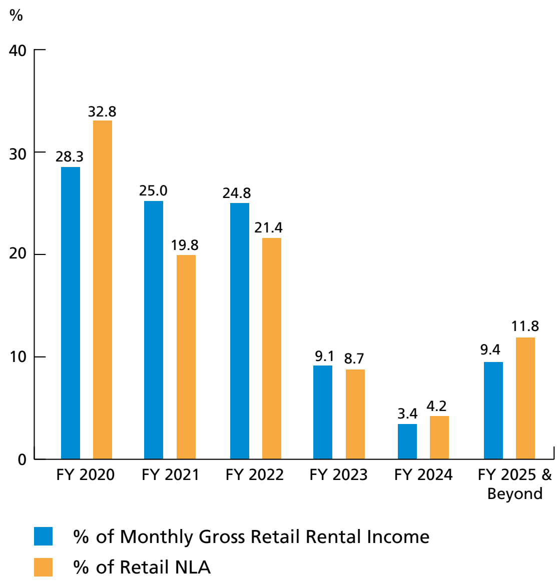


Note:

1 Based on Suntec REIT's interest in its respective properties.

RETAIL PORTFOLIO LEASE EXPIRY PROFILE[1]

As at 31 December 2019



Note:

1 Based on Suntec REIT's interest in its respective properties.

PROPERTY DETAILS

Total Net Lettable Area
2,235,206 sq ft[1]

Office
1,332,388 sq ft

Retail
902,818 sq ft[1]

Suntec City is an iconic integrated commercial development located in the Marina Centre precinct.

A premier MICE[2], business, shopping and lifestyle destination, Suntec City comprises five Grade A office towers, one of Singapore's largest shopping malls and a world-class convention and exhibition centre. The development is interlinked by street level plazas and underground walkways, with the world famous Fountain of Wealth nestled in the heart of the city.

Property Statistics
As at 31 December 2019

Location	3, 5, 6, 7, 8 and 9 Temasek Boulevard, Singapore 038983/85/86/87/88/89 and 1 Raffles Boulevard, Singapore 039593
Title	Leasehold 99 years from 1989
Number of tenants	628
Car Park Lots	3,066[3]
Purchase Price	S$2,484.6 million[4]
Market Valuation	S$5,643.8 million[5] (31 December 2018: S$5,542.3 million)
Gross Revenue	S$323.8 million[6] (2018: S$323.3 million)
Net Property Income	S$199.8 million (2018: S$206.3 million)
Committed Occupancy	99.8% (31 December 2018: 99.0%)

SUNTEC CITY
SINGAPORE

Notes:
1. Based on Suntec REIT's interest in Suntec Singapore.
2. Meetings, Incentives, Conventions and Exhibitions.
3. Owned and managed by the Management Corporation Strata Title Plan No. 2197 ("MCST 2197").
4. Includes the purchase price for strata office space and the investment of a 60.8% interest in Suntec Singapore.
5. Includes the value of a 60.8% interest in Suntec Singapore of S$437.8 million.
6. Comprises gross rental income of S$235.2 million, other income of S$6.8 million, and S$81.8 million from Suntec Singapore.

PROPERTY DETAILS

Suntec REIT owns 59.0% of Suntec City Office, 100% of Suntec City Mall, and 60.8% interest in Suntec Singapore Convention and Exhibition Centre ("Suntec Singapore"). Easily accessible by car and public transport networks, Suntec City houses a total of 3,066 carparks over two basement levels. It is directly connected to the Promenade and Esplanade Mass Rapid Train ("MRT") stations and is also a 5-minute walk to City Mall MRT station.

The Manager's objective for Suntec City is to generate sustainable growth for the office, retail and convention businesses.

PROPERTY DETAILS

SUNTEC CITY OFFICE

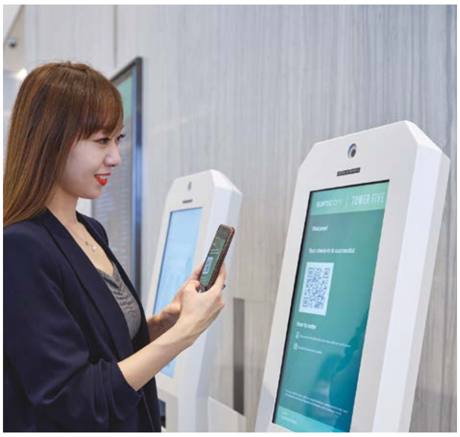
SINGAPORE

Suntec REIT owns a NLA of approximately 1.3 million sq ft in Suntec City Office, comprising strata units across Towers One, Two and Three, and all strata units in Towers Four and Five. Towers One to Four are 45-storey buildings with typical floor plates ranging from 10,000 sq ft to 14,000 sq ft, whilst Tower Five is an 18-storey building with large floor plates of about 28,000 sq ft.

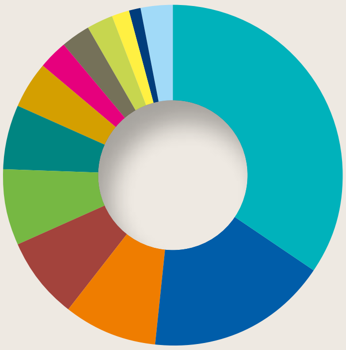
With good building specifications and a strong ecosystem, Suntec City Office draws a good stream of diverse multinational firms ranging from sectors such as Technology, Media and Telecommunications, Banking, Insurance and Financial Services and Trading and Investments.

In 2018, MCST 2197 received approval for the upgrading works for Suntec City Office. Upgrading works for Tower 5 had been completed and office tenants now enjoy seamless facial recognition entry and new visitor management system at the upgraded lift lobbies, new lift interior finishes and new washrooms. Upgrading works for the rest of the four towers will progressively be completed by end 2021.

PROPERTY DETAILS



SUNTEC CITY OFFICE BUSINESS SECTOR ANALYSIS
(By Gross Rental Income)
As at 31 December 2019



- 34.5% Technology, Media and Telecommunications
- 17.3% Banking, Insurance and Financial Services
- 8.8% Trading and Investments
- 7.8% Shipping and Freight Forwarding
- 7.4% Consultancy / Services
- 5.9% Real Estate and Property Services
- 4.5% Manufacturing
- 2.9% Pharmaceutical and Healthcare
- 2.8% Energy and Natural Resources
- 2.3% Government and Government-Linked Offices
- 1.9% Legal
- 1.0% Hospitality / Leisure
- 2.9% Others

DIVERSE TENANT MIX

For the month of December 2019, 34.5% of the total gross office revenue was attributable to the Technology, Media and Telecommunications sector, followed by 17.3% and 8.8% from Banking, Insurance and Financial Services sector and Trading and Investments sector respectively.

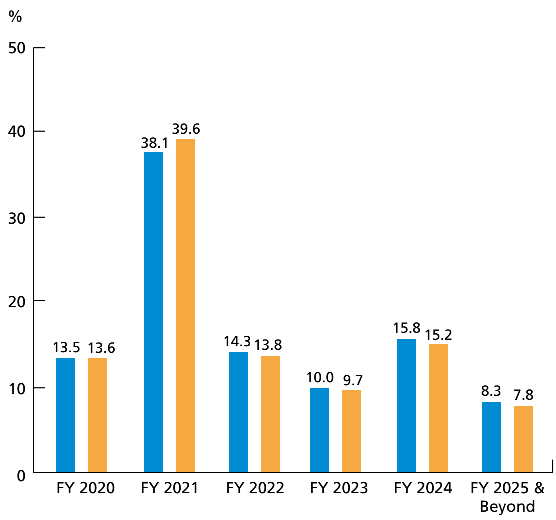
The Technology, Media and Telecommunications sector, Banking, Insurance and Financial Services sector, and Trading and Investments sector, constitute 34.7%, 18.2% and 8.2% of Suntec City's Office NLA respectively as at 31 December 2019.

The top 10 office tenants of Suntec City Office contributed 16.2% of Suntec City's total gross revenue for the month of December 2019, representing 31.7% of the Suntec City Office NLA owned by Suntec REIT.

LEASE EXPIRY PROFILE

As at 31 December 2019, 67.0% of Suntec City's office NLA is due to expire during the period from FY 2020 to FY 2022, whilst 32.7% is due to expire in FY 2023 and beyond.

SUNTEC CITY OFFICE LEASE EXPIRY PROFILE
As at 31 December 2019



- % of Monthly Gross Office Rental Income
- % of Office NLA

PROPERTY DETAILS

SUNTEC CITY MALL

SINGAPORE

Suntec City houses more than 380 retail establishments featuring a wide range of speciality stores, food and beverage options and entertainment concepts.

In addition to shoppers and tourists, the mall caters to the needs of the working population in Suntec City and within the vicinity, as well as the vast network of local and international delegates who convene at Suntec Singapore for exhibitions, seminars and conferences.

EVENTS AT SUNTEC CITY

In 2019, Suntec City hosted a myriad of activities and events to encourage communities to hub at the city.

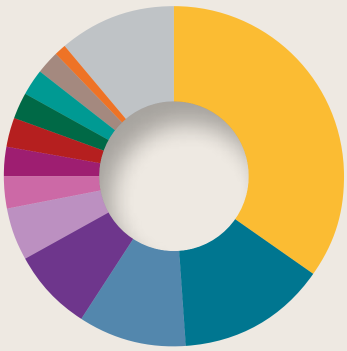
Themed promotions held in conjunction with key events such as Chinese New Year, Valentine's Day, Mother's Day, Hari Raya, Great Singapore Sale, Father's Day, National Day, Mid-Autumn Festival, Deepavali and Christmas were well-received. Specially curated live shows featuring characters from Super Wings during the Great Singapore Sale and Angry Birds during the Christmas festive season were hugely popular with the children.

In 2019, Suntec City hosted the Purple Parade for the fourth consecutive year where approximately 10,000 members of the public came together to lend their support and celebrate the abilities of the special needs community.

PROPERTY DETAILS

SUNTEC CITY RETAIL BUSINESS SECTOR ANALYSIS

(By Gross Rental Income[1])
As at 31 December 2019



Note:
1 Includes 60.8% interest in Suntec Singapore (Retail).

VIBRANT TENANT MIX

For the month of December 2019, 34.9% of the total gross retail revenue was attributable to the Food and Beverage sector, followed by 14.2% and 11.1% from Fashion and Accessories sector and Services and Others sector respectively.

As at 31 December 2019, 27.0% of Suntec City retail NLA was attributable to the Food and Beverage sector, followed by 17.2% and 12.8% from the Leisure, Fitness and Entertainment sector and Fashion and Accessories sector respectively.

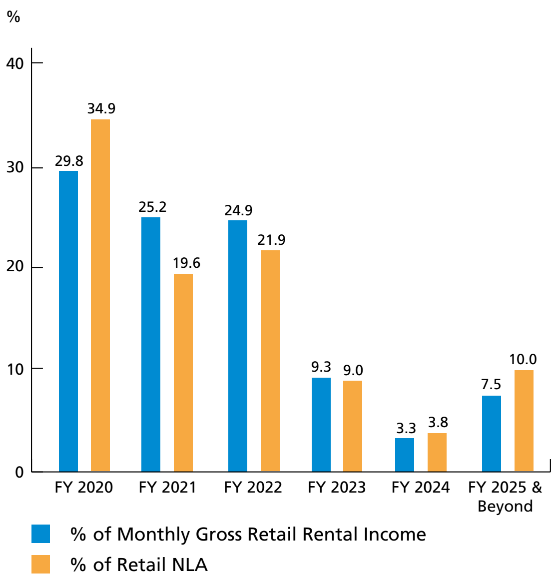
The top 10 retail tenants of Suntec City contributed 9.7% of Suntec City's total gross revenue for the month of December 2019, representing 30.6% of the mall's total NLA.

LEASE EXPIRY PROFILE

As at 31 December 2019, 76.4% of Suntec City's total retail NLA is due to expire during the period from FY 2020 to FY 2022, whilst 22.8% is due to expire in FY 2023 and beyond.

SUNTEC CITY RETAIL LEASE EXPIRY PROFILE[1]

As at 31 December 2019



Note:
1 Includes 60.8% interest in Suntec Singapore (Retail).

SUNTEC SINGAPORE CONVENTION & EXHIBITION CENTRE

SINGAPORE

Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), is a world-class meeting, convention and exhibition venue.

The award-winning facility offers flexible and customisable spaces that can cater to events from 10 to 10,000 persons. The venue has direct access to approximately 5,800 hotel rooms, 1,000 retail outlets, 300 restaurants and is within close proximity to Singapore's entertainment and cultural attractions.

Since 1995, Suntec Singapore has hosted many key notable events such as the World Trade Organization Ministerial Meetings in 1996, the Annual Meetings of the Board of Governors of the International Monetary Fund and World Bank Group in 2006 and the APEC

PROPERTY DETAILS

Leaders Week in 2009. It served as one of the largest sporting venues for the inaugural Youth Olympic Games in 2010. Suntec Singapore also hosted the 33rd ASEAN Summit Meetings in 2018.

On 18 August 2011, Suntec REIT secured strategic majority control of Suntec Singapore through the acquisition of an additional 40.8% equity stake, raising the effective stake from 20.0% to 60.8%.

In 2019, Suntec Singapore hosted more than 1,800 events. It received numerous international, regional and local accolades in recognition of its high standards of service excellence, dedication and passion. The awards received include "Best Convention Centre 2019" at the 9th Global Eventex Awards, "Corporate Excellence Award 2019" at the Asia Pacific Entrepreneurship Awards, "Best Consumer Exhibition" at The Special Event Asia 2019, "AFECA Outstanding Technology Solutions & Services Award 2019 - Suntec HybriD (Runner-up)" and "AFECA Outstanding Consumer Exhibition 2019 - Sprout Singapore" at The Asian Federation of Exhibition and Convention Associations Asian Awards 2019 and the 14th consecutive award for "Asia's Leading Meetings & Conference Centre" at the World Travel Awards 2019.

PROPERTY DETAILS

Total Net Lettable Area
1,325,979 sq ft

Number of tenants
61

Market Valuation
S$1,254.3 million[1]

Net Income Contribution
S$23.9 million[3]

ONE RAFFLES QUAY

SINGAPORE

One Raffles Quay is a prime landmark commercial development strategically located in Marina Bay.

Designed by internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, One Raffles Quay comprises a 50-storey office tower (the "North Tower") and a 29-storey office tower (the "South Tower"). An underground pedestrian network connects the development directly to the Downtown and Raffles Place MRT stations and the major buildings within Marina Bay and Raffles Place. The development has a sheltered plaza serving as a drop-off point and a hub car park with 713 car park lots.

Property Statistics
As at 31 December 2019

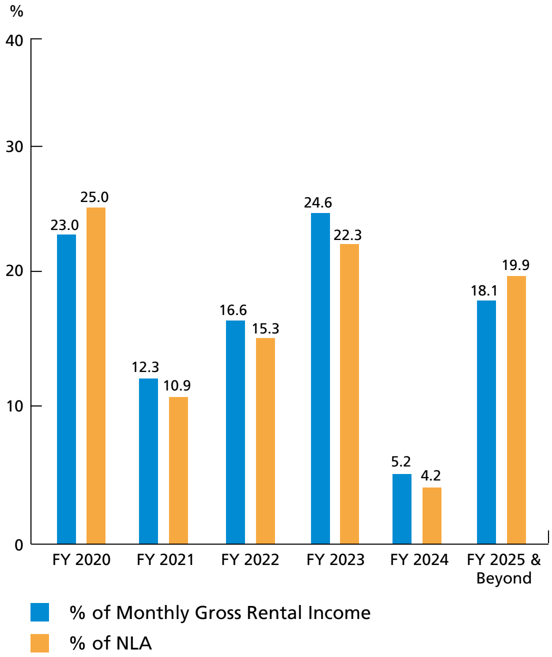
Location	1 Raffles Quay, Singapore 048583
Title	Leasehold 99 years from 2001
Net Lettable Area	441,993 sq ft[1]
Car Park Lots	713
Purchase Price	S$941.5 million[1]
Market Valuation	S$1,254.3 million[1,2] (31 December 2018: S$1,275.6 million)
Net Income Contribution	S$23.9 million[3] (2018: S$24.8 million)
Committed Occupancy	97.8% (31 December 2018: 96.1%)

Notes:
1 Based on Suntec REIT's interest in the property.
2 The valuation of S$1,254.3 million was 1.7% lower year-on-year due to changes in cashflow assumptions.
3 Comprises dividend income and interest income from the joint venture.

PROPERTY DETAILS

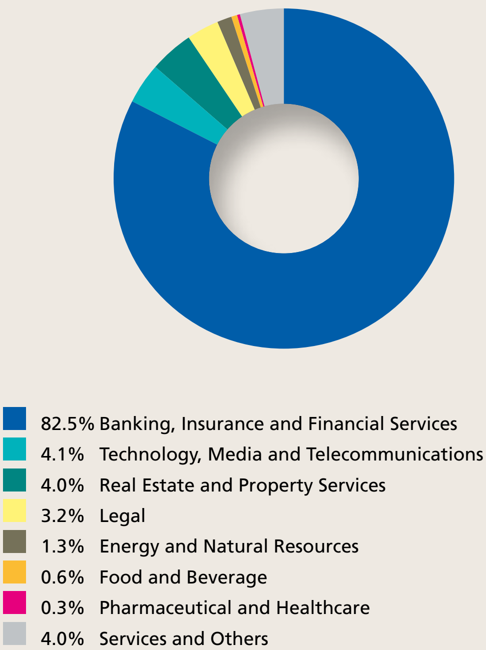
ONE RAFFLES QUAY LEASE EXPIRY PROFILE

As at 31 December 2019



ONE RAFFLES QUAY BUSINESS SECTOR ANALYSIS

(By Gross Rental Income)
As at 31 December 2019



In recognition of its outstanding achievements in environmental sustainability, One Raffles Quay has been conferred the BCA Green Mark Platinum Award.

One Raffles Quay has a large and diversified tenant base comprising 56 office tenants and five retail tenants. The major office tenants include Capital International Research and Management, Inc., Deutsche Bank, Ernst & Young, UBS AG and Willis Towers Watson.

In equal partnership with Hongkong Land and Keppel REIT, Suntec REIT holds a one-third interest in One Raffles Quay.

Strong Tenant Mix

For the month of December 2019, 82.5% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

Lease Expiry Profile

As at 31 December 2019, 51.2% of the total NLA of the One Raffles Quay is due to expire during the period from FY 2020 to FY 2022, whilst 46.4% is due to expire in FY 2023 and beyond.

The Manager's objective for One Raffles Quay is to generate sustainable growth from its interest in the property for Suntec REIT unitholders.

PROPERTY DETAILS

Total Net Lettable Area
1,736,805 sq ft

Number of tenants
114

Market Valuation
S$1,695.3 million[1]

Net Income Contribution
S$57.2 million[2]

MBFC PROPERTIES

SINGAPORE

The Marina Bay Financial Centre is a prime landmark integrated development strategically located in the heart of Marina Bay.

Designed by the internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, Phase 1 of the development comprises a 33-storey office tower ("Tower 1"), a 50-storey office tower ("Tower 2"), Marina Bay Residences, the Marina Bay Link Mall which consists of approximately 94,960 sq ft of NLA for retail use and 686 car park lots. It is directly connected to the Downtown MRT station and is easily accessible via an underground pedestrian network to the Raffles Place MRT station.

Property Statistics

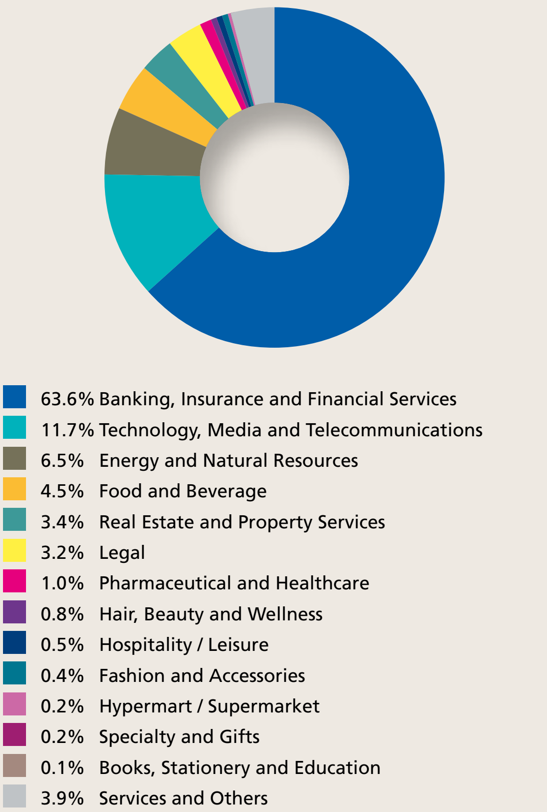
As at 31 December 2019

Location	8, 8A and 10 Marina Boulevard, Singapore 018981/83/84
Title	Leasehold 99 years from 2005
Net Lettable Area	578,935 sq ft[1]
Car Park Lots	686
Purchase Price	S$1,495.8 million[1]
Market Valuation	S$1,695.3 million[1] (31 December 2018: S$1695.3 million)
Net Income Contribution	S$57.2 million[2] (2018: S$53.6 million)
Committed Occupancy	98.4% (31 December 2018: 99.9%)

Notes:
1 Based on Suntec REIT's interest in the property.
2 Comprises distribution income and interest income from the joint venture.

PROPERTY DETAILS

MBFC PROPERTIES BUSINESS SECTOR ANALYSIS
(By Gross Rental Income)
As at 31 December 2019

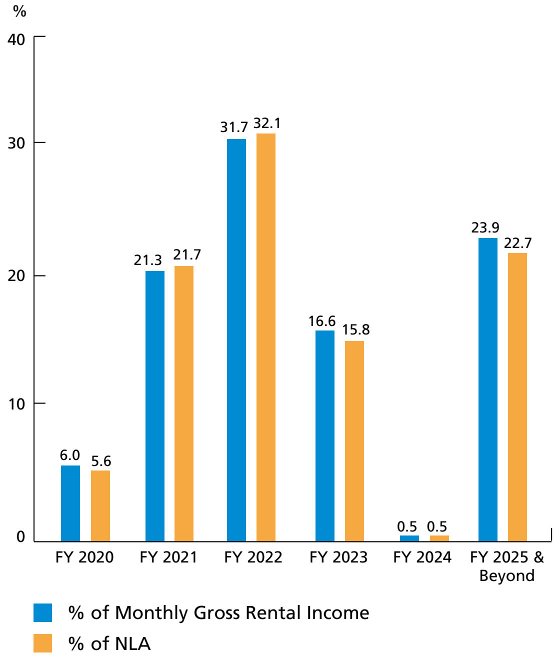


In recognition of its achievements in environmental sustainability, the development has been conferred the BCA Green Mark Platinum Award for its environmentally sustainable design features.

The MBFC Properties has a premier tenant base, with major office tenants including Barclays, IBM, LinkedIn, Nomura and Standard Chartered Bank.

In equal partnership with Hongkong Land and Keppel REIT, Suntec REIT holds a one-third interest in the MBFC Properties.

MBFC PROPERTIES LEASE EXPIRY PROFILE
As at 31 December 2019



Strong Tenant Mix
For the month of December 2019, 63.6% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

Lease Expiry Profile
As at 31 December 2019, 59.4% of the total NLA of the MBFC Properties is due to expire during the period from FY 2020 to FY 2022, whilst 39.0% is due to expire in FY 2023 and beyond.

The Manager's objective for the MBFC Properties is to generate sustainable growth from its interest in the property for Suntec REIT unitholders.

PROPERTY DETAILS

Total Net Lettable Area
396,644 sq ft

Number of tenants
3

Market Valuation
S$279.0 million[1]

Property Statistics

As at 31 December 2019

Location	9 Penang Road, Singapore 238459
Title	Leasehold 99 years from 2016
Net Lettable Area	118,993 sq ft[1]
Car Park Lots	121
Purchase Price	S$245.1 million[2]
Market Valuation	S$279.0 million[1,3] (31 December 2018: S$282.0 million[1,4])
Committed Occupancy	96.7%

Notes:

1 Based on Suntec REIT's interest in the property.

2 Refers to the original purchase price of Park Mall acquired in 2005 and includes the purchase price for the additional land amounting to 1,316.2 sqm along Penang Road.

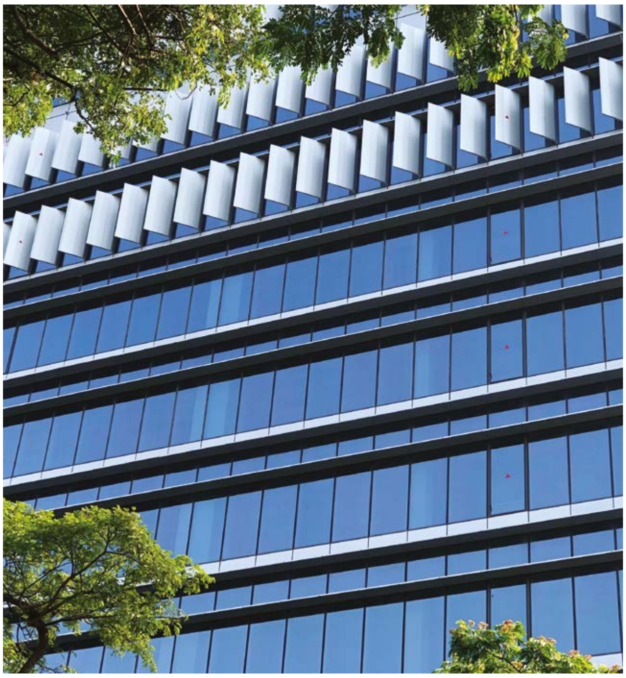
3 Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 2 December 2019. The valuation was 1.1% lower year-on-year due to changes in cashflow assumptions.

4 Based on the valuation by Knight Frank Pte Ltd as at 10 December 2018. The carrying value at cost was S$191.0 million as at 31 December 2018.

9 PENANG ROAD

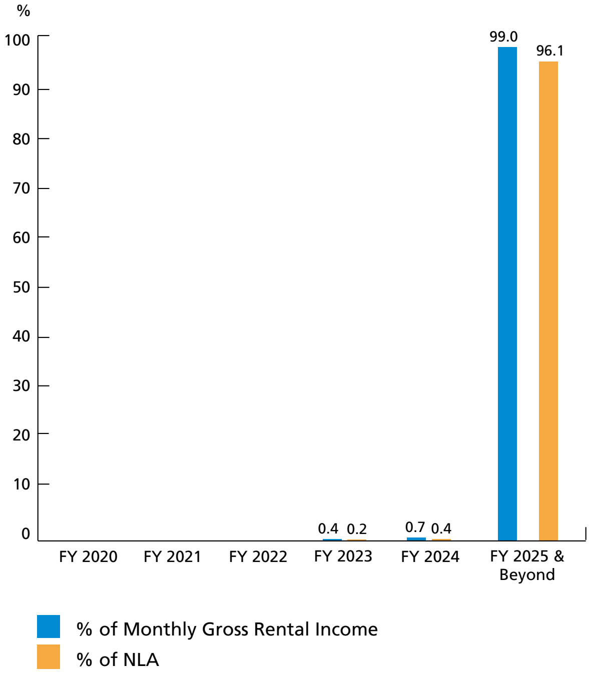
SINGAPORE

PROPERTY DETAILS



9 PENANG ROAD LEASE EXPIRY PROFILE

As at 31 December 2019



9 Penang Road is a newly completed Grade A commercial building which is undertaken through a joint venture with Haiyi Holdings Pte Ltd, Singhaiyi Group Ltd and Suntec REIT, with an interest of 35.0%, 35.0% and 30.0% respectively.

The ten-storey development consists of two towers with office space across eight floors and retail space at the first level.

The office component had been fully leased to UBS AG and the retail component will be predominantly Food and Beverage.

The development is situated at the former Park Mall site which the Manager divested in December 2015 as part of its proactive portfolio management strategy. Redevelopment works for 9 Penang Road commenced on 1 December 2016 and the development received its Temporary Occupation Permit on 30 October 2019.

The Manager's objective for 9 Penang Road is to generate sustainable growth from the property for Suntec REIT unitholders.

PROPERTY DETAILS

Total Net Lettable Area
430,915 sq ft

Number of tenants
10

Market Valuation
S$599.8 million[2]

Net Income Contribution
S$32.7 million[4]

177 PACIFIC HIGHWAY

AUSTRALIA

177 Pacific Highway is a 31-storey Grade A commercial tower strategically located in North Sydney Central Business District.

The 31 storey landmark building is designed by award-winning architecture firm Bates Smart and boasts state-of-the-art design and harbour views. The property's prime location enables it to enjoy direct access to a number of major surrounding roadways and is well served by public transport. The property is a 5-minute walk from North Sydney station.

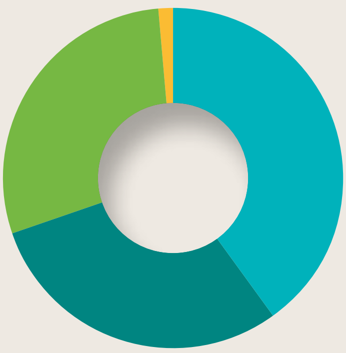
Property Statistics
As at 31 December 2019

Location	177 Pacific Highway, North Sydney NSW 2060
Title	Freehold
Car Park Lots	112
Purchase Price	S$457.5 million[1]
Market Valuation	S$599.8 million[2] (31 December 2018: S$561.5 million[3])
Gross Revenue	S$38.1 million[4] (2018: S$40.2 million[5])
Net Income Contribution	S$32.7 million[4] (2018: S$34.7 million[5])
Committed Occupancy	100% (31 December 2018: 100%)

Notes:
1 Based on total actual progress payment made, at an average exchange rate of A$1.00 = S$1.107.
2 Based on exchange rate of A$1.00 = S$0.9445 as at 31 December 2019.
3 Based on exchange rate of A$1.00 = S$0.9599 as at 31 December 2018.
4 Based on exchange rate of A$1.00 = S$0.9482.
5 Based on exchange rate of A$1.00 = S$1.0017.

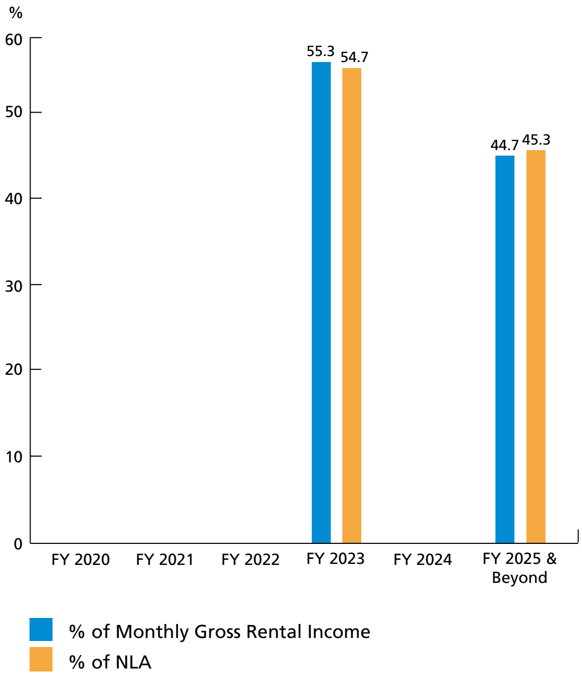
PROPERTY DETAILS

177 PACIFIC HIGHWAY
BUSINESS SECTOR ANALYSIS
(By Gross Rental Income)
As at 31 December 2019



- 40.0% Technology, Media and Telecommunications
- 29.8% Real Estate and Property Services
- 29.0% Consultancy / Services
- 1.2% Food and Beverage

177 PACIFIC HIGHWAY
LEASE EXPIRY PROFILE
As at 31 December 2019



177 Pacific Highway premier tenant base include CBRE, CIMIC Group Limited, Cisco Systems, Jacobs Engineering Group Inc, Objective Corporation, Pepper Group Limited and Vodafone Hutchison Australia Pty Limited.

The building has a 5 Star Green Star – Office Design v3 Certified Rating, 5.5 Star NABERS Energy Rating and 4 Star NABERS Water Rating.

Strong Tenant Mix
For the month of December 2019, 40.0% of the total gross revenue was attributable to the Technology, Media and Telecommunications sector.

Lease Expiry Profile
As at 31 December 2019, 54.7% of the total NLA of 177 Pacific Highway is due to expire in FY 2023 and 45.3% is due to expire in FY 2024 and beyond.

The Manager's objective for 177 Pacific Highway is to generate sustainable growth from the property for Suntec REIT unitholders.

PROPERTY DETAILS

Total Net Lettable Area
814,562 sq ft

Number of tenants
96

Market Valuation
S$377.8 million[1,3]

Net Income Contribution
S$17.5 million[5]

Southgate Complex is a freehold, landmark waterfront integrated development located alongside the Yarra River in the Southbank arts and leisure precinct of Melbourne.

Southgate Complex comprises two Grade A office towers, the 30-storey "IBM Tower", the 25-storey "HWT Centre", a 3-storey retail podium and a car park with 1,026 lots.

Southgate Complex is directly opposite Flinders Street train station and within close proximity to Melbourne's city rail loop. It is also surrounded by business, residential, recreational and retail amenities.

Property Statistics
As at 31 December 2019

Location	40 and 60 City Road, 3 Southbank Avenue, Southbank, Melbourne, VIC 3006
Title	Freehold
Net Lettable Area	407,281 sq ft[1] Office: 354,571 sq ft Retail: 52,710 sq ft
Car Park Lots	1,026
Purchase Price	S$299.8 million[2]
Market Valuation	S$377.8 million[1,3] (31 December 2018: S$349.9 million[4])
Net Income Contribution	S$17.5 million[5] (2018: S$12.9 million[6])
Committed Occupancy	99.1% (31 December 2018: 97.7%)

Notes:
1 Based on Suntec REIT's interest in the property.
2 Based on an exchange rate of A$1.00 = S$1.0615 and A$1.00 = S$1.013 being the exchange rates at the time of acquisitions.
3 Based on exchange rate of A$1.00 = S$0.9445 as at 31 December 2019.
4 Based on exchange rate of A$1.00 = S$0.9599 as at 31 December 2018.
5 Based on exchange rate of A$1.00 = S$0.9482.
6 Based on exchange rate of A$1.00 = S$1.0017.

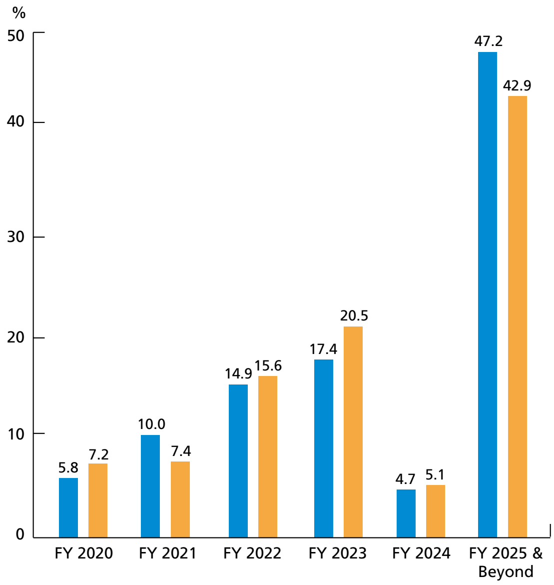
SOUTHGATE COMPLEX

AUSTRALIA

PROPERTY DETAILS

SOUTHGATE COMPLEX LEASE EXPIRY PROFILE

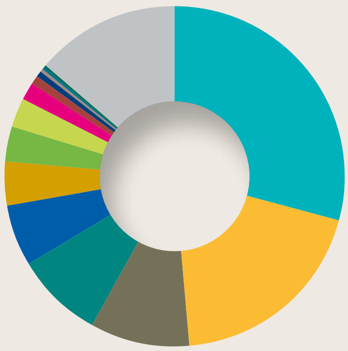
As at 31 December 2019



SOUTHGATE COMPLEX BUSINESS SECTOR ANALYSIS

(By Gross Rental Income)

As at 31 December 2019



- 29.4% Technology, Media and Telecommunications
- 19.3% Food and Beverage
- 9.4% Energy and Natural Resources
- 8.4% Real Estate and Property Services
- 6.0% Banking, Insurance and Financial Services
- 3.9% Manufacturing
- 3.4% Consultancy / Services
- 2.9% Government and Government-Linked Offices
- 1.6% Pharmaceutical and Healthcare
- 0.9% Shipping and Freight Forwarding
- 0.5% Hospitality / Leisure
- 0.4% Books, Stationery and Education
- 0.4% Fashion and Accessories
- 0.1% Homeware and Home Furnishings
- 13.4% Services and Others

Southgate Complex has a premier tenant base with major office tenants including Alinta, City Road Melbourne, IBM Australia, JB Hi-Fi and The Herald and Weekly Times.

IBM Tower has a 4.5 Star NABERS Energy Rating and a 3.5 Star NABERS Water Rating while HWT Centre has a 4.5 Star NABERS Energy Rating and 4.0 Star NABERS Water Rating.

On 27 February 2018, Dexus Group exercised its option to put its 50.0% to Southgate Trust, a managed investment trust jointly held by Suntec REIT and PIP Trust, in the proportion of 50:50. Subsequently, Suntec REIT completed the acquisition on 31 May 2018, raising its interest in the property from 25.0% to 50.0%.

Strong Tenant Mix

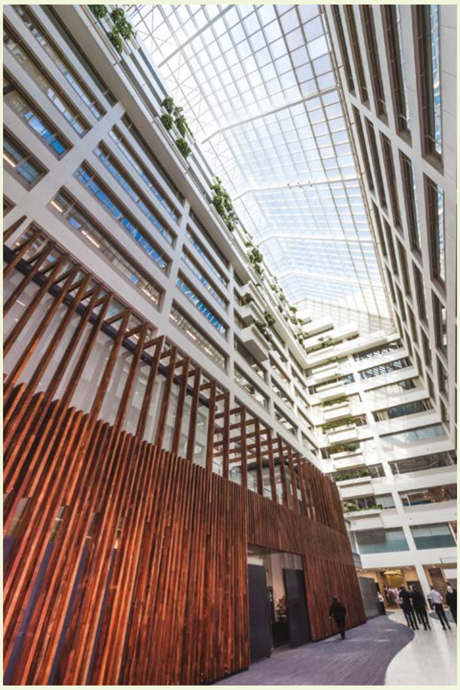
For the month of December 2019, 29.4% of the total gross revenue was attributable to the Technology, Media and Telecommunications sector.

Lease Expiry Profile

As at 31 December 2019, 30.3% of the total NLA of Southgate Complex is due to expire during the period from FY 2020 to FY 2022 and 68.5% is due to expire in FY 2023 and beyond.

The Manager's objective for Southgate Complex is to generate sustainable growth from the property through the strong office market and strengthening the retail component for Suntec REIT unitholders.

PROPERTY DETAILS



Total Net Lettable Area
282,020 sq ft

Number of tenants
9

Market Valuation
S$140.7 million[3]

Net Income Contribution
S$3.6 million[4]

55 CURRIE STREET

AUSTRALIA

55 Curie Street is a freehold Grade A office development located in the heart of Adelaide's Central Business District.

Suntec REIT expanded its footprint in Australia with the acquisition of 55 Currie Street, its first asset in Adelaide. The initial net property income yield of 8.0% provided immediate DPU accretion to unitholders and further enhance the stability of the REIT's income.

Property Statistics

As at 31 December 2019

Location	55 Currie Street, Adelaide, SA 5000
Title	Freehold
Net Lettable Area	282,020 sq ft
Car Park Lots	95
Purchase Price	S$138.9 million[1,2]
Market Valuation	S$140.7 million[3]
Gross Revenue	S$4.8 million[4]
Net Income Contribution	S$3.6 million[4]
Committed Occupancy	91.7%

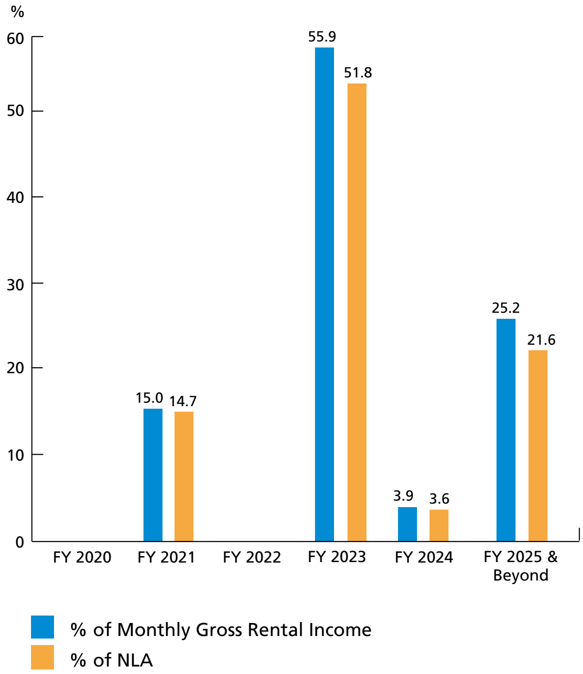
Notes:

1 Based on exchange rate of A$1.00 = S$0.9364 at the time of acquisition.
2 The purchase price took into account an independent valuation of A$148.3 million based on the discounted cashflow method and capitalisation approach.
3 Based on exchange rate of A$1.00 = S$0.9445 as at 31 December 2019.
4 Based on exchange rate of A$1.00 = S$0.9482.

PROPERTY DETAILS

55 CURRIE STREET LEASE EXPIRY PROFILE

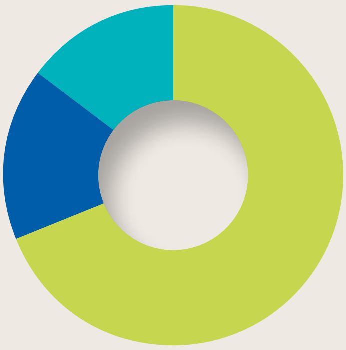
As at 31 December 2019



55 CURRIE STREET BUSINESS SECTOR ANALYSIS

(By Gross Rental Income)

As at 31 December 2019



The 12-storey property had undergone several rounds of refurbishment and in the recent asset enhancement exercise completed in 2018, major mechanical and electrical plant and equipment were upgraded and solar panels were also installed to improve the sustainability of the building. A 4.5 Star NABERS Energy rating was obtained after the upgrading. In addition, end-of-trip facilities were installed together with the upgrading of the central atrium, lift lobbies and toilets.

The property is a 5-minute walk to Adelaide railway station and is also strategically located at the center of Adelaide's burgeoning laneway network.

Key tenants at 55 Currie Street include Commonwealth of Australia, South Australia Government, Allianz and Data Action.

The acquisition of 55 Currie Street from AEP Curie Pty Ltd as trustee of AEP 55 Currie Street Office Trust was completed on 10 September 2019.

Strong Tenant Mix

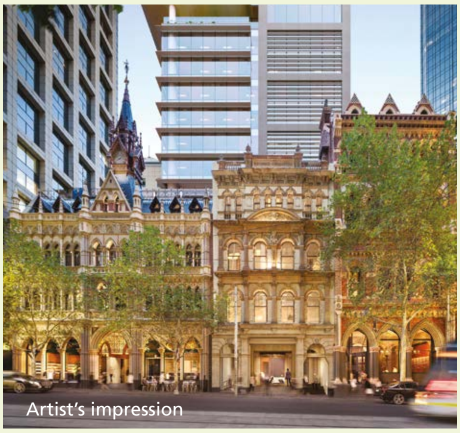
For the month of December 2019, 69.0% of the total gross revenue was attributable to the Government and Government-Linked Offices sector.

Lease Expiry Profile

Based on the committed leases as at 31 December 2019, 14.7% of the total NLA of 55 Currie Street is due to expire during the period from FY 2020 to FY 2022 and 77.0% is due to expire in FY 2023 and beyond.

The Manager's objective for 55 Currie Street is to generate sustainable growth from the property through increasing the occupancy amidst an improving office market in Adelaide.

PROPERTY DETAILS


Artist's impression


Artist's impression

OLDERFLEET, 477 COLLINS STREET

AUSTRALIA

Olderfleet, 477 Collins Street is a new premium grade office building under construction and is located within Melbourne Central Business District ("CBD"). Designed by award winning Grimshaw Architects, the main entrance will incorporate facades of three heritage listed buildings. The 39-level state-of-the-art building has a pre-committed occupancy of 93.2% as at 31 December 2019 with an additional approximate 2.4% of net lettable area with Heads of Agreement signed.

The development is targeting to achieve 5 Star Green Star rating, 5.0 Star NABERS Energy rating as well as International WELL Platinum rating for Core & Shell. The property will also provide market leading amenities including business lounge, wellness centre, childcare centre and best-in-class end-of-trip facilities.

The property is adjacent to the 5-Star Intercontinental Melbourne Hotel, and is located within the Melbourne CBD Free Tram Zone. In addition to the four tram lines serving Collins Street, the Southern Cross Station, Victoria's primary metropolitan and regional transportation hub is also a short walking distance away.

In equal partnership with leading diversified Australian property group, Mirvac, Suntec REIT holds 50.0% interest in the property.

As at end 2019, the construction works was approximately 85.0% completed and is expected to achieve practical completion by mid 2020.

The Manager's objective for Olderfleet, 477 Collins Street upon its completion, is to generate sustainable growth from the property for Suntec REIT unitholders.

Property Statistics

As at 31 December 2019

Location	477 Collins Street, Melbourne, VIC 3000
Title	Freehold
Site Area	41,969 sq ft
Gross Floor Area	908,482 sq ft
Total Net Lettable Area	Approximately 624,000 sq ft
Net Lettable Area	Approximately 312,000 sq ft[1]
Car Park Lots	Approximately 414
Purchase Price	A$414.2 million[1]
Market Valuation	S$406.1 million[1,2] (31 December 2018: S$400.0 million[1,3])

Notes:

1 Based on Suntec REIT's interest in the property.

2 Based on exchange rate of A$1.00 = S$0.9445 as at 31 December 2019 and on an "as if complete" basis. The carrying value as at 31 December 2019 was S$213.2 million.

3 Based on exchange rate of A$1.00 = S$0.9599 as at 31 December 2018 and on an "as if complete" basis. The carrying value as at 31 December 2018 was S$111.4 million.

INDEPENDENT MARKET REPORT

SINGAPORE OFFICE PROPERTY MARKET[1]

Overview

According to the Ministry of Trade and Industry ("MTI"), Singapore's economy grew by 0.7% in 2019, slower than the 3.4% increase in 2018. The weaker performance of the manufacturing sector, which contracted by 1.4% in 2019, largely contributed to the moderated growth. On the other hand, the services producing industries performed more resiliently, expanding by 1.1% in 2019 after growing by 3.4% in 2018. Growth was primarily supported by the Finance & Insurance, as well as the Business Services sectors, underpinned by continued employment growth in the services industries. Given the ongoing uncertainties in the global economy and the coronavirus ("COVID-19") outbreak, MTI downgraded Singapore's Gross Domestic Product growth projection for 2020 from "-0.5% to 1.5%" to "-4.0% to -1.0%" in March 2020.

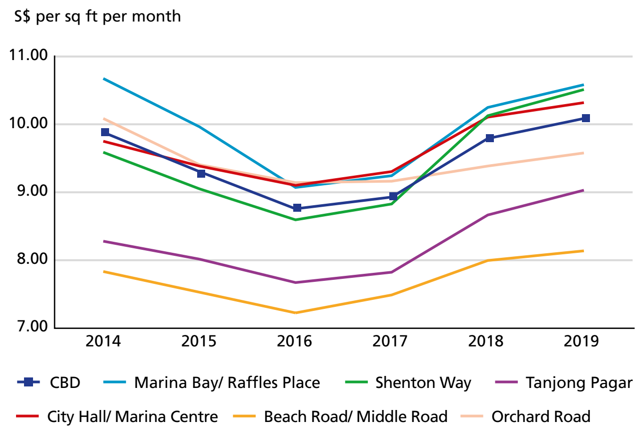
Singapore's office market held up relatively well in 2019, despite the weak external environment and heightened uncertainties. Based on Savills' basket, annual net demand for CBD Grade A offices in 2019 was estimated at 1.0 million sq ft[2], above the 5-year historical average (2014 to 2018) of 0.9 million sq ft. Occupancy continued its rise since 1Q 2018, reaching 95.6% in 4Q 2019. There were pockets of demand, especially for spaces in the secondary market, from displaced tenants of projects slated for redevelopment/ conversion e.g., Keppel Towers, Shaw Towers and Tower Fifteen. While technology companies and flexible workspace operators slowed their pace of expansion, they continued to be major demand drivers.

Although annual net demand in 2019 moderated on a year-on-year ("YoY") basis from 1.7 million sq ft in 2018, the limited net supply of 0.1 million sq ft in 2019 mitigated the drag resulting from occupiers adopting a circumspect position on relocation and expansion, which contributed to the increased occupancy. Major additions in 2019 such as 18 Robinson (136,200 sq ft) and Funan (214,000 sq ft) were offset by the withdrawal of the former Chevron House (216,000 sq ft).

Notwithstanding occupancy reaching a three-year high in 2019, average monthly gross rents of CBD Grade A offices grew modestly by 2.9% to S$10.08 per sq ft, compared with 9.5% increase in 2018. While rents retained growth momentum in 1H 2019, overall growth halted from 2Q 2019 onwards as more occupiers exhibited greater resistance to rental increments in view of the softening business conditions. Cognizant of the supply influx from new projects in 2020, possible secondary stock being vacated and weaker hiring sentiments, landlords generally lowered their rental expectations.

Notes:
1 Grade A and above offices in the Central Business District (CBD), including those in Marina Centre and Orchard Road.
2 All space figures in this report are in terms of Net Lettable Area/ lettable area, unless stated otherwise.

AVERAGE MONTHLY GROSS RENTS OF CBD GRADE A OFFICES



Source: Savills Research & Consultancy

Tanjong Pagar and Shenton Way were the best performers in 2019 in terms of rental growth, which saw average monthly gross rents grow by 4.1% and 3.7% YoY, to S$9.04 per sq ft and S$10.50 per sq ft respectively. Apart from the lower rental base, the diversified nature of the size offerings in these micro-markets as compared with Marina Bay/ Raffles Place, appealed to a wider range of corporates, including small- to medium-sized companies which were displaced from office buildings due for redevelopment/ conversion. Average monthly gross office rents in Marina Bay/ Raffles Place also rose firmly in 2019 by 3.2% to S$10.57 per sq ft, bolstered by the strong gains in 1H 2019 when occupier sentiments were more robust. Rents in City Hall/ Marina Centre and Orchard Road increased by 2.2% and 2.0% YoY, to S$10.31 per sq ft and S$9.58 per sq ft respectively in 2019.

OUTLOOK

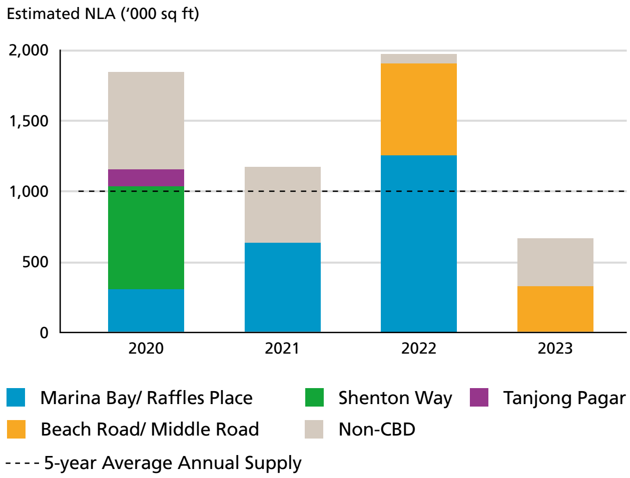
As at end 4Q 2019, Savills expects 5.7 million sq ft of office space to be completed from 2020 to 2023, of which 71% is in the CBD, 39% in Marina Bay/ Raffles Place, followed by 13% in Shenton Way and 2% in Tanjong Pagar. Notable projects include 79 Robinson Road (514,000 sq ft), CapitaSpring (635,000 sq ft) and Central Boulevard Towers (1.26 million sq ft). Beach Road continues its transformation into a premier office corridor, with Guoco Midtown (650,000 sq ft) and the redevelopment of Shaw Towers (320,000 sq ft)

INDEPENDENT MARKET REPORT

completing in 2022 and 2023 respectively. The City Hall/ Marina Centre micro-market is expected to benefit from the improving profile of Beach Road.

New supply in CBD in 2020 of 1.2 million sq ft is comparable to the average annual net demand of CBD Grade A offices over the past decade, reflecting a balanced supply-demand situation in the city centre. New supply in CBD is expected to be limited in 2021 (0.6 million sq ft). 35% of the overall pipeline supply is concentrated in 2022, which will see 2.0 million sq ft of office space coming on stream.

PIPELINE SUPPLY OF OFFICE SPACE[3]



Source: Savills Research & Consultancy

Going forward, the overall office market is expected to be impacted by the ongoing headwinds in the external environment. With market uncertainties expected to persist in 2020, upcoming CBD projects are already seeing relatively lower pre-commitment levels compared with those completed over the past years. Consequently, rents are expected to soften in the near term.

Nonetheless, any decline is expected to be marginal, given the strong financial positions of most landlords and firm sentiment in the commercial investment sales markets. Demand from small- to medium-sized corporates is expected to hold up, though their sensitivity to cost is expected to steer them towards existing stock and flexible workspaces which may better match their size and pricing requirements. Meanwhile, the ongoing political unrest in Hong Kong has spurred some companies (particularly the financial services sector) to consider relocation to safer and stable gateway cities such as Singapore. While this suggests some gains for the office market, the positive spin on the demand for office space is likely to materialise at a gradual pace over the mid-term. Given the abovementioned and assuming that the COVID-19 outbreak does not exacerbate into a prolonged crisis, Savills' growth forecast for CBD Grade A office rents will range from -3.0% to -1.0% in 2020.

Note:
3 Based on pipeline projects' Temporary Occupation Permit (TOP) date.

SINGAPORE RETAIL PROPERTY MARKET

Overview

According to the latest data from Singapore Department of Statistics, real retail sales (excluding motor vehicles) recorded 10 consecutive months of YoY declines since January 2019. Apart from the decline in consumer confidence amid global economic uncertainties, retail sales were also affected by ongoing structural shifts such as tighter labour constraints and increased competition from overseas retailers enabled by e-commerce. The mixed performance of the tourism sector in 2019 may also have contributed to the softer retail sales. While international visitor arrivals rose by 3.3% YoY in 2019, tourism receipts grew marginally by 0.5%.

On the bright side, private consumption expenditure which is a reflection of consumer confidence and household retail spending, grew by 3.5% in 2019, higher than the 2.7% in 2018. In addition, Food and Beverage ("F&B") sales saw a reversal to positive growth, with the F&B Services increasing by 1.6% in 2019, compared with the 0.2% decline in 2018.

Both landlords and retailers have been pro-active in responding to the evolving retail landscape. To attract footfall and induce spending in malls, landlords introduced more F&B offerings in particularly fast food chains. Many malls undergoing asset enhancement works saw an increase in their F&B components to up to 35.0%. Landlords also opted to introduce retailers providing more unique, interactive and experiential concepts e.g., fitness retail and indoor activity/ entertainment parks such as SuperPark, Kiztopia and NERF Action Xperience, which better positioned their malls as destination 'retailtainment' venues.

Singapore's retail property market showed signs of stabilisation in 2019. Supply-side factors lent some support; net supply of 657,000 sq ft was relatively limited in 2019, lower than that the 1.0 million sq ft in 2018, as well as the annual average net supply over the past five years of 1.0 million sq ft per annum. Major retail completions in 2019 were mainly from integrated mixed-use developments such as the redeveloped Funan (319,000 sq ft), PLQ Mall (340,000 sq ft) and Tekka Place (70,000 sq ft).

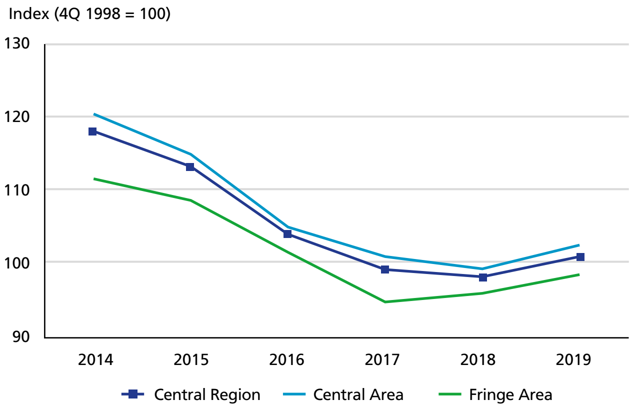
Meanwhile, islandwide demand for retail space rose significantly in 2019 by about 1.2 million sq ft, surpassing that for 2018 (205,000 sq ft) and the annual average net demand over the past five years (435,000 sq ft). In particular, net demand in the Downtown Core

Planning Area was the most significant compared to the other micro-markets, amounting to 484,000 sq ft in 2019, the highest recorded since 2012. This was likely due to the strong take-up seen at newly completed malls, which were curated to offer retail experiences and offerings beyond the traditional "cookie-cutter" malls prevalent in Singapore. Alongside the limited supply in 2019, islandwide occupancy rose to 92.5% in 4Q 2019, 1.0 percentage points higher than that in 4Q 2018, while that in the Downtown Core Planning Area rose by 2.8 percentage points to 92.8% over the same period.

According to the Urban Redevelopment Authority ("URA")'s retail rental index, rents in the Central Region rose by 2.9% YoY in 4Q 2019, the first increase since 2Q 2015. Rents in both the Central Area and Fringe Area increased on a YoY basis in 4Q 2019, by 3.3% and 2.7% respectively. This could have been led by positive rental reversions in well-located and better-managed malls, particularly driven by F&B tenants whose sales bucked the perceived weakness of the overall retail market.

OUTLOOK

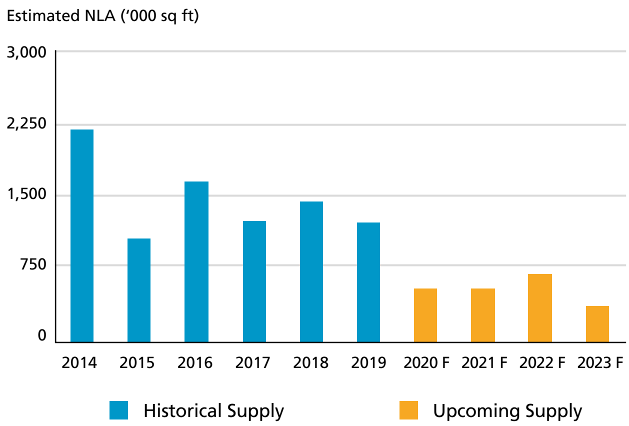
RENTAL INDEX OF PRIVATE RETAIL SPACE



Source: URA

Retail supply is expected to taper off from 2020 onwards. As at 4Q 2019, Savills estimates a total of 2.2 million sq ft of retail space will be completed from 2020 to 2023, which translates to an average of around 0.5 million sq ft per annum (Figure 4). This is far lower than the average annual new supply over the past five years of 1.3 million sq ft. Notably, there are no large-scale retail developments in the pipeline, with most of the future offerings with NLA below 100,000 sq ft and are part of larger integrated mixed-use projects. Sizeable projects that will be completed in 2020 are mostly in the suburban areas e.g., Northshore Plaza I (62,000 sq ft) and IMall (50,000 sq ft), while the Downtown Core Planning Area will see the completion of Change Alley Mall (51,400 sq ft), the retail podium of the refurbished Oxley@ Raffles.

HISTORICAL AND PIPELINE SUPPLY OF RETAIL SPACE



Source: URA, Savills Research & Consultancy

Savills' initial outlook of the retail market in early January 2020 was that it was poised to recover further over the year, given the limited pipeline supply and potential positive feedback effects from the tourism industry. In particular, the Singapore Tourism Board was cautiously optimistic over Singapore's tourism prospects, given the city-state's consistency as a safe haven and leading regional tourism hub, as well as a considerable pipeline of tourism offerings and Meeting, Incentives, Conventions and Events activities over the next few years.

The COVID-19 outbreak, which has been increasing in severity since late January, is likely to take an immediate toll on key retail drivers i.e., tourism, retail and F&B sales, and this is expected to last over the short-term. Notably, the tourism industry was weighed down by tighter travel restrictions. The effects of the outbreak will also spillover to the employment market, especially the services sectors. This will subsequently impact consumer sentiment and expenditure to some extent.

Notwithstanding the broadly-held negative sentiment towards the retail sector amid the outbreak, prime retail space rents are likely to resist downside pressures much better than the rest, unless there is any significant escalation of the ongoing outbreak in Singapore. Occupancy for prime retail units is also likely to remain relatively stable, given the limited supply going forward. At this juncture, it is likely that most tenants are looking beyond the immediacy of the current situation and are prepared to hold out till business returns to usual. In particular, shopping malls supported by strong residential and working catchments are likely to perform more resiliently. Coupled with the government relief measures announced in Budget 2020 and the supplementary Budget, prime retail rents are expected to remain relatively resilient in 2020.

INDEPENDENT MARKET REPORT

AUSTRALIAN OFFICE PROPERTY MARKET

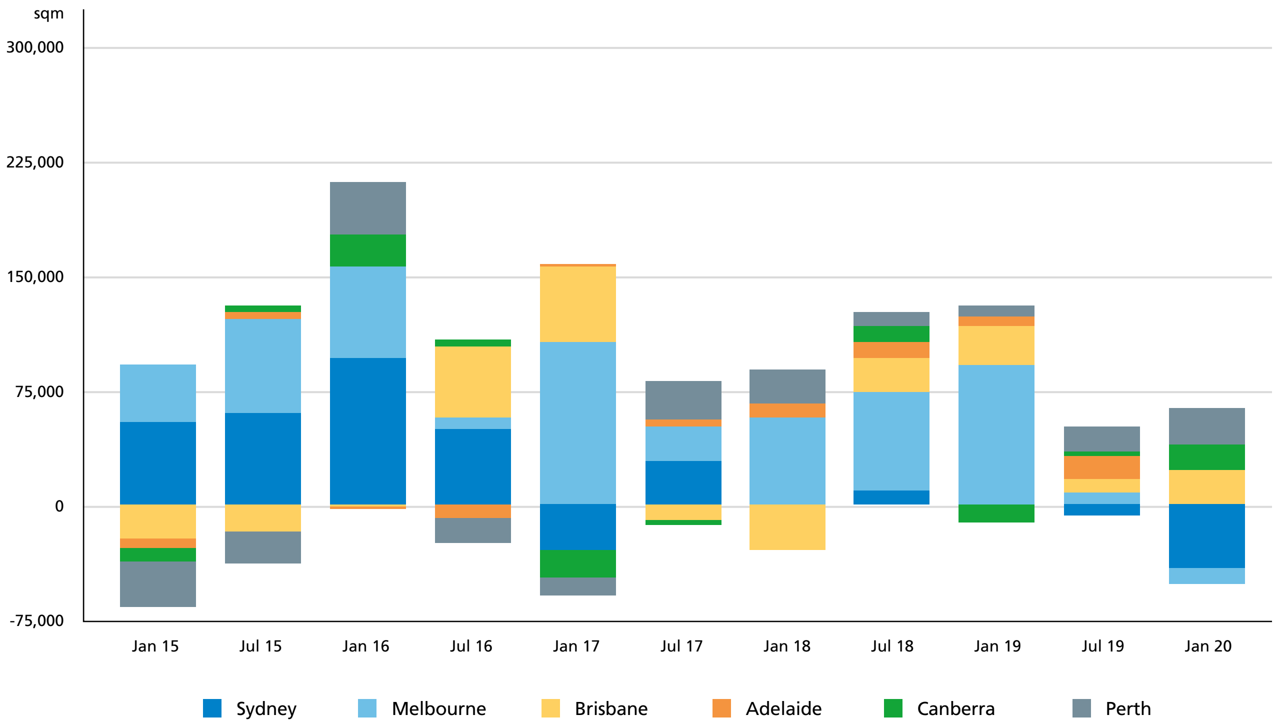
Overview

Australian Office markets recorded another positive year in 2019 but now face major challenges due to the COVID-19 pandemic. The CBD and Metropolitan markets of Sydney and Melbourne were particularly strong with solid tenant demand and tight vacancies driving rental growth, and good investor competition, but these conditions are expected to weaken in 2020. Beyond Sydney and Melbourne the remainder of the market was more subdued, but still positive overall.

Australian GDP grew at a rate of 2.2% in the 12 months to December 2019 to record 28 years of uninterrupted economic growth, however current forecasts suggest that a recession is likely in the first half of 2020 as COVID-19 disrupts many sectors across the economy. Population growth in Australia continued at a significantly higher rate than other developed nations recording a rate of 1.5% for the year ending June 2019. Australia's economy continues to benefit from China's economic growth generating demand for resources and is also undergoing a significant infrastructure development phase which has contributed significantly to employment. The unemployment rate remained fairly steady over 2019 recording a rate of 5.1% in December 2019, but a steep increase is expected in 2020. While various industries will be impacted, the retail, education, hospitality and tourism sectors have felt the most immediate impacts to date. The Reserve Bank of Australia (RBA) cut the cash rate by 50 basis points in March 2020 to a record low of 0.25% and has announced quantitative easing measures to support the economy through the COVID-19 pandemic. Annual inflation as at December 2019 was 1.8%, unchanged from 1.8% also recorded in December 2018, and below the RBA target range.

The COVID-19 pandemic is expected to bring widespread economic challenges and rising unemployment. However, the Federal Government has announced a series of economic stimulus packages with more expected in future, and major banks have put in place extensive customer support measures. Low interest rates, tax cuts, a significant pipeline of infrastructure investment, and strength in the resources sector will also benefit the economy in this challenging time.

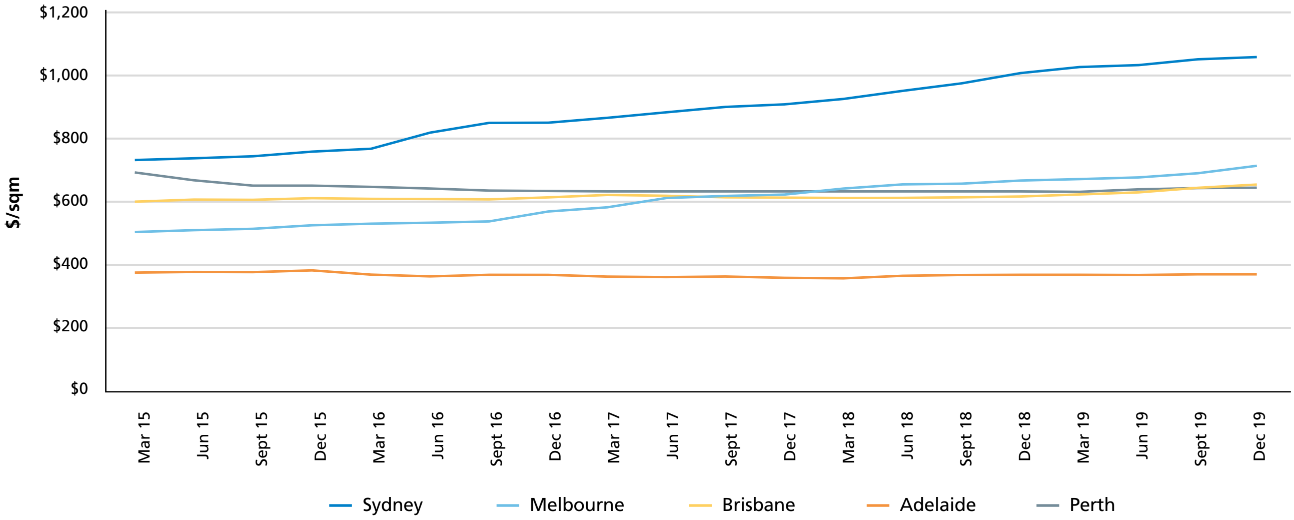
TOTAL MARKET SIX MONTH ABSORPTION



Source: Colliers International

INDEPENDENT MARKET REPORT

PRIME NET FACE RENTS



Source: Colliers International

Sydney CBD and North Sydney Office Market

The Sydney CBD office market has continued the trend of positive rental growth, although 2019 has seen the velocity of growth slow with net face rents escalating by 3.4%, 7.1% and 6.2% for Premium, A Grade and B Grade respectively.

The Sydney CBD total market vacancy rate as at January 2020 reflects 3.9% according to the Property Council of Australia, which increased slightly from 3.7%. Total direct vacancy remained static, with sub-lease vacancy increasing resulting in the change to total vacancy as at January 2020. Nonetheless, the total vacancy rate remains well below both the 10 year average of 7.0% and longer term historical average of 8.9%. Whilst the 12 month net absorption of 47,747 square meter ("sqm") as at January 2020 was subdued in the context of both the 10 year and long term average, this is predominantly due to tenant preferences to stay put and rationalise space, coupled with continued withdrawals.

Investor demand in Sydney has remained strong with total transaction volumes for major sales in 2019 reflecting approximately $6.38 billion, recording the third highest level of activity since 2007, with only 2015 and 2018 generating a higher volume of sales, with these years including larger portfolio transactions which elevated the total volumes for those years.

Outlook for the Sydney Office Market

2019 again saw a limited amount of new supply come online (49,408 sqm) with the completion of Daramu House and 60 Martin Place being the only major new developments to reach practical completion over the period. From 2020 to 2022 the Sydney CBD will see the delivery of approximately 253,175 sqm of new stock, dominated by Premium Grade developments in the City Core precinct (i.e. Wynyard Place, Quay Quarter Tower and Circular Quay Tower). Of this new development we are currently reflecting an approximate 60% pre-commitment, equivalent to 191,323 sqm.

Despite vacancy already being at an historic low, we expect vacancy rates in the Sydney CBD to increase sharply throughout the course of 2020, but the extent to which vacancy increases will be dependent on the progress of COVID19 which is unknown at present. Timing for the next major supply cycle of office space is now also in question as the economy deals with unexpected economic challenges. Forecasts of office rental growth are expected to be revised down over the course of 2020 (previously 3.75%-4.00% for 2020), coupled with a rise in incentives, thus reducing effective rental growth.

Global investment activity is expected to slow in 2020 and this will impact the Sydney CBD office investment market. However prime grade office towers in the Sydney CBD are expected to perform better than assets in secondary locations, and investments in more highly exposed asset classes such as retail, hotels, etc. In the medium term we expect that strong investment appetite for Sydney office assets will return.

Melbourne CBD and Southbank

Melbourne's economy has outperformed other Australian cities having transformed from an economy reliant on the manufacturing industry to one more heavily reliant on the financial and professional services industries. In 2018/19, Melbourne's GDP growth of 4.0% outperformed the Australian economy with the biggest contributors to Melbourne's economic growth being the health care industry, professional services, the financial & insurance sectors, and construction, leading to positive demand for office space. The vacancy rate as at January 2020 of 3.2% in the Melbourne CBD is a near record low.

INDEPENDENT MARKET REPORT

Rental growth has been strong in recent years. In 2019, Colliers International Research recorded Net Face rental growth of 5.2% for Premium Grade, 9.2% for A Grade, and 6.4% for B Grade stock. Despite strong growth in recent years, when compared with other major cities, Melbourne office rents are considered affordable, particularly when compared to Sydney.

Investment demand for Melbourne CBD and Southbank assets steadily improved over the past 5 to 6 years, and 2019 saw strong investment demand across all grades of CBD office investment from both local and offshore capital. Prime Grade investment yields are now in the range of circa 4.50% to 5.00% and IRR's are circa 6.25% to 6.50% subject to any impact from the COVID-19 pandemic. While these returns are at record lows, they are underpinned by significant risk premiums over 10 year government bond rates. The total sales volume for 2019 was approximately $3 billion and included the sale of the largest commercial transaction in Australian history being the sale of 80 Collins Street, Melbourne to Dexus.

Outlook for the Melbourne CBD and Southbank Office Market

Some 600,000 sqm of new supply will come to market over the next 36 months with approximately 95% of that space being pre-committed at the time of writing. While backfill supply resulting from this new development will be spread over a number of years, future net absorption levels are expected to decrease significantly due to the impact of COVID-19 across a wide range of tenants. That said, Melbourne's relatively affordable rental rates, increasing scarcity of development sites and broad-based tenancy market are expected to position this market well for rental growth in the recovery phase of the COVID-19 pandemic.

As with Sydney, Melbourne institutional investment demand is expected to reduce in 2020 as global capital deals with the fallout of spread of COVID-19 globally.

The Adelaide Office Market

The Adelaide CBD vacancy rate as at January 2020 was 14.0%, an increase in the vacancy over the 12.8% recorded in July 2019. A Grade vacancy increased from 12.3% to 13.8% over the 6 month period, however is still down 2.4% over the 12 months to January 2020. This overall decrease in vacancy has been driven primarily by demand from The Department of Defence, professional services and health services tenants.

In November of 2019, Charter Hall's GPO Tower at 2-10 Franklin Street (24,600 sqm) reached practical completion with BHP and the Attorney General's Department taking possession of their respective tenancies. One floor remains vacant and is available for lease.

During 2019, gross face rental growth remained subdued with approximately 1.0% growth recorded across the consolidated A Grade sector and 0.2% for B Grade assets. However, the A Grade growth rate includes growth of 2.3% for New Generation assets.

For many years, investment demand for Adelaide CBD office stock was primarily limited to local high net worth families and investment syndicates. However, in the past two years, demand from domestic and offshore superannuation funds and institutional investors was evident where there was long term income security or obvious value uplift opportunities. Recent yield compression in the eastern seaboard markets has seen an increase in the level of activity in the Adelaide market with a more diverse range of investors showing interest in local assets including renewed institutional investment demand. Following a record year with over $900 million of assets changing hands during 2018, the market was again very active in 2019 with over $700 million in transactions.

Outlook for the Adelaide Office Market

Despite very limited supply coming onto the market during the next 24 months we expect to see an increase in vacancy rate as tenants are impacted by the spread of the COVID-19 pandemic. While State and Federal Governments, and in particular The Department of Defence, are expected to generate demand, a reduction in private sector demand will have a negative impact on the market. The property at 108 Wakefield Street, a speculative development by the Kyren Group is currently being constructed. Upon completion in late 2020, the building will provide 13,000 sqm of A Grade accommodation.

The previously expected increase in net effective rents across the Premium, A and B Grade sectors of the market in 2020 is now expected to give way to weaker leasing conditions, before a return to positive rental growth in the medium term post COVID-19. Limited new supply being added to the market in the short to medium term is expected to aid this recovery.

The Adelaide CBD office investment market is expected to be impacted in a similar way to Sydney and Melbourne as global investment capital becomes less active in the face of the COVID-19 pandemic. In this regard we expect to see a reduction in transactions throughout 2020, however the extent to which values are impacted remains unknown at the time of writing.

INVESTOR COMMUNICATIONS

The Manager is committed towards upholding the utmost standards of accountability to Suntec REIT's unitholders. It achieves this through good corporate transparency practices, maintaining an active channel of communication for investors, analysts and other stakeholders to access accurate and timely information on Suntec REIT, and in working towards fostering good long-term relationships with its stakeholders.

The senior management team of the Manager has held regular meetings and conference calls with institutional investors throughout the year. Our participation in various key regional equity and property conferences as well as seminars and symposiums, had enabled us to remain accessible to both institutional and retail investors and given us the opportunity to provide key strategic and performance updates on Suntec REIT. The tenth annual general meeting of Suntec REIT unitholders in April 2019 was well-attended by retail investors. It was an opportune time for senior management of the Manager to actively engage retail investors in their enquiries and discussions about Suntec REIT.

The Manager conducts regular post-results briefings subsequent to the release of the quarterly financial results. There is extensive coverage on Suntec REIT, with research coverage by analysts from 18 local and foreign brokerage firms, providing a global reach to shareholders and potential investors worldwide.

The Suntec REIT website is regularly updated with current financial and corporate information on Suntec REIT, including press releases, announcements, corporate earnings results and other key information. Users can access the website at www.suntecreit.com to download these reports.

UNITHOLDER ENQUIRIES

For more information on Suntec REIT and its operations, please contact the Manager, ARA Trust Management (Suntec) Limited, via the following:

Ms Melissa Chow
Manager, Investor Relations
Telephone: +65 6835 9232
Fax: +65 6835 9672
Email: enquiry@suntecreit.com
Website: www.suntecreit.com

INVESTOR RELATIONS ACTIVITIES IN 2019

JANUARY
- Investor Meetings in Hong Kong
- FY 2018 post-results investor meetings in Singapore

APRIL
- Annual General Meeting
- 1Q 2019 post-results investor meetings in Singapore

MAY
- 5th Annual REITs Symposium by REITAS and ShareInvestor in Singapore
- Deutsche Bank Access Asia Conference 2019 in Singapore

JUNE
- Investor Meetings in Tokyo
- Citi Asia Pacific Property Conference in Hong Kong

JULY
- 2Q 2019 post-results investor meetings in Singapore

AUGUST
- Citi-REITAS-SGX C-Suite Singapore REITs and Sponsors Corporate Day 2019

SEPTEMBER
- Investor Meetings in Hong Kong

OCTOBER
- 3Q 2019 post-results investor meetings in Singapore

PROPOSED SUNTEC REIT FY 2020 CALENDAR

APRIL 2020
- Books closure date to determine the first quarter distribution entitlement

MAY 2020
- Payment of first quarter distribution

JULY 2020
- Announcement of the half-year results

AUGUST 2020
- Books closure date to determine the second quarter distribution entitlement
- Payment of second quarter distribution

OCTOBER 2020
- Books closure date to determine the third quarter distribution entitlement
- Payment of third quarter distribution

JANUARY 2021
- Announcement of the full year results

FEBRUARY 2021
- Books closure date to determine the fourth quarter distribution entitlement
- Payment of fourth quarter distribution

RISK MANAGEMENT

The Manager recognises that effective and proactive risk management is an important part of Suntec REIT's business strategy. The Board and the Audit Committee (the "AC") are responsible for ensuring that the Manager establishes robust risk management policies and procedures to safeguard Suntec REIT's assets and address its strategic enterprise, operational, financial and compliance risks.

Suntec REIT's enterprise risk management framework (the "ERM Framework") is adapted from The Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Model"). The COSO Model is designed to provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

The Manager applies the ERM Framework as a structured process in making risk based strategies and decisions across respective functions, identifying potential issues and events that may affect Suntec REIT, managing risks to an acceptable level and within risk appetite as approved by the Board and the AC and providing assurance to the Board that the system of risk management and internal controls are adequate and effective in mitigating the identified risks.

In its ERM Framework, key risks and mitigating controls are identified and monitored in the risk profile and reviewed by the Manager and the AC on a regular basis. The risk profiles highlight the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks, within the risk appetite or tolerance approved by the Board. In addition, the internal auditors perform a review of the risk profile as part of the internal audit plan approved by the AC, providing reasonable assurance to the AC on the adequacy and effectiveness of the internal control system.

The key risks identified include but are not limited to:

STRATEGIC RISK

Strategic risks relates to sustainable long-term growth of Suntec REIT. All investment proposals are subject to a rigorous, disciplined and thorough evaluation process according to the relevant investment criteria including, but not limited to, alignment to Suntec REIT's investment as well as environmental, social and governance objectives, asset quality, location, total expected returns, growth potential and sustainability of asset performance, taking into account the existing economic and financial market conditions.

Asset enhancement, development and/or redevelopment initiatives are initiated when necessary to ensure that Suntec REIT's properties remain competitive. To mitigate against execution risks, the Manager has in place a robust tender assessment and selection process as well as regular project control group meetings to monitor and track development milestones, project budget and pre-leasing status.

OPERATIONAL RISK

The Manager has established and strictly adheres to a set of standard operating procedures ("SOPs") to identify, monitor and manage operational risks associated with day-to-day management, sustainability targets and maintenance of Suntec REIT's properties. The SOPs are reviewed periodically to ensure relevance, effectiveness and are in line wtih industry best practices. In addition, compliance is reinforced by staff training and regular checks by the internal auditors.

To mitigate against leasing risk, the Manager employs proactive leasing strategies including actively engaging tenants for forward renewals, spreading out the portfolio lease expiry profile as well as achieving a diversified tenant base to reduce concentration risk.

Human capital risk is mitigated by maintaining a robust human resource policy which includes interview assessment of selected candidates, fair and competitive remuneration and welfare benefits in line with industry conditions, and personal development and training opportunities to enhance staff progression and retention in a conducive workplace.

A business continuity plan is in place to mitigate the business continuity risk of interruptions or catastrophic loss to its operations. In addition, Suntec REIT's properties are also properly insured in accordance with current industry practices. The Information Technology (IT) team from the Manager's parent group (ARA Asset Management Limited) has in place a disaster recovery plan which is reviewed and tested periodically.

FINANCIAL RISK

The Manager actively and closely monitors Suntec REIT's financial risks and capital structure under both normal and stressed conditions. The Manager ensures that funding sources are diversified and that the maturity profile of borrowings is well spread. Borrowings are refinanced early, where possible, to reduce refinancing risk and lengthen debt maturity. The Manager also adheres closely to the bank covenants in loan agreements and also abides by the requirements set out in Appendix 6 of the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (the "MAS").

Interest rate risk is monitored on a continuing basis with the objective of limiting Suntec REIT's exposure to changes in interest rates. The Manager manages Suntec REIT's exposure to interest rate volatility through interest rate swaps. The Manager proactively seeks to mitigate interest rate risks and, as at end 2019, approximately 75% of its borrowings are either hedged or on fixed rates.

Credit risk is mitigated by conducting tenant credit assessments. For new leases, credit evaluation is performed and on an on-going basis, tenant credit and arrears are closely monitored by the property manager. Credit risks are further mitigated through the upfront collection of security deposits of an amount typically equivalent to three to four months' rental.

The Manager monitors Suntec REIT's foreign currency exposure regularly and manages the exposure through appropriate financial instruments such as forward currency contracts. In 2019, the Manager adopted a set foreign currency hedging guideline and forward-hedged the net income for its Australian assets.

COMPLIANCE RISK

Suntec REIT is subject to applicable laws and regulations of the various jurisdictions in which it operates, including the Listing Manual of Singapore Exchange Securities Trading Limited, the Code of Collective Investment Schemes issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore. The Manager, being a Capital Markets Services Licence holder, is required to comply with the conditions of the Capital Markets Services Licence for REIT Management issued by the MAS under the Securities and Futures Act, Chapter 289 of Singapore.

The Manager has put in place policies and procedures with the necessary checklists to facilitate compliance with the applicable laws and regulations. The Manager works closely with external legal professionals and internal compliance support from the ARA group on legal and regulatory matters. The Manager stays well informed of the latest developments on the relevant laws and regulations through training and attending relevant seminars.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE

ARA Trust Management (Suntec) Limited, as the manager of Suntec Real Estate Investment Trust ("Suntec REIT", and the manager of Suntec REIT, the "Manager"), adopts an overall corporate governance framework designed to meet best practice principles. The Manager recognises that an effective corporate governance culture is fundamental to delivering its success to Suntec REIT and the Manager has an upmost obligation to act honestly, with due care and diligence, and in the best interests of unitholders of Suntec REIT ("Unitholders").

The Manager holds a Capital Markets Services ("CMS") Licence issued by the Monetary Authority of Singapore (the "MAS") to carry out REIT management activities. Accordingly, the Manager shall comply with the regulations as required under the licensing regime for REIT Managers.

The Manager is committed to its corporate governance policies and practices and observes high standards of conduct in line with the recommendations of the Code of Corporate Governance 2018 (the "2018 CG Code"), the listing manual of Singapore Exchange Securities Trading Limited (the "Listing Manual" of "SGX-ST") as well as other applicable rules and regulations.

The following segments describe the Manager's main corporate governance policies and practices. They encompass proactive measures for avoiding situations of conflict or potential conflicts of interest, prioritising the interests of Unitholders, complying with applicable laws and regulations, and ensuring that the Manager's obligations under the Trust Deed (as defined below) are properly and efficiently carried out. The Manager confirms that it has adhered to the principles and provisions as set out in the 2018 CG Code, and has specified areas of deviation relating to the establishment of a nominating committee and a remuneration committee, the disclosure of remuneration and the implementation of absentia voting at general meetings of Unitholders. Explanations for such deviations as well as how the practices adopted by the Manager are consistent with the intent of the relevant principles have been provided within this Report.

THE MANAGER OF SUNTEC REIT

The Manager has general powers of management over the assets of Suntec REIT and its main responsibility is to manage Suntec REIT's assets and liabilities in the best interests of Unitholders. The Manager's executive officers are qualified CMS Licence representatives who fulfil the requirements under the applicable MAS regulations.

The primary role of the Manager is to set the strategic direction of Suntec REIT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Suntec REIT (the "Trustee"), on the acquisition, divestment and enhancement of assets of Suntec REIT in accordance with its stated investment strategy.

Other main functions and responsibilities of the Manager include:

1. using its best endeavours to ensure that the business of Suntec REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for Suntec REIT at arm's length and on normal commercial terms;

2. preparing property reports on a regular basis, which may contain forecasts on the net income, capital expenditure, sales and valuations, explanations of major variances from previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these reports is to monitor and explain the performance of Suntec REIT's assets;

3. ensuring compliance with the principles and provisions of the 2018 CG Code and other applicable laws, rules and regulations including the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SF(LCB)R"), the Listing Manual, the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS, including Appendix 6 of the CIS Code (the "Property Funds Appendix"), the Singapore Code on Takeovers and Mergers, the Trust Deed, the relevant MAS Notices and Guidelines, the tax ruling dated 15 June 2004 issued by the Inland Revenue Authority of Singapore, the CMS licensing conditions and all other relevant legislation or contracts;

4. attending to all communications with Unitholders; and

5. supervising the property managers who provide property management, lease management, marketing and marketing coordination services in relation to Suntec REIT's properties pursuant to the respective property management agreements.

The Manager was appointed in accordance with the terms of the trust deed constituting Suntec REIT dated 1 November 2004 which has been amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018 and a tenth supplemental deed dated 23 July 2018 (collectively, the "Trust Deed").

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1 The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors of the Manager (the "Board" of "Directors") is entrusted with responsibility for the overall management of the Manager and its corporate governance, to establish goals for the management team of the Manager (the "Management"), hold the Management accountable for performance and monitor the achievement of these goals. All Directors are fiduciaries who act objectively in the best interests of Suntec REIT. The Board sets an appropriate tone from the top and the desired organisational culture and ensures proper accountability.

The Board 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 appointment of Directors. The Board has established a framework for the Management and Suntec REIT and the framework comprises a system of robust internal controls, risk management processes and clear policies and procedures and sets out the code of conduct and ethics of Suntec REIT. The Board also reviews the sustainability issues relevant to its business environment and stakeholders. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter.

The Board has adopted a set of prudent internal controls to safeguard Unitholders' interests and Suntec REIT's assets. A set of internal guidelines setting out the level of authorisation and financial authority limits for operating and capital expenditure, capital management, leasing and other corporate matters which facilitate operational efficiency with oversight by the Board. Apart from matters stated below that specifically require approval from the Board, the Board approves transactions which exceed established threshold limits, and delegates its authority for transactions below those limits to the relevant Board Committees (as defined below), where appropriate.

Matters that are specifically reserved for the Board's decision and approval include:

- corporate strategies and policies of Suntec REIT;
- financial restructuring;
- any material acquisitions and disposals;
- annual budget;
- the release of quarterly and full year results;
- audited financial statements;
- issue of new units of Suntec REIT ("Units");
- income distributions and other returns to Unitholders; and
- Interested Person Transactions (as defined below) of a material nature.

CORPORATE GOVERNANCE

BOARD COMMITTEE

The Board is supported by various board committees, in particular, the audit committee (the "Audit Committee") and the designated committee (the "Designated Committee") (collectively referred to as the "Board Committees"), which assist the Board in discharging its responsibilities and enhancing its corporate governance framework. The Board has delegated specific responsibilities to these Board Committees, and their composition, terms of reference and a summary of their activities are further described in this Report.

The Board accepts that while these Board Committees have the authority to examine particular issues in their specific areas respectively, the Board Committees shall report to the Board with their decision(s) and/or recommendation(s) and the ultimate responsibility on all matters lies with the Board.

Audit Committee

The Audit Committee has its own terms of reference, operating under the authority delegated from the Board, with the Board retaining oversight. The Audit Committee's composition, terms of reference, delegation of authority to make decisions and a summary of its activities are set out in page 70 of this Annual Report.

Designated Committee

The Designated Committee has its own terms of reference and is tasked with assisting the Board in reviewing matters relating to financing, refinancing, hedging strategies and arrangements and transactions involving derivative instruments for hedging purposes, in accordance with its terms of reference. The Designated Committee also assists the Board in other reviews and projects.

No Designated Committee meeting was held during the financial year ended 31 December 2019 ("FY 2019"). The Designated Committee reviewed matters relating to financing, refinancing and hedging arrangements through email communications with Management. The members of the Designated Committee comprise:

- Mr Chow Wai Wai, John (Chairman)
- Mr Yap Chee Meng[1] (Member)
- Mr Chan Pee Teck, Peter (Member)
- Ms Seow Bee Lian, Cheryl* (Member)

[1] *Mr Yap was appointed as a Director of the Manager on 22 April 2019.*

* *Ms Seow is the Assistant Group Chief Executive Officer cum Group Chief Financial Officer of ARA Asset Management Limited ("ARA").*

Board Meetings

The Board meets regularly to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary). Where necessary, additional meetings would be held to address significant transactions or issues requiring the Board's attention. The Constitution of the Manager allows Directors to convene meetings via teleconferencing, videoconferencing or other similar means of communication.

Prior to Board meetings and on an on-going basis, the Management provides complete, adequate and timely information to the Board on Suntec REIT's affairs and issues that require the Board's decision. Explanatory background information relating to matters brought before the Board includes quarterly results announcements, budgets and documents related to the operational and financial performance of Suntec REIT.

Board meetings for the year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. Board papers are generally circulated at least three (3) days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Information provided to the Board includes financial results, market and business developments, and business and operational information. Management also highlights key risk issues for discussion and confers with the Audit Committee and the Board regularly.

The Chief Executive Officer ("CEO") keeps all Board members abreast of key developments and material transactions affecting Suntec REIT so that the Board is kept fully aware of its affairs, business, financial environment and risks faced by Suntec REIT and the Manager. All Directors have separate, independent and unrestricted access to Management, the Company Secretary, the Internal Auditors and the External Auditors (each as defined herein), as well as other external advisers (where necessary), at all times and at the Manager's expense (where applicable).

If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or the chairman of the Board Committee of his or her views on the matters to be discussed and conveyed to other Directors at the meetings. Where appropriate, Management will be requested to attend meetings of the Board and Board Committees in order to provide their input and insight into the matters being discussed, and to respond to any queries that the Directors may have.

In addition, Directors may request for briefings and discussions with Management on any aspect of Suntec REIT's operations and may request for any additional reports and documents requiring the Board's attention. When circumstances require, Board members may exchange views outside the formal environment of Board meetings.

The Company Secretary and/or her authorised designate(s) attend(s) all Board meetings and assist(s) the Board in ensuring that Board procedures and all other rules and regulations applicable to the Manager are complied with. The Company Secretary advises the Board on governance matters and works with the Chairman to ensure that information flows within the Board and the Board Committee and between Management and the Directors. The Company Secretary will also assist with professional development and training for Directors when required to do so. The appointment and the removal of the Company Secretary shall be reviewed and decided by the Board.

The Manager has in place procedures to enable Directors, whether as a group or individually, to obtain independent professional advice as and when necessary, in furtherance of their duties, at the Manager's expense. The appointment of such independent professional advisors is subject to approval by the Board.

Four Board meetings were held in FY 2019. The attendance of the Directors at Board meetings and Board Committee meetings, as well as the frequency of such meetings, are set out below.

Directors' attendance at Board and Audit Committee Meetings in FY 2019

	Board Meetings		Audit Committee Meetings	
Directors	Participation	Attendance / Number of Meetings	Participation	Attendance / Number of Meetings
Ms Chew Gek Khim	Chairman	4/4	NA	NA
Mr Lim Hwee Chiang, John	Member	4/4	NA	NA
Mr Chen Wei Ching, Vincent*	Member	1/1	Chairman	1/1
Mr Yap Chee Meng#	Member	3/3	Chairman	3/3
Mr Chan Pee Teck, Peter	Member	4/4	Member	4/4
Mr Lock Wai Han	Member	4/4	Member	4/4
Mrs Yu-Foo Yee Shoon	Member	4/4	Member	4/4
Mr Chow Wai Wai, John	Member	3/4	NA	NA
Mr Chong Kee Hiong	Member and CEO	4/4	CEO	NA

* *Resigned as Director on 22 April 2019.*

\# *Appointed as Director on 22 April 2019.*

Professional Development

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on Suntec REIT and its disclosure obligations, the Directors are briefed on such changes either during a Board meeting, at specially convened sessions by the External Auditors, lawyers and professionals or via circulation of Board papers. Relevant regulatory updates and news releases issued by the SGX-ST, the MAS and the Accounting and Corporate Regulatory Authority will also be circulated to the Board for information.

The Directors receive regular training and are able to participate in conferences, seminars or any training programme in connection with their duties such as those conducted by the Singapore Institute of Directors, SGX-ST and REIT Association of Singapore ("REITAS"). A list of training courses and seminars which might be of interest is sent to the Directors for their consideration. The costs of arranging and funding the training of the Directors will be borne by the Manager. The Manager notes the requirements under the 2018 CG Code and Listing Manual on the training requirements for directors with no prior experience on listed companies. Mr Chong Kee Hiong and Mr Yap Chee Meng were appointed as Executive Director and Independent Non-Executive Director with effect from 1 January 2019 and 22 April 2019 respectively. Both have prior experience acting as a director of a listed company.

Nevertheless, as part of the training programme arranged for Directors in FY 2019, they were invited to attend the seminar "What you need to know as an Independent Director of a REIT manager" seminar conducted by REITAS.

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An induction programme is arranged for new Directors to be briefed on the business activities of Suntec REIT and its strategic directions and policies.

BOARD COMPOSITION AND GUIDANCE

Principle 2 The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises eight members: one Executive Director, three Non-Executive Directors and four Independent Non-Executive Directors. Non-Executive Directors make up a majority of the Board. Each Director is a well-respected individual from the corporate and/or industry circles with diverse experience and network.

The Chairman of the Board is Ms Chew Gek Khim.

The composition of the Board is determined using the following principles:

1. the Chairman of the Board should be a Non-Executive Director;

2. the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry; and

3. at least half of the Board should comprise Independent Directors.

The Board seeks to continuously refresh its membership and welcomed Mr Chong Kee Hiong and Mr Yap Chee Meng who were appointed as Executive Director and Independent Non-Executive Director in FY 2019. The appointment of new Directors allows the Board to refresh itself in an orderly and progressive manner, in line with its Board diversity policy and in compliance with the applicable regulatory requirements. With the two new Directors appointed, the Board diversity policy and objectives are being observed and maintained. The Board has additional new members with extensive background in commercial real estate experience, accounting and finance, and continues to maintain its gender diversity.

Independence Composition

The Independent Non-Executive Directors exercise objective judgement on Suntec REIT's affairs and are independent from Management. The independence of each Independent Director is reviewed upon appointment and thereafter annually by the Board through the annual independence declaration. The declaration makes reference to the guidelines set out in the 2018 CG Code and other applicable laws and regulations.

The assessment of a Director's independence takes into account, among others, the enhanced independence requirements and the definition of Independent Director as set out in the SF(LCB)R. An Independent Director is one who: (i) is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its shareholders who hold 5.0% or more of the voting shares (the "Substantial Shareholders"), or Unitholders who hold 5.0% or more of the Units (the "Substantial Unitholders") in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence business judgement, in the best interests of the Unitholders; (ii) is independent from any management and business relationship with the Manager and Suntec REIT, and from every Substantial Shareholder of the Manager and any Substantial Unitholder; (iii) is not a Substantial Shareholder of the Manager or a Substantial Unitholder; (iv) has not served on the Board for a continuous period of nine years or longer; and (v) is not employed or has been employed by the Manager or Suntec REIT or any of their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or Suntec REIT or any of their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board.

Each Independent Non-Executive Director has declared whether there were any relationships or any instances that would otherwise deem him or her not to be independent. None of the Independent Non-Executive Directors has served for a continuous period of nine years or longer on the Board. The Independence declarations have been duly reviewed by the Board. On the basis of the declarations of independence provided, the Board has determined that the Independent Non-Executive Directors are independent as defined under the relevant regulations. Each of the Independent Non-Executive Directors has recused himself or herself from reviewing his or her own independence.

The Board has noted from Mr Lock Wai Han's independence declaration form that he is currently an Executive Director and CEO of OKH Global Ltd, a SGX-ST listed company, which is an associated corporation of a Substantial Unitholder. Notwithstanding such relationship, the Board notes that there had not been any transactions between OKH Global Ltd (and its related corporations) and Suntec REIT or the Manager (and their respective related companies). Where Mr Lock or any of his associates, has any interest in a transaction with Suntec REIT or the Manager, Mr Lock is also required to abstain from passing any related board resolutions or participating in the review and approval of such a transaction. As at the last day of FY 2019, Mr Lock was able to act in the best interests of all unitholders as a whole and the Board has determined and is satisfied that Mr Lock was able to act in the best interests of all unitholders as a whole.

All Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against their goals and objectives. Their views and opinions provide alternative perspectives to Suntec REIT's business and enable the Board to make informed and balanced decisions. Non-Executive Directors constructively provide inputs and enable the Board to interact and work with Management to establish strategies.

When reviewing Management's proposals or decisions, the Non-Executive Directors provide their objective judgement on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors and/or Independent Non-Executive Directors meet without the presence of the Management on a needs-basis, as led by the Independent Directors, and provides updates to the Board where necessary.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of industry expertise and experience. In particular, the Board's diversity policy strives to ensure that the Board as a whole has the requisite background, gender mix and diverse experience and knowledge in business, accounting and finance, and management skills critical to Suntec REIT's businesses. Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interests of Suntec REIT and its Unitholders.

A healthy exchange of ideas and views between the Board and Management during regular meetings and updates enhances the management of Suntec REIT. This, together with a clear separation of roles between the Chairman and the CEO, establishes a healthy and professional relationship between the Board and Management.

The current composition of Independent Directors has made up half of the Board notwithstanding that the Chairman is non-independent. Under the 2018 CG Code, Independent Directors shall make up a majority of the Board where the Chairman is not independent (as required under Provision 2.2). This will come into effect on 1 January 2022 and the Board will continuously review and increase its independence composition, where necessary. Accordingly, the Board will explain and implement additional measures to enhance its independence.

Based on the assessment of its independence element, the Board is of the view that the current composition of Directors provides an appropriate level of independence, in consideration of the following factors:

(i) there are four Independent Non-Executive Directors and three Non-Executive Directors, out of a total of eight members. Independent Non-Executive Directors make up 50% of the Board and Non-Executive Directors make up 88% of the Board;

(ii) there are two newly appointed Independent Non-Executive Directors in 2019 and 2018, who bring fresh independent perspectives to the Board, out of a total of four independent members;

(iii) the Independent Non-Executive Directors have been assessed based on the independence criteria which include (a) length of service not being more than nine years; (b) independence from management and business relationships with the Manager and Suntec REIT; (c) independence from Substantial Shareholders of the Manager and Substantial Unitholders; and (d) other factors described in Principles 2 and 4 of this report.

(iv) a Lead Independent Director has been appointed given that the Chairman is a Non-Independent Director. The Lead Independent Director serves in a lead capacity to co-ordinate the activities of the non-executive members in circumstances where it is inappropriate for the Chairman to direct and address matters relating to Suntec REIT and its Unitholders; and

(v) interested Director(s) are required to abstain from voting when passing Board resolutions and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

Based on the above assessment, the Board is of the view that the current composition of Directors, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity and that the current Board size is appropriate, taking into consideration the nature and scope of Suntec REIT's operations. In addition, prior approval of the MAS is required for appointment of any Board member or the CEO. The Board will continue to review its composition to ensure that it adheres to the requirements under Principle 2.

Profiles of the Directors and other relevant information are set out on pages 15 to 18 of this Annual Report. There were no Alternate Directors in FY 2019.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of Chairman and CEO are separate and held by Ms Chew Gek Khim and Mr Chong Kee Hiong respectively. The Chairman and the CEO are not immediate family members. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability. This ensures an appropriate balance of power, increased accountability and greater capacity for sound decision making.

The Chairman leads the Board and ensures that its members work together with Management in a constructive manner to address strategies, business operations and enterprise issues. The Chairman also ensures that there is effective communication with Unitholders and promotes a culture of openness and a high standard of corporate governance. The CEO has full executive responsibilities over the business direction and day-to-day operational decisions in relation to the management of Suntec REIT, in accordance with the objectives established by the Board. The CEO is a licensed representative approved by the MAS and is resident in Singapore.

Separately, the Lead Independent Director, Mr Yap Chee Meng is available to Unitholders when they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Lead Independent Director also co-ordinates meeting with other Independent Non-Executive Directors as and when required, without the presence of Management, and provides feedback to the Chairman.

BOARD MEMBERSHIP

Principle 4 The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has not established a nominating committee (as required under Provision 4.1) as the Board, taking into account the activities of Suntec REIT and its current Board composition, considers that the objectives of a nominating committee, as required under Principle 4, are currently achieved by the Board, consistent with the intent under Principle 4 of the 2018 CG Code. Therefore a separate committee, comprising at least three Directors (including the Lead Independent Director), a majority of whom, including the committee chairman are independent, is not necessary (as required under Provisions 4.1 and 4.2). The Board has assessed its independence element under Principle 2 and is of the view that it can effectively perform the role of a nominating committee.

The Board performs the various functions of the nominating committee, including:

- tabling nominations for appointment and re-appointment to the Board and taking into account the succession plan and framework for the Chairman, the CEO and key management personnel;
- reviewing the structure, size and composition of the Board;
- reviewing the overall performance and progress of the Board, the Board Committees and the Directors;
- reviewing the independence of Board members; and
- reviewing the training and professional development of the Board and the Directors.

The Board believes that it can achieve orderly succession and renewal through continuously reviewing the appropriate composition of the Board. This is evident in the changes in the Board composition, as described under Principle 1 above.

CORPORATE GOVERNANCE

Process for Appointment of New Directors

When reviewing and recommending the appointment and re-appointment of new Directors, the Board takes into consideration the current Board's size and mix, and the principles outlined in the subsequent part of this Report. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of Suntec REIT, as well as the relevant background of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable.

Criteria for Appointment and Re-appointment of Directors

The Board reviews each candidate's experience and ability to contribute to the guidance of the Manager in its management of Suntec REIT, including attributes such as complementary commercial experience, time commitment, financial literacy, reputation and whether he or she is a fit and proper person in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which require the candidate to be competent, honest, to have integrity and be financially sound). The Board also determines whether its members as a whole have the skills, knowledge and experience required to achieve the objectives of Suntec REIT.

The Board unanimously approves the appointment of new Directors via Board resolution upon assessing the candidates' profiles and credentials. Once appointed, the Board ensures that new Directors are aware of their duties and obligations. For re-appointment of Directors, the Board assesses the relevant Directors' performance as disclosed under Principle 5 below. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate. No Board member is involved in any decisions relating to his or her own appointment or re-appointment.

Review of Directors' Independence

The Board itself undertakes the role of determining the independence status of the Directors (as required under Provision 4.4) which was described under Principle 2 above. The independence of each Director is reviewed prior to the appointment and thereafter, annually with reference to the principles and provisions set out in the 2018 CG Code and applicable laws and regulations.

In FY 2019, the Board has reviewed the Directors' independence declarations and determined that Mr Yap Chee Meng, Mr Chan Pee Teck Peter, Mrs Yu-Foo Yee Shoon and Mr Lock Wai Han are independent and are free from any of the relationships stated in the 2018 CG Code, the Listing Manual and the SF(LCB)R, save for the relevant disclosure made under Principle 2 above in respect of Mr Lock Wai Han. The Board has also, prior to the appointment of Mr Yap Chee Meng, received his declaration and has reviewed and determined that Mr Yap Chee Meng is considered to be independent and free from any of the relationships stated in the above relevant regulations.

Annual review of Directors' time commitments

Although the Directors have other listed company board representations and principal commitments (as set out on pages 15 to 18 of this Annual Report), the Board has determined that each individual Director has devoted sufficient time and attention to his or her role as a Director and to the affairs of the Manager (as required under Provision 4.5) and this is being assessed as part of the Directors' performance as disclosed in Principle 5 below. In FY 2019, the Directors attended Board meetings, had given feedback and participated constructively when discussing the activities of Suntec REIT. The Board has also procured written confirmations from the Directors stating that they are able to carry out their duties as Directors of the Manager and they would address any competing time commitments that may arise, despite their multiple board representations. The Board is of the view that such external appointments do not hinder the Directors from carrying out their duties.

The Manager is of the view that its practice is consistent with Principle 4 of the 2018 CG Code as the Board can effectively perform the role of the Nominating Committee as a whole.

BOARD PERFORMANCE

Principle 5 The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board believes that performance of the whole Board, the Board Committees, the Chairman and individual Directors are assessed and reflected in their proper guidance, diligent oversight, able leadership and support that they lend to Management. The Board takes the lead to steer Suntec REIT in the appropriate direction under both favourable and challenging market conditions. Ultimately, the interests of Suntec REIT are safeguarded and reflected in the maximisation of Unitholders' value in the long-term performance of Suntec REIT.

As part of the Manager's commitment towards good corporate governance, the Board has implemented a structured process in assessing the performance of the Board as a whole and for its Board Committees and Directors (as required under Provision 5.1). This process is facilitated by the Company Secretary as an external facilitator and it encompasses the use of confidential questionnaire, laying out the performance criteria determined by the Board. This criteria includes an evaluation of the Board's oversight over the performance of Suntec REIT, the size and composition of the Board, overall governance and risk framework, Board meetings participation, access to information, as well as standards of individual Director's conduct, independence and performance, and the upkeep of their professional development. The results are aggregated and presented during the Board meetings for overall analysis, and where necessary, follow up actions are taken to enhance the effectiveness of the Board in discharging its duties and responsibilities.

For FY 2019, based on the assessment of the Board and individual Director's performance, the Board is satisfied with the overall result. The Board has also taken on feedback and will arrange an annual discussion amongst its members without the presence of Management.

The Manager is of the view that its practice is consistent with Principle 5 of the 2018 CG Code as the Board can effectively undertake a formal assessment of its effectiveness as a whole and that of its Board Committee and individual Directors.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES AND LEVEL AND MIX OF REMUNERATION

Principle 6 The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7 The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Board has assessed its independence element under Principle 2 and is of the view that the current composition of Directors provides sufficient strong independence to perform the role of a remuneration committee. Accordingly, the Board has considered that a separate remuneration committee, comprising at least three Directors and all members to be Non-Executive Directors, the majority of whom, including the committee chairman are independent, would not be necessary (as required under Provisions 6.1 and 6.2).

The Board has assessed the remuneration policies and practices of ARA, in lieu of reviewing specific remuneration packages for key management personnel (as required under Provisions 6.1 and 6.3). As a result, the Board has deemed such remuneration policies and practices to be fair and appropriate for Suntec REIT. Accordingly, the Manager has adopted the remuneration policies and practices of ARA, which has an established framework for the remuneration, compensation, benefits and succession planning for the Directors and key management executives of the Manager.

The Manager is of the view that its practice is consistent with Principle 6 of the 2018 CG Code as the Board can effectively perform the role of the Remuneration Committee as a whole.

CORPORATE GOVERNANCE

Remuneration Framework

The Manager advocates a performance-based remuneration framework. In adopting the remuneration policies and practices of ARA, the Manager ensures that such remuneration policies take into account achieving the long-term success of Suntec REIT which:

- comprise a variable component of key performance indicators ("KPIs") that are tied to the financial performance of Suntec REIT and individual's performance related to the organisational goals, aligning with the interests of the Unitholders;
- comprise a fixed pay component that is benchmarked against the market to maintain competitiveness; and
- attract and retain talented staff for the long term, while considering the prevailing market conditions within the industry.

Link between pay and performance

A comprehensive and structured performance assessment is carried out annually for the CEO and key management executives of the Manager. At the start of the year, KPIs for the CEO and key management executives are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time-bound. The KPIs could be on financial and non-financial metrics such as performance related to growth of net asset value and property income. These KPIs serve to link the rewards to individual's and Suntec REIT's performance, and deliver overall Unitholders' value. A mid-year review is carried out to monitor the performance and relevance of these indicators and a year-end review is carried out to measure actual performance against the KPIs. The overall assessment is based on a rating scale, where the variable year-end bonus for the CEO and key management executives are determined.

In addition to the base salary and a variable year-end bonus, designated key management executives of the Manager participate in a Performance Based Bonus Scheme (the "Scheme"). Under the Scheme, designated key management executives of the Manager may be entitled to a pool of incentive payments based on certain performance indicators linked to the growth of Suntec REIT and optimising the returns to Unitholders. The incentive payments are paid in cash and allocated amongst the designated key management executives based on various factors and conditions, including seniority, length of service, performance and contributions.

The remuneration of the CEO and key management executives is not linked to the gross revenue of Suntec REIT. As and when required, the Board also has access to independent remuneration consultants, but did not engage any during FY 2019.

In FY 2019, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management executives.

DISCLOSURE ON REMUNERATION

Principle 8 The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of the Non-Executive Directors for FY 2019 comprises entirely Directors' fees paid entirely in cash and the details of the Non-Executive Directors' remuneration are set out below:

Name of Director	Salary (S$)	Bonus (S$)	Directors' Fees (S$)	Others (S$)	Total (S$)
Ms Chew Gek Khim	-	-	120,000	-	120,000
Mr Lim Hwee Chiang, John	-	-	60,000	-	60,000
Mr Chen Wei Ching Vincent[1]	-	-	30,685	-	30,685
Mr Yap Chee Meng[2]	-	-	69,589	-	69,589
Mr Chan Pee Teck, Peter	-	-	80,000	-	80,000
Mrs Yu-Foo Yee Shoon	-	-	80,000	-	80,000
Mr Lock Wai Han	-	-	80,000	-	80,000
Mr Chow Wai Wai, John	-	-	60,000	-	60,000

[1] *Mr Chen resigned as a Director of the Manager on 22 April 2019.*

[2] *Mr Yap was appointed as a Director of the Manager on 22 April 2019.*

Directors' fees are established annually based on the Directors' responsibilities on the Board and the Board Committees. The Board believes that the remuneration for Directors is appropriate to attract, retain and motivate the Directors and is also appropriate to the level of contribution and takes into account the industry practices and norms for Directors to provide stewardship of the Board, while being commensurate with their efforts, responsibilities and time spent. Each Director is paid a fixed fee, and no Director is involved in deciding his or her own remuneration. The framework for determining the Directors' fees is shown in the table below:

Main Board	Chairman	S$120,000 per annum
	Member	S$60,000 per annum
Audit Committee	Chairman	S$40,000 per annum
	Member	S$20,000 per annum

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis; and (ii) the remuneration of at least the top five key management executives (who are not also Directors or the CEO), on a named basis, in bands of S$250,000 and (iii) the aggregate remuneration of its CEO and top five key management executives (who are not also Directors or the CEO); and (iv) any other forms of remuneration and other payments and miscellaneous staff benefits paid to key management executives (who are not also Directors or the CEO) (as required under Provisions 8.1 and 8.3). The Board has assessed and elected not to disclose the above remuneration for the following reasons:

(i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five key management executives (who are not also Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of Suntec REIT;

(ii) it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of Suntec REIT;

(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top five key management executives (who are not also Directors or the CEO) and their performance; and

(iv) there is no misalignment between the remuneration of the CEO and key management executives and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Suntec REIT, rather than borne by Suntec REIT.

The Manager is accordingly of the view that its practice is consistent with Principle 8 of the 2018 CG Code as a whole.

There are no employees of the Manager who are Substantial Shareholders of the Manager, Substantial Unitholders, or immediate family members of a Director, the CEO, a Substantial Shareholder of the Manager or a Substantial Unitholder, whose remuneration exceeds S$100,000 during the year.

The key management executives were remunerated wholly in cash in FY 2019.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9 The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Effective risk management is a fundamental part of Suntec REIT's business strategy. Recognising and managing risks is central to the business and serves to protect Unitholders' interests and Suntec REIT's assets. Suntec REIT operates within the overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved and appropriate controls and measures are put in place before the Manager proceeds with the execution.

Key risks, process owners, risk factors, mitigating actions and risk indicators are continuously identified, assessed and monitored by Management as part of Suntec REIT's Enterprise Risk Management Framework (the "ERM Framework") and documented in the risk profile maintained by the Manager and reviewed semi-annually by the Audit Committee and the Board. As a result, the Board determines the nature and extent of such risks identified in achieving Suntec REIT's strategic objectives and value creation.

The ERM Framework lays out the governing policies and procedures, ensuring that the risk management and internal control systems provide reasonable assurance on the safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

Risk Management Committee

A separate risk management committee (the "Risk Management Committee") was established to assist the Audit Committee in assessing the adequacy of internal controls. The Risk Management Committee comprises the CEO, the Chief Operating Officer, the Finance Director and the Head of ARA Group Risk Management & Internal Audit Division ("GRM & IA"). GRM & IA is a corporate division of ARA, the holding company of the Manager.

The Risk Management Committee meets regularly to review the risk profile of Suntec REIT. The Risk Management Committee, which is headed by the CEO, reports to the Audit Committee on overall risk management matters every six months during the Audit Committee meetings.

The Risk Management Committee identifies the material risks that Suntec REIT faces, including strategic, operational, financial, compliance and information technology risks, and sets out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes in the external business environment. The risk profile highlights the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks within the risk appetite approved by the Board.

The CEO and his management team are primarily responsible for maintaining the internal controls and risk management systems. Risks are proactively identified and addressed. The ownership of these risks lies with the respective departmental heads with stewardship residing with the Board. The Internal Auditors conduct reviews of the adequacy and effectiveness of the risk profiles and material internal controls, addressing financial, operational, compliance and information technology controls, as part of the audit plan approved by the Audit Committee. In addition, the External Auditors perform tests of certain controls relevant to the preparation of Suntec REIT's financial statements. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. The Audit Committee and the Board review the adequacy and effectiveness of Suntec REIT's risk management and internal control systems.

Role of Board and Audit Committee

The Board and the Audit Committee believe that the internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures put in place to manage the risks are adequate and effective and the residual risks are acceptable.

For the financial year in review, the Board has received written confirmation from the CEO and the Finance Director (a) certifying that the financial records have been properly maintained and that the financial statements give a true and fair view of Suntec REIT's operations and finances and (b) assuring that the Suntec REIT's risk management and internal control systems are adequate and effective.

In addition, an Internal Assessment Checklist (the "1207(10) Checklist") which captures the requirements under Rule 1207(10) of the Listing Manual had been used by Management as a guide to assess the adequacy of internal controls . The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit Committee, in conjunction with the reports submitted by the Internal Auditors and the External Auditors, as well as the letters of undertaking from the CEO and the Finance Director of the Manager to give assurance on the state of internal controls.

For FY 2019, the Board is satisfied with the adequacy and effectiveness of Suntec REIT's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature, scale and complexity of the Manager's operations. The Board arrived at this assessment based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the Internal Auditors and the External Auditors, together with the Management's confirmation on the adequacy and effectiveness of the internal controls. The Audit Committee has concurred with the Board's assessment. In addition, the Audit Committee has reviewed and is satisfied with the adequacy of resources and qualifications of the Manager's key management executives who are performing accounting, financial reporting and compliance roles.

Suntec REIT has maintained proper records of the discussions and decisions of the Board and the Audit Committee.

Whistle-Blowing Policy

Pursuant to the Whistle-Blowing Programme which has been put in place, the Audit Committee reviews arrangements by which staff of the Manager or any other persons may, in confidence, raise their concerns to the Audit Committee about possible improprieties in matters of financial reporting or such other matters in a responsible and effective manner.

The objective of the Whistle-Blowing Programme, as approved by the Audit Committee, is to ensure that arrangements are in place for independent investigation of such concerns and allow appropriate follow-up actions to be taken.

The Audit Committee is guided by the Whistle-Blowing Programme to ensure proper conduct and closure of investigations, including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the Internal Auditors based on instructions from the Audit Committee.

Details of the Whistle-Blowing Programme and arrangements are posted on Suntec REIT's website. The website provides a feedback channel for any complainant to raise possible improprieties directly to the Audit Committee (with such complaints copied to the Head of ARA GRM & IA) to facilitate an independent investigation of any matter raised and allow appropriate follow-up action as required. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are circulated to all new incoming staff and are also covered as part of the staff's annual declaration of compliance.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

Principle 10 The Board has an Audit Committee which discharges its duties objectively.

The Board has established an Audit Committee to assist the Board in discharging its corporate governance responsibilities. The Audit Committee's role is to assist the Board in ensuring the integrity of the financial reporting and that sound internal controls are put in place. In adhering to best practices of corporate governance, all members of the Audit Committee (including the Audit Committee Chairman) are Independent Non-Executive Directors.

The Audit Committee currently comprises four Independent Non-Executive Directors, namely:

- Mr Yap Chee Meng[#] (Chairman)
- Mr Chan Pee Teck, Peter (Member)
- Mrs Yu-Foo Yee Shoon (Member)
- Mr Lock Wai Han (Member)

[#] *Appointed on 22 April 2019.*

The members of the Audit Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit Committee Chairman and members are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr Yap Chee Meng has immense experience in providing audit, initial public offerings and advisory services to listed and multinational clients and is a fellow of the Institute of Singapore Chartered Accountants. Mr Chan Pee Teck, Peter has extensive experience in financial, investment and fund management industries as managing partner of a private equity company, Crest Capital Asia Pte Ltd, which previously had funds invested in retail real estate assets. Mrs Yu-Foo Yee Shoon has relevant financial and commercial experience as a Board Member of KOP Limited and adviser for reputable organisations. Mr Lock Wai Han has extensive knowledge and experience in international investment, development, leasing, marketing, operations and financing of integrated real estate.

In compliance with the 2018 CG Code, the Audit Committee does not comprise any former partner or director of the incumbent External Auditors within the previous two years or who hold any financial interest in the auditing firm.

Four Audit Committee meetings were held during FY 2019.

The Audit Committee is guided by its written terms of reference which defines its duties and scope of authority. Specifically, the duties of the Audit Committee include:

1. reviewing the annual audit plan, including the nature and scope of the internal and external audits before the commencement of these audits;

2. reviewing at least annually the adequacy and effectiveness of the internal audit process and Suntec REIT's system of risk management and internal controls, including financial, operational, compliance and information technology controls;

3. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;

4. reviewing the adequacy, effectiveness, independence, scope and results of the Internal Auditors;

5. reviewing the monitoring procedures put in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

6. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of Suntec REIT and any announcements relating to Suntec REIT's financial performance;

7. reviewing the assurance from the CEO and the Finance Director on the financial records and financial statements;

8. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

9. reviewing and discussing with the External Auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on Suntec REIT's operating results or financial position and Management's response;

10. reviewing the adequacy, effectiveness, independence, scope and results of the External Auditors;

11. making recommendations to the Board on (i) the proposed appointment and removal of the External Auditors and (ii) reviewing the proposed fees from the External Auditors and authorising the Manager to confirm the remuneration and terms of engagement of the External Auditors for the financial year; and

12. reviewing the monitoring procedures established to regulate Interested Person Transactions and conflict of interests, including ensuring compliance with the provisions of the Listing Manual relating to transactions between Suntec REIT and an "interested person", and the provisions of the Property Funds Appendix relating to transactions between Suntec REIT and an "interested party" (both such types of transactions constituting "Interested Person Transactions"). This includes the requirement to ensure transactions undertaken are on normal commercial terms and not prejudicial to the interests of the Unitholders and that the property manager, as an interested person, is in compliance with the property management agreement.

The Audit Committee has the authority to investigate any matters within its terms of reference. It is entitled to full access and co-operation from Management and has full discretion to invite any Director or any key management executive of the Manager to attend its meetings. The Audit Committee has full access to resources and is provided with regular updates from external professionals to keep abreast of changes in accounting and regulatory standards.

In FY 2019, the Audit Committee had met with the Internal Auditors and the External Auditors without the presence of Management. The Internal Auditors and the External Auditors may also request the Audit Committee to meet if they consider a meeting necessary. Both the Internal Auditors and the External Auditors have confirmed that they had full access to and had received the co-operation and support of Management, with no restrictions placed on the scope of their audits.

The Audit Committee had reviewed and approved the Internal Auditors' and the External Auditors' audit plans to ensure that they were sufficiently comprehensive in scope and address the internal controls of Suntec REIT. All audit findings and recommendations by the Internal Auditors and the External Auditors were forwarded to the Audit Committee for discussions at the meetings. The Audit Committee discussed with Management and the External Auditors on significant financial reporting matters, in particular the key audit matter associated with the valuation of investment properties. The Audit Committee concurs with the conclusion of the Management and the External Auditors on the key audit matters.

During FY 2019, the Audit Committee performed an independent review of the quarterly and full year financial statements of Suntec REIT. In the process, the Audit Committee reviewed the key areas of management judgement applied for adequate provisioning and disclosure, accounting policies, key audit matters and any significant changes made which have a material impact on the financials. The External Auditors also presented their salient features memorandum to the Audit Committee, covering the audit focus areas, key audit matters findings, quality and independence.

In connection with the ERM Framework under risk management, the Audit Committee had reviewed the approach taken in identifying and assessing risks and internal controls in the risk profile documented and maintained by Management.

The Audit Committee had also conducted a review of all non-audit services provided by KPMG LLP, the external auditors of Suntec REIT, (the "External Auditors") and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The aggregate amount of audit and non-audit fees paid/payable to the External Auditors for FY 2019 amounted to S$527,000 and S$183,000 respectively.

CORPORATE GOVERNANCE

The Audit Committee is satisfied that the resources and experience of the audit partner of KPMG LLP and her team are adequate to meet their audit obligations, given the size, nature, operations and complexity of Suntec REIT and its subsidiaries. The Audit Committee had assessed the performance of the External Auditors based on factors such as performance and quality of their audit and their independence. The External Auditors had also confirmed their independence in writing to the Audit Committee.

The Audit Committee, with the concurrence of the Board, has recommended the re-appointment of KPMG LLP as the external auditors of Suntec REIT at the forthcoming AGM. The Manager, on behalf of Suntec REIT, confirms that it has complied with the requirements of Rules 712 and 716 of the Listing Manual in respect of the suitability of the auditing firms of Suntec REIT and its significant associated companies and subsidiaries.

The Audit Committee has reviewed the Whistle-Blowing Policy which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee is satisfied that arrangements are in place for concerns to be raised and investigated independently, and for appropriate follow-up actions to be taken.

On a quarterly basis, Management reports details of the Interested Person Transactions to the Audit Committee. All Interested Person Transactions together with the Register of Interested Person Transactions are reviewed by the Audit Committee.

Internal Audit Function

The Manager maintains a robust system of internal controls and risk management framework to safeguard Suntec REIT's assets and Unitholders' interests and to provide reasonable assurance against misstatement of loss, ensure maintenance of reliable and proper accounting records and compliance with relevant legislation.

For FY 2019, the internal audit function of the Manager was outsourced to Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited (the "Internal Auditors"). The Internal Auditors are independent of Management and report directly to the Audit Committee on audit matters and to Management on administrative matters.

The Audit Committee is satisfied that the Internal Auditors had met the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit Committee has assessed the adequacy of the Internal Auditors and is of the view that the Internal Auditors had the relevant qualifications, appropriate standing within the Manager and adequate resources to perform their functions effectively. The Internal Auditors has also maintained their independence from the activities that they audit and had unfettered access to Suntec REIT's documents, records, properties and personnel, including the Audit Committee. The Audit Committee approves the appointment, removal, evaluation and fees of the Internal Auditors, and conducts an assessment of the Internal Auditors' performance during re-appointments.

The Internal Auditors conduct audits to evaluate the effectiveness of the risk management and internal control systems in Suntec REIT which include financial, operational, compliance controls and information technology. The internal audit plan adopts a risk-based approach covering all businesses of Suntec REIT and support functions of the Manager and property managers. The audit assignments cover the design and operating effectiveness of the internal controls as well as compliance with the stated policies and procedures. Any material non-compliance or lapses in internal controls together with corrective measures and the status of implementation are reported to the Audit Committee. The Internal Auditors also report to the Audit Committee on the status of the corrective or improvement measures undertaken by Management.

In addition to the work performed by the Internal Auditors, the External Auditors also performed tests of certain controls that are relevant to the preparation of Suntec REIT's financial statements, and they report any significant deficiencies of such internal controls to the Audit Committee.

Pursuant to Rule 1207(10C) of the Listing Manual, the Audit Committee had assessed and is satisfied with the adequacy, effectiveness, independence, scope and results of Suntec REIT's internal audit function.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS AND ENGAGEMENT WITH SHAREHOLDERS

Principle 11 The company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12 The company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. In the spirit of the disclosure requirements under the Listing Manual, the Manager is committed to actively engaging and keeping all Unitholders and stakeholders informed on the performance and changes in Suntec REIT's business, which would materially affect the price of the Units, on a timely basis. The Manager's Investor Relations Policy is to promote regular, effective and fair communication through timely and full disclosure of material information by way of public releases or announcements on the SGX-ST via SGXNET, and on Suntec REIT's website (www.suntecreit.com).

Suntec REIT's website provides Unitholders with comprehensive information required to make well-informed investment decisions. Information on Suntec REIT's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "Newsroom" link, which shows current and past announcements, financial results and annual reports; (2) "Investor Relations" link which shows Suntec REIT's distribution history, historical stock price and research coverage and (3) "Contact Us" link which includes Whistle-Blowing Policy, email alerts and contact details. As part of the Investor Relations Policy, the Manager has a dedicated Investor Relations Manager who facilitates communication with Unitholders, institutional investors, analysts and media representatives. Unitholders can post their queries and feedback to the dedicated investor relations contact via email or phone.

Unitholders are notified in advance of the date of release of Suntec REIT's financial results through an announcement via SGXNET. The Manager conducts regular briefings for analysts and media representatives/press conferences, which generally coincide with the release of Suntec REIT's half-yearly and full year results. During these briefings, Management presents Suntec REIT's most recent performance. In line with the Manager's objective of transparent communication, briefing materials are also simultaneously released on the SGX-ST via SGXNET and also made available on Suntec REIT's website.

In FY 2019, Management provided institutional investors and analysts with publicly available information through group presentations, one-on-one meetings and conference calls. Management strives to maintain regular dialogue with retail investors and keep them updated on developments through participations in seminars and symposiums, timely announcements on SGXNET, Suntec REIT's website and the general media, in order to ensure a level playing field.

Unitholders are informed of meetings through notices accompanied by Annual Reports or circulars sent to them. All Unitholders are entitled to receive the Annual Reports at least 14 days prior to the Annual General Meeting ("AGM"). The Manager ensures that Unitholders are able to participate effectively and vote at the general meeting of Unitholders (the "Unitholders' meetings"). In this regard, the Unitholders' meetings are generally held in central locations which are easily accessible by public transportation. Unitholders are invited at such meetings to put forth any questions they may have on the resolutions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint in advance up to two proxies to vote on his or her behalf at the meeting using proxy forms sent to the Unitholder. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder. The Manager has not implemented absentia voting methods such as voting via email or fax (as required under Provision 11.4) due to security, integrity and other pertinent considerations. The Manager is of the view that its practice is consistent with Principle 11 of the 2018 CG Code as Unitholders have opportunities to communicate their views on matters affecting Suntec REIT even when they are not in attendance at general meetings. Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. At the Unitholders' meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the AGM in the Notice of AGM.

The Directors, the Audit Committee, Management and the External Auditors will be in attendance at these meetings to address questions raised by Unitholders. All Directors, including the Board Chairman and CEO, attended the general meeting held in FY 2019.

Voting at general meetings is conducted by way of electronic poll voting for all the Unitholders/proxies present at the meeting for all resolutions proposed at the general meeting. Unitholders/proxies will be briefed on the voting and vote tabulation procedures involved in conducting a poll before the meeting proceeds. This allows all Unitholders present or represented at the meetings to vote on a one-unit-one-vote basis. An independent scrutineer is appointed to validate the vote tabulation procedures. The voting results of all votes cast for or against each resolution are then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting.

The Company Secretary prepares the minutes of Unitholders' meetings, which incorporates comments or queries from Unitholders and the corresponding responses from the Board and Management, and these minutes will be publicly available on Suntec REIT's website after the general meeting.

Suntec REIT's current distribution policy is to distribute quarterly, at least 90% of its annual distributable income.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

In keeping with its commitments to good corporate governance, the Manager has put in place a Sustainable Reporting Framework, which is published on Suntec REIT's website. In the report, the Manager focuses on Suntec REIT's Economic, Social, and Governance ("ESG") impacts and its progress towards the goal of sustainable management of its real estate portfolio. The Board has set a strategic direction in ensuring good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources. The Manager believes in the importance of integrating sustainability into its business strategies and operations in achieving sustainable economic growth and delivering long-term Unitholder value.

The Manager has identified the following as Suntec REIT's key stakeholders: Business Partners, Employees, Government and Authorities, Investment Community, Retail Shoppers and Tenants. For FY 2019, the Manager's strategy is to ensure active engagement and frequent communication with the relevant stakeholders through the various engagement channels including meetings, forums and dialogues, general meetings and announcements, investor conferences, feedback channels and loyalty programs. The area of focus is to understand the stakeholders' concerns and issues which are of relevance to the material ESG factors.

The Manager is committed to upholding Suntec REIT's sustainability practices and creating value for its stakeholders.

Stakeholders can access Suntec REIT's Sustainability Report on Suntec REIT's website at under the "Newsroom" link.

(F) ADDITIONAL INFORMATION

EXEMPTIONS IN THE LISTING MANUAL

The Manager notes the exemptions under Practice Note 4.2 of the Listing Manual, which provides that Rules 210(5)(d)(iii), 210(5)(e) and 720(5) of the Listing Manual do not apply to a REIT as long as the REIT continues to comply with the relevant provisions under the SFA and the regulations and notices made thereunder which substantively addresses the requirements under these rules (the "SFA Provisions"). Under the SFA Provisions, the Manager must act in the best interest of all Unitholders as a whole and give priority to their interests over the Manager's own interests and the interests of the shareholders of the Manager, in the event of a conflict. The SFA Provisions also stipulate the requirements for the composition of the Board, circumstances where Directors' appointment shall be endorsed by Unitholders, the establishment of an Audit Committee and criteria in which a Director of the Manager is considered independent. In this regard, the Manager has complied with all the relevant SFA Provisions for FY 2019.

DEALINGS IN UNITS

The Manager has adopted the ARA Dealing in Securities Policy to guide its Directors, key management executives and employees (collectively referred to as the "Manager's personnel") in respect of dealings in Units.

This policy encourages the Manager's personnel to hold Units (i.e. not to deal for short-term considerations), and prohibits them from dealing in such Units:

1. during the period commencing two weeks before the public announcement of Suntec REIT's quarterly results and one month before the public announcement of Suntec REIT's annual results and (where applicable) any property valuations, and ending on the date of announcement of the relevant results or property valuations; and

2. at any time whilst in possession of price-sensitive information.

The Manager's personnel are also prohibited from communicating price-sensitive information to any persons and to avoid, and be seen to avoid, actual or potential conflict between personal interest and duty to the Unitholders. The Manager confirms that its Directors, key management executives and employees have adhered to the policy for dealing in the Units for FY 2019.

The Manager makes announcements on the SGX-ST in respect of any changes to its unitholding interest in Suntec REIT within one business day. The Manager will not deal in Units during the period commencing two weeks and one month before the public announcement of Suntec REIT's quarterly and full year results respectively and (where applicable) any property valuations, and ending on the date of announcement of the said information. The Manager confirms that it has complied with Rule 1207(19) of the Listing Manual.

Effective from 13 March 2020, Suntec REIT has announced the change from its quarterly reporting to half yearly, having fulfilled the requirements under the Listing Manual. In addition, Suntec shall continue to announce and distribute dividends quarterly without being accompanied by its financial statements announcement for the relevant period.

In lieu of the first and third financial quarters' detailed financial result announcements via SGXNET, the Manager shall prepare a set of investors' presentation slides which include assets/portfolio performance and highly summarized financial information relevant to the quarter's distribution ("Investors Slides"). These slides would be published at Suntec's website as well as announced via SGXNET.

In view of such changes, the ARA Dealing in Securities Policy has been updated to reflect that the "black-out" period is defined as two weeks prior to the quarterly release of Investors Slides (in relation to the first and third quarters') and one month before the date of announcement of half year and full year results and (where applicable) any property valuations.

CORPORATE GOVERNANCE

DEALING WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflict of interest issues:

1. the Manager shall be a dedicated manager to Suntec REIT and will not manage any other REIT which invests in the same type of properties as Suntec REIT;

2. all executive officers will be employed and will work exclusively for the Manager and will not hold other executive positions in other firms;

3. all resolutions in writing of the Directors in relation to matters concerning Suntec REIT must be approved by all the Directors;

4. at least half of the Board shall comprise Independent Non-Executive Directors;

5. in respect of matters in which a Director or his associates have an interest, direct or indirect, the interested Director will abstain from voting. In such matters, the quorum must comprise a majority of Independent Non-Executive Directors and must exclude such interested Director;

6. under the Trust Deed, (i) the Manager and its associates are prohibited from voting at or being part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest and (ii) for so long as ARA Trust Management (Suntec) Limited is the Manager of Suntec REIT and Mr Lim Hwee Chiang, John is a controlling shareholder (as defined in the Listing Manual) of ARA Trust Management (Suntec) Limited, Mr Lim Hwee Chiang, John and his associates are prohibited from being part of a quorum or voting at any meeting of Unitholders convened to consider a matter in respect for which Mr Lim Hwee Chiang, John and/or his associates has a material interest; and

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 with an interested person of the Manager, 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 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 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 with an interested person of the Manager, 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 an interested person of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such interested person.

The Directors owe a fiduciary duty to Suntec REIT to act in the best interests of Suntec REIT, in relation to decisions affecting Suntec REIT when they are voting as a member of the Board. In addition, the Directors and executive officers of the Manager are expected to act with integrity at all times. The Manager has established a conflict of interests policy for its employees and major service providers to ensure that any conflict of interests or potential conflict of interests are disclosed and approvals are sought where required.

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

The Manager has established internal control procedures to ensure that all Interested Person Transactions will be undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of Suntec REIT and its 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 independent parties not related to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

CORPORATE GOVERNANCE

The Manager maintains a register to record all Interested Person Transactions which are entered into by Suntec REIT and the basis thereof, including any quotations from unrelated parties and independent valuations obtained for the purposes of such Interested Person Transactions. The Manager incorporates into its internal audit plan a review of all Interested Person Transactions entered into by Suntec REIT.

In addition, the following procedures will be undertaken:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person 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 latest audited net tangible assets will be subject to review by the Audit Committee at regular intervals;

2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Suntec REIT's latest audited 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.

   The Manager will, in compliance with Rule 905 of the Listing Manual, announce any Interested Person Transaction if such transaction, either individually or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year (each equal to or exceeding S$100,000 in value), is 3.0% or more of Suntec REIT's latest audited net tangible assets; and

3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year (each equal to or exceeding S$100,000 in value)) equal to or exceeding 5.0% of the value of Suntec REIT's latest audited net tangible assets will be subject to review and approval 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 advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning Suntec REIT relate to transactions entered into or to be entered into by the Trustee with an interested person, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis, are on normal commercial terms, are not prejudicial to the interest of Suntec REIT and its Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix 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 an interested person. If the Trustee is to enter into any agreement with an interested person, the Trustee will review the terms of such agreement to ensure compliance with the requirements relating to Interested Person Transactions in the Listing Manual and the Property Funds Appendix (in each case, 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 REITs.

Suntec REIT will announce any Interested Person Transaction in accordance with the Listing Manual if such transactions, by itself or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year (each equal to or exceeding S$100,000 in value), is 3.0% or more of Suntec REIT's latest audited net tangible assets. The aggregate value of all Interested Person 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 that financial year.

Role of the Audit Committee for Interested Person Transactions and Internal Control Procedures

All Interested Person Transactions will be subject to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that Interested Person Transactions are conducted on an arm's length basis and are under normal commercial terms and are not prejudicial to Unitholders. Where an interested person is engaged as property management agent or marketing agent for the Trust's properties, the Audit Committee will satisfy itself at least once every two (2) to five (5) years, that the Manager has (i) periodically reviewed the compliance of the agent with the terms of the agreement; and (ii) taken remedial actions where necessary and has documented the reasons for its conclusions. In FY 2018, the Internal Auditors had performed such a review on APM Property Management Pte. Ltd, a related corporation of the Manager, and reported that there was no material non-compliance with terms of the property management agreement.

The Manager maintains a register to record all Interested Person Transactions (and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases) which are entered into by Suntec REIT. The Manager will incorporate into its internal audit plan a review of all Interested Person Transactions entered into by Suntec REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix and the Listing Manual have been complied with. The Audit Committee will periodically review all Interested Person Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and the Listing Manual. The review will include the examination of the nature of the transaction and the supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager will disclose in Suntec REIT's Annual Report the aggregate value of Interested Person Transactions conducted during the relevant financial year.

Material Contracts

There are no material contracts entered into by Suntec REIT or any of its subsidiaries that involve the interests of the CEO, any Director or any controlling Unitholder, except as disclosed in this Annual Report.

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA Trust Management (Suntec) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018 and a tenth supplemental deed dated 23 July 2018) (collectively the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 85 to 150 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

Singapore
31 March 2020

STATEMENT BY THE MANAGER

In the opinion of the directors of ARA Trust Management (Suntec) Limited, the accompanying financial statements set out on pages 85 to 150, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statements, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") as at 31 December 2019, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
ARA Trust Management (Suntec) Limited

Lim Hwee Chiang, John
Director

Chong Kee Hiong
Director and Chief Executive Officer

Singapore
31 March 2020

INDEPENDENT AUDITORS' REPORT

Unitholders of Suntec Real Estate Investment Trust
(Constituted under a Trust Deed dated 1 November 2004 (as amended) in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries ("the Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2019, and the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 85 to 150.

In our opinion, the accompanying consolidated financial statements of the Group and the Statement of Financial Position, Portfolio Statement, Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and the Trust as at 31 December 2019 and the total return, distributable income and movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 5 to the financial statements)

Risk:

As at 31 December 2019, the Group has interests in eight investment properties, including five properties held through interests in joint arrangements (collectively "investment properties").

The Group has engaged external valuers to perform independent valuations for each of the investment properties. The valuation process involves significant judgement in determining the appropriate valuation methodology and in estimating the underlying assumptions to be applied. Key underlying assumptions include price per square foot, projected cash flows, growth rates, discount rates, terminal yield and capitalisation rates.

Our response:

We evaluated the qualification and competence of the external valuers and held discussions with the valuers to understand their valuation methods and assumptions used, where appropriate.

We compared the valuation methodologies used against those used in the past and those applied by other valuers for similar property types.

For the underlying assumptions, we tested the integrity of the projected cash flows used in the valuations to supporting leases and other documents. When a growth rate is assumed in the projected cash flows, we assessed the reasonableness by comparing against historical trend and available industry data. We also assessed the price per square foot, discount rates, terminal yields and capitalisation rates, against historical trends and available industry data, taking into consideration comparability and market factors.

Our findings:

The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used are comparable to methods used in the prior years and those used for similar property types. The key assumptions used are comparable to the historical trends and within the range of available industry data.

Other information

ARA Trust Management (Suntec) Limited, the Manager of the Trust (the "Manager") is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report. We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

Unitholders of Suntec Real Estate Investment Trust
(Constituted under a Trust Deed dated 1 November 2004 (as amended) in the Republic of Singapore)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2020

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Non-current assets					
Plant and equipment	4	1,648	1,860	237	231
Investment properties	5	6,879,695	6,493,964	5,206,000	5,110,000
Interests in joint ventures	6	2,956,834	2,855,238	1,468,719	1,466,196
Interests in subsidiaries	7	–	–	1,780,370	1,539,802
Derivative assets	10	–	573	–	573
		9,838,177	9,351,635	8,455,326	8,116,802
Current assets					
Derivative assets	10	1	943	1	943
Trade and other receivables	8	36,987	23,168	39,708	16,220
Cash and cash equivalents	11	157,206	136,657	107,258	96,432
		194,194	160,768	146,967	113,595
Total assets		10,032,371	9,512,403	8,602,293	8,230,397
Current liabilities					
Interest-bearing borrowings	12	589,429	513,770	589,429	513,770
Trade and other payables	13	137,500	112,749	70,740	54,844
Derivative liabilities	10	11,761	3,408	11,761	3,408
Security deposits		19,967	19,744	17,437	17,107
		758,657	649,671	689,367	589,129
Non-current liabilities					
Interest-bearing borrowings	12	3,040,819	2,978,075	2,676,260	2,613,884
Security deposits		53,342	49,133	50,068	46,352
Derivative liabilities	10	20,473	27,397	12,540	26,474
Deferred tax liabilities	9	52,936	40,021	–	–
		3,167,570	3,094,626	2,738,868	2,686,710
Total liabilities		3,926,227	3,744,297	3,428,235	3,275,839
Net assets		6,106,144	5,768,106	5,174,058	4,954,558
Represented by:					
Unitholders' funds		5,977,058	5,636,523	5,174,058	4,954,558
Non-controlling interests	16	129,086	131,583	–	–
		6,106,144	5,768,106	5,174,058	4,954,558
Units in issue ('000)	17	2,801,016	2,670,633	2,801,016	2,670,633
Net asset value per Unit ($)	18	2.126	2.103	1.841	1.848

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Gross revenue	19	366,730	363,504	357,879	341,773
Property expenses	20	(129,978)	(121,995)	(70,065)	(61,095)
Impairment loss on trade receivables		(565)	(532)	(565)	(526)
Net property income		236,187	240,977	287,249	280,152
Share of profit of joint ventures	6	157,793	108,488	–	–
Finance income	21	28,739	24,929	28,604	24,788
Finance costs	21	(109,348)	(97,118)	(110,664)	(127,177)
Net finance costs		(80,609)	(72,189)	(82,060)	(102,389)
Asset management fees	22				
- base fee		(34,131)	(32,826)	(30,500)	(29,237)
- performance fee		(15,148)	(14,978)	(15,148)	(14,978)
Professional fees		(404)	(688)	(225)	(292)
Trustee's fees		(1,685)	(1,628)	(1,566)	(1,508)
Audit fees		(507)	(470)	(387)	(355)
Valuation fees		(131)	(141)	(78)	(94)
Other expenses	23	(815)	(952)	(758)	(863)
Net income		260,550	225,593	156,527	130,436
Net change in fair value of financial derivatives		(3,972)	5,328	3,038	6,251
Net change in fair value of investment properties	5	154,389	100,215	93,836	94,870
Total return for the year before tax		410,967	331,136	253,401	231,557
Tax expense	24	(15,874)	(12,973)	(584)	(423)
Total return for the year after tax		395,093	318,163	252,817	231,134
Attributable to:					
Unitholders of the Trust		390,534	307,177	252,817	231,134
Non-controlling interests	16	4,559	10,986	–	–
		395,093	318,163	252,817	231,134
Earnings per Unit (cents)					
Basic	25	14.158	11.522	9.166	8.670
Diluted	25	13.069	10.629	8.470	7.971

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

year ended 31 December 2019

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Amount available for distribution to Unitholders at the beginning of the year	69,220	69,036	69,220	69,036
Total return attributable to Unitholders	390,534	307,177	252,817	231,134
Net tax adjustments (Note A)	(269,697)	(187,498)	(16,087)	(3,323)
Taxable income	120,837	119,679	236,730	227,811
Add:				
- Tax exempt dividend income (Note B)	115,893	108,132	–	–
- Others (Note C)	26,000	39,000	26,000	39,000
Amount available for distribution to Unitholders	331,950	335,847	331,950	335,847
Distributions to Unitholders:				
Distribution of 2.590 cents per Unit for period from 1/10/2018 to 31/12/2018	(69,426)	–	(69,426)	–
Distribution of 3.230 cents per Unit for period from 1/1/2019 to 5/5/2019	(86,678)	–	(86,678)	–
Distribution of 1.565 cents per Unit for period from 6/5/2019 to 30/6/2019	(43,786)	–	(43,786)	–
Distribution of 2.365 cents per Unit for period from 1/7/2019 to 30/9/2019	(66,244)	–	(66,244)	–
Distribution of 2.604 cents per Unit for period from 1/10/2017 to 31/12/2017	–	(69,292)	–	(69,292)
Distribution of 2.433 cents per Unit for period from 1/1/2018 to 31/3/2018	–	(64,817)	–	(64,817)
Distribution of 2.474 cents per Unit for period from 1/4/2018 to 30/6/2018	–	(65,993)	–	(65,993)
Distribution of 2.491 cents per Unit for period from 1/7/2018 to 30/9/2018	–	(66,525)	–	(66,525)
	(266,134)	(266,627)	(266,134)	(266,627)
Income available for distribution to Unitholders at end of the year	65,816	69,220	65,816	69,220
Distribution per Unit (cents) *	9.507	9.988	9.507	9.988

* *The distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution for the last quarter of the financial year will be paid subsequent to the reporting date. See Note 31.*

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

year ended 31 December 2019

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Note A				
Net tax adjustments comprise:				
- Amortisation of transaction costs	8,659	8,395	8,659	8,395
- Asset management fees paid/payable in Units	36,519	35,371	36,519	35,371
- Net profit from subsidiaries and joint ventures	(203,630)	(149,975)	–	–
- Trustee's fees	1,685	1,628	1,566	1,508
- Net change in fair value of investment properties	(154,389)	(100,215)	(93,836)	(94,870)
- Net foreign currency exchange differences	1,832	1,312	10,087	39,359
- Net change in fair value of financial derivatives	4,084	(5,467)	(2,926)	(6,113)
- Sinking fund contribution	19,260	11,235	16,050	9,363
- Deferred tax	12,915	11,025	–	–
- Other items (Note D)	3,368	(807)	7,794	3,664
Net tax adjustments	(269,697)	(187,498)	(16,087)	(3,323)

Note B

This relates to the dividend income received from Comina Investment Limited, Suntec Harmony Pte. Ltd. and Suntec REIT Capital Pte. Ltd. and distributions of profits from Suntec REIT (Australia) Trust and BFC Development LLP ("BFCD LLP").

Note C

This relates to a portion of the sales proceeds from disposal of an investment property in December 2015.

Note D

This mainly relates to non-tax deductible expenses and rollover adjustments after finalisation of prior year adjustments.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

year ended 31 December 2019

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	5,636,523	5,639,074	4,954,558	4,954,212
Total return for the year after tax attributable to Unitholders of the Trust	390,534	307,177	252,817	231,134
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges [(1)]	756	1,248	–	–
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(17,438)	(80,188)	–	–
Net loss recognised directly in Unitholders' funds	(16,682)	(78,940)	–	–
Unitholders' transactions				
Creation of Units:				
- private placement Units	200,000	–	200,000	–
- conversion of convertible bonds	–	500	–	500
- asset management fees paid/payable in Units	18,105	17,405	18,105	17,405
Units to be issued:				
- asset management fees payable in Units	18,414	17,966	18,414	17,966
Unit issue expenses	(3,702)	(32)	(3,702)	(32)
Distributions to Unitholders	(266,134)	(266,627)	(266,134)	(266,627)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(33,317)	(230,788)	(33,317)	(230,788)
Unitholders' funds at end of the year	5,977,058	5,636,523	5,174,058	4,954,558

[(1)] *This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by a joint venture.*

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

as at 31 December 2019

Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate 2019 %	Committed Occupancy Rate 2018 %	Carrying Value 2019 $'000	Carrying Value 2018 $'000	Percentage of Unitholders' funds 2019 %	Percentage of Unitholders' funds 2018 %
Investment properties in Singapore											
Suntec City Mall	Leasehold	99 years	69 years	3 Temasek Boulevard	Commercial	99.6	99.6	2,070,000	2,060,000	34.6	36.5
Suntec City Office Towers	Leasehold	99 years	69 years	5 - 9 Temasek Boulevard	Commercial	100.0	98.6	3,136,000	3,050,000	52.5	54.1
Suntec Singapore ^	Leasehold	99 years	69 years	1 Raffles Boulevard	Commercial	n/m	n/m	720,000	711,000	12.0	12.6
Investment properties in Australia											
177 Pacific Highway	Freehold	–	–	177 – 199 Pacific Highway, North Sydney	Commercial	100.0	100.0	599,758	561,542	10.0	10.0
Olderfleet, 477 Collins Street	Freehold	–	–	477 Collins Street, Melbourne	Under development	n/m	n/m	213,206	111,422	3.6	2.0
55 Currie Street	Freehold	–	–	55 Currie Street, Adelaide	Commercial	91.7	n/m	140,731	–	2.4	–
Investment properties, at valuation								6,879,695	6,493,964	115.1	115.2
Interests in joint ventures (note 6)								2,956,834	2,855,238	49.5	50.6
								9,836,529	9,349,202	164.6	165.8
Other assets and liabilities (net)								(3,730,385)	(3,581,096)	(62.4)	(63.5)
Net assets								6,106,144	5,768,106	102.2	102.3
Non-controlling interests								(129,086)	(131,583)	(2.2)	(2.3)
Unitholders' funds								5,977,058	5,636,523	100.0	100.0

^ *denotes Suntec Singapore Convention and Exhibition Centre.*

n/m *denotes not meaningful.*

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

as at 31 December 2019

Trust

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate 2019 %	Committed Occupancy Rate 2018 %	Carrying Value 2019 $'000	Carrying Value 2018 $'000	Percentage of Unitholders' funds 2019 %	Percentage of Unitholders' funds 2018 %
Investment properties in Singapore											
Suntec City Mall	Leasehold	99 years	69 years	3 Temasek Boulevard	Commercial	99.6	99.6	2,070,000	2,060,000	40.0	41.6
Suntec City Office Towers	Leasehold	99 years	69 years	5 - 9 Temasek Boulevard	Commercial	100.0	98.6	3,136,000	3,050,000	60.6	61.5
Investment properties, at valuation								5,206,000	5,110,000	100.6	103.1
Interests in joint ventures (note 6)								1,468,719	1,466,196	28.4	29.6
Interests in subsidiaries (note 7)								1,780,370	1,539,802	34.4	31.1
								8,455,089	8,115,998	163.4	163.8
Other assets and liabilities (net)								(3,281,031)	(3,161,440)	(63.4)	(63.8)
Unitholders' funds								5,174,058	4,954,558	100.0	100.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

as at 31 December 2019

Note:

Suntec City Office Towers comprise 15 strata lots in Suntec City Office Tower One, 10 strata lots in Suntec City Office Tower Two, 76 strata lots in Suntec City Office Tower Three and all the strata lots in Suntec City Office Towers Four and Five.

Suntec Singapore comprises more than one million square feet of versatile floor space over six levels which includes approximately 142,000 square feet of retail space.

177 Pacific Highway is a 31-storey commercial building located in North Sydney, Australia.

Olderfleet, 477 Collins Street is a proposed 40-storey office building located in Melbourne, Australia. It is currently under development and is scheduled to be completed by mid 2020.

55 Currie Street is a 12-storey commercial building located in Adelaide, Australia.

The carrying amounts of the investment properties as at 31 December 2019 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Savills Valuations Pty Ltd, Valuations Services (SA) Pty Ltd and CIVAS (VIC) Pty Limited (2018: Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Jones Lang LaSalle Advisory Services Pty Ltd and CIVAS (VIC) Pty Limited). The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on the discounted cash flow method, capitalisation approach and direct comparison method.

	Valuation	
Description of property	**2019**	**2018**
	$'000	**$'000**
Suntec City Mall	2,070,000	2,060,000
Suntec City Office Towers	3,136,000	3,050,000
Suntec Singapore	720,000	711,000
177 Pacific Highway	599,758	561,542
Olderfleet, 477 Collins Street*	406,135	400,038
55 Currie Street	140,731	–

* *For Olderfleet, 477 Collins Street, the carrying amount of the investment property under development of $213,206,000 (2018: $111,422,000) is derived based on the valuation amount less estimated costs to complete.*

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

year ended 31 December 2019

	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities		
Net income	260,550	225,593
Adjustments for:		
Impairment loss on trade receivables	565	532
Bad debts recovered	(255)	(11)
Asset management fees paid/payable in Units	36,519	35,371
Depreciation of plant and equipment	835	1,056
Loss on disposal of plant and equipment	5	9
Net finance costs	80,609	72,189
Share of profit of joint ventures	(157,793)	(108,488)
	221,035	226,251
Changes in:		
- Trade and other receivables	(5,230)	(5,020)
- Trade and other payables	13,649	(11,802)
Cash generated from operations	229,454	209,429
Tax refund	–	920
Net cash from operating activities	229,454	210,349
Cash flows from investing activities		
Capital expenditure on investment properties	(5,707)	(5,830)
Acquisition of an investment property	(141,542)	–
Security deposit paid in relation to a development	(14,079)	–
Progress payments on construction	(86,003)	(41,576)
Dividend income received	78,390	65,123
Change in investment in joint ventures	(20,794)	(174,854)
Change in loans to joint ventures	(2,523)	(2,500)
Proceeds from disposal of plant and equipment	–	3
Interest received	26,926	23,851
Purchase of plant and equipment	(628)	(819)
Net cash used in investing activities	(165,960)	(136,602)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from financing activities			
Distributions to Unitholders		(265,905)	(266,636)
Dividends paid to non-controlling interests		(7,056)	(7,056)
Financing costs paid		(97,513)	(94,552)
Redemption of convertible bonds		(1,000)	–
Proceeds from euro medium term notes		100,000	330,000
Repayment of euro medium term notes		–	(105,000)
Proceeds from issuance of units		200,000	–
Proceeds from settlement of derivatives		2,166	–
Proceeds from interest-bearing loans		498,387	923,536
Unit issue costs paid		(3,702)	(32)
Repayment of interest-bearing loans		(465,000)	(888,342)
Net cash used in financing activities		(39,623)	(108,082)
Net increase/(decrease) in cash and cash equivalents		23,871	(34,335)
Cash and cash equivalents at beginning of the year		136,657	172,655
Effects of exchange rate fluctuations on cash held		(3,322)	(1,663)
Cash and cash equivalents at the end of the year	11	157,206	136,657

Significant non-cash transactions

The Group and the Trust had issued or will be issuing a total of 19,495,145 (2018: 19,443,129) Units to the Manager, amounting to approximately $36,519,000 (2018: $35,371,000) at unit prices ranging from $1.8183 to $1.9537 (2018: $1.7075 to $1.9058) as satisfaction of asset management fees payable in Units in respect of the year ended 31 December 2019 (2018: 31 December 2018).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 31 March 2020.

1. GENERAL

Suntec Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018 and a tenth supplemental deed dated 23 July 2018) (collectively the "Trust Deed") between ARA Trust Management (Suntec) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 9 December 2004 and was included in the Central Provident Fund Investment Scheme ("CPFIS") on 9 December 2004.

The principal activity of the Trust and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

The financial statements of the Trust as at and for the year ended 31 December 2019 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(i) Property management fees

APM Property Management Pte Ltd ("APM"), the property manager of Suntec City Mall and Suntec City Office Towers is entitled to receive 3.0% per annum of gross revenue for provision of lease management services, marketing and marketing co-ordination services and property management services. In addition, where the aggregate of all (1) licence fees; (2) media sales; and (3) other advertising and promotion income derived from Suntec City Mall for each financial year exceeds $5,520,000, APM is entitled to receive a commission of 10.0% of the said licence fees, media sales and other advertising and promotion income which exceeds $5,520,000 for each financial year.

Suntec Singapore International Convention and Exhibition Services Pte Ltd, the operator of Suntec Singapore Convention and Exhibition Centre, is entitled to receive 3.0% per annum of gross revenue for operations, sales and marketing services for conventions, exhibitions, meetings and events facilities.

CBRE Pty Ltd ("CBRE"), the building manager of 177 Pacific Highway, is entitled to receive an agreed annual fee for the provision of property management, real estate accounting and technical services.

APM Australia (ARA) Pty Ltd, the property manager of 55 Currie Street is entitled to receive 1.5% per annum of gross income.

The property management fees are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (CONT'D)

(ii) Asset management fees

Pursuant to the Trust Deed, asset management fees comprise the following:

(a) a base fee not exceeding 0.3% per annum of the value of the Deposited Property (being all the assets of the Trust (including all its Authorised Investments) as defined in the Trust Deed) of the Trust or such higher percentage as may be approved by an extraordinary resolution of a meeting of Unitholders; and

(b) 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 the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) 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 approved by an extraordinary resolution at a meeting of Unitholders.

Based on the current agreement between the Manager and the Trustee, the base fee is agreed to be 0.3% per annum of the value of the Deposited Property.

The asset management fees shall be paid in the form of Units and/or cash as the Manager may elect. The portion of the base fees payable in the form of Units is payable quarterly in arrears and the portion of the asset management fees payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in form of cash and/or Units.

The Manager is also entitled to receive an acquisition fee at the rate of 1.0% of the acquisition price and a divestment fee of 0.5% of the sales price on all future acquisitions and disposals of properties.

(iii) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property (subject to a minimum sum of $9,000 per month) or such higher percentage as may be approved by an extraordinary resolution of a meeting of Unitholders.

The Trustee's fee is payable out of the Deposited Property of the Trust on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of all reasonable out-of-pocket expenses incurred in the performance of its duties under the Trust Deed.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

These financial statements are prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- note 5 – Valuation of investment properties
- note 15 – Valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Manager has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values; and reports directly to the Chief Executive Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations, broker quotes or pricing services, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuation should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 5 – Valuation of investment properties
- note 15 – Valuation of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and FRS 111)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)

An explanation of how the Group classifies and measures its leases under the principles of FRS 116 is set out in Note 3.5.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests ("NCI") in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

As at 31 December 2019, the Group is a 50% (31 December 2018: 50%) partner with Mirvac Commercial Sub SPV Ltd in 477 Collins Street Joint Venture (the "477 Collins Street Joint Venture"), whose principal activity is that of a property investment and the place of business is Australia. The Group has classified the 477 Collins Street Joint Venture as a joint operation as the joint venture partners control the 477 Collins Street Joint Venture collectively, and the 477 Collins Street Joint Venture is not structured through a separate legal vehicle.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries and joint ventures are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised and presented in the foreign currency translation reserve (translation reserve) in Unitholders' funds. However, if the foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised and presented in the translation reserve in Unitholders' funds.

3.3 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The gain or loss arising from the retirement or disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	5 years
Equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS (being (i) at least once a financial year and (ii) in the event that the manager proposes to issue new Units or redeem existing Units and the valuation was conducted more than six months ago and the market conditions indicate that the real estate values have changed materially).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Property that is being constructed for future use as investment property is accounted for at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

(i) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

Leases - Policy applicable before 1 January 2019 (cont'd)

(i) As a lessee

Payment made under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease.

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. The effective portion of changes in the fair value of the derivative that is recognised in the hedging reserve in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Unitholders' funds until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

(vii) Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(viii) Convertible bonds

The convertible bonds comprise a liability for the principal and interest and a derivative liability. The liability component of the convertible bonds is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The derivative liability is recognised initially at the difference between the fair value of the convertible bonds as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability component and derivative liability in proportion to their initial carrying amounts.

Subsequent to initial recognition, the convertible bonds are measured at amortised cost using the effective interest method. The separated derivative liability is measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods in respect of assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against Unitholders' funds.

3.9 Revenue recognition

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

3.10 Expenses

(i) Property expenses

Property expenses consist of advertising and promotion expenses, property tax, property management fees (using the applicable formula stipulated in note 1(i)), maintenance charges and other property outgoings in relation to investment properties where such expenses are the responsibility of the Group.

(ii) Asset management fees

Asset management fees are recognised on an accrual basis using the applicable formula stipulated in note 1(ii).

(iii) Trustee's fee

Trustee's fee is recognised on an accrual basis using the applicable formula stipulated in note 1(iii).

3.11 Finance income and finance costs

Finance income comprises interest income on funds invested and net foreign exchange gains that are recognised in profit or loss.

Finance costs comprise interest expense on borrowings, amortisation of transaction costs incurred on borrowings and net foreign exchange losses that are recognised in profit or loss.

Foreign exchange gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign exchange movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Finance income and finance costs (cont'd)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, measured using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax is not recognised for temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date and reflects uncertainty related to income tax, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity; or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits, against which the temporary differences can be utilised, will be available. Deferred tax assets are reviewed at each reporting date and 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 the Trust for income earned and expenditure incurred after its listing on the 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 the Trust, the Trustee will not be taxed on the portion of taxable income of the Trust 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 the Trust 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

Although the Trust is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax from distributions of such taxable income of the Trust (i.e. which has not been taxed in the hands of the Trustee) to certain Unitholders. However, the Trustee and the Manager will not deduct tax from distributions made out of the Trust's taxable income to the extent that the beneficial Unitholder is:

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- A body of persons registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club or a trade and industry association);
- 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 the Trust;
- An agent bank acting as a nominee for individuals who have purchased Units within the CPFIS and the distributions received from the Trust are returned to CPFIS; or
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

The above tax transparency ruling does not apply to gains from sale of properties. Where the gains are trading gains, the Trustee will be assessed for tax. Where the gains are capital gains, the Trustee will not be assessed for tax and may distribute the capital gains without tax being deducted at source.

3.13 Earnings per unit

Basic earnings per unit is calculated by dividing the total return for the year after tax attributable to Unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to Unitholders of the Trust and the weighted average number of units outstanding, adjusted for the effects of all dilutive potential units.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the chief operating decision maker), to make decisions about resources to be allocated to the segment and to assess the segment's performance, and for which discrete financial information is available.

3.15 New standards and interpretations not yet adopted

A number of new standards and amendments to standards, including those listed below, are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements. They are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position:

- *Amendments to References to Conceptual Framework in FRS Standards;*
- *Definition of a Business* (Amendments to FRS 103); and
- *Definition of Material* (Amendments to FRS 1 and FRS 8).

4. PLANT AND EQUIPMENT

Group	Furniture and fittings $'000	Equipment $'000	Total $'000
Cost			
At 1 January 2018	5,563	2,317	7,880
Additions	605	214	819
Disposals	(147)	(130)	(277)
At 31 December 2018	6,021	2,401	8,422
Additions	301	327	628
Disposals	(52)	(84)	(136)
At 31 December 2019	6,270	2,644	8,914
Accumulated depreciation			
At 1 January 2018	4,060	1,711	5,771
Depreciation charge for the year	706	350	1,056
Disposals	(140)	(125)	(265)
At 31 December 2018	4,626	1,936	6,562
Depreciation charge for the year	496	339	835
Disposals	(52)	(79)	(131)
At 31 December 2019	5,070	2,196	7,266
Carrying amounts			
At 1 January 2018	1,503	606	2,109
At 31 December 2018	1,395	465	1,860
At 31 December 2019	1,200	448	1,648

Trust	Equipment $'000
Cost	
At 1 January 2018	1,362
Additions	38
At 31 December 2018	1,400
Additions	195
At 31 December 2019	1,595
Accumulated depreciation	
At 1 January 2018	980
Depreciation charge for the year	189
At 31 December 2018	1,169
Depreciation charge for the year	189
At 31 December 2019	1,358
Carrying amounts	
At 1 January 2018	382
At 31 December 2018	231
At 31 December 2019	237

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 January	6,493,964	6,387,338	5,110,000	5,011,000
Acquisitions	141,542	–	–	–
Capital expenditure capitalised	99,390	62,808	2,164	4,130
	6,734,896	6,450,146	5,112,164	5,015,130
Changes in fair value	154,389	100,215	93,836	94,870
Effects of movements in exchange rates	(9,590)	(56,397)	–	–
At 31 December	6,879,695	6,493,964	5,206,000	5,110,000

Measurement of fair value

The fair value of investment properties is determined by external independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. Valuations of the investment properties are carried out at least once a year.

The valuers have considered valuation techniques including the discounted cash flow method, capitalisation approach and/or direct comparison method. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparable in terms of location, area, quality and other relevant factors.

The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

Fair value hierarchy

The fair value measurement for investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

5. INVESTMENT PROPERTIES (CONT'D)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate	Singapore: 6.00% - 6.50% (2018: 6.25% - 6.50%) Australia: 6.38% - 7.75% (2018: 6.50%)	The estimated fair value would increase if the discount rate and terminal yield were lower.
	Terminal yield	Singapore 4.00% - 6.20% (2018: 4.15% - 6.50%) Australia 4.62% - 7.50% (2018: 4.68% - 5.63%)	
Capitalisation approach	Capitalisation rate	Singapore 3.50% - 6.25% (2018: 3.50% - 6.25%) Australia 4.50% - 7.25% (2018: 4.62% - 5.63%)	The estimated fair value would increase if the capitalisation rate was lower.
Direct comparison method	Price per square foot	Singapore $665 - $2,474 (2018: $461 - $2,423)	The estimated fair value would increase if the price per square foot was higher.

Security

The investment property, Suntec Singapore (2018: Suntec Singapore), with a total carrying value of $720,000,000 (2018: $711,000,000), has been mortgaged as security for a credit facility granted to a subsidiary (note 12).

6. INTERESTS IN JOINT VENTURES

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Investment in joint ventures	2,338,689	2,239,616	850,574	850,574
Loans to joint ventures	618,145	615,622	618,145	615,622
	2,956,834	2,855,238	1,468,719	1,466,196

The loans bear interest between 3.74% to 5.46% (2018: 3.37% to 5.16%) per annum and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

6. INTERESTS IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Effective interests held by the Group	
		2019 %	2018 %
One Raffles Quay Pte. Ltd. ("ORQPL") [(1)]	Singapore	33.33	33.33
BFC Development LLP ("BFCDLLP") [(1)]	Singapore	33.33	33.33
Park Mall Investment Limited ("PMIL") [(2)]	British Virgin Islands	30.0	30.0
Southgate Trust ("SGT") [(3)]	Australia	50.0	50.0
<u>*Held by joint ventures*</u>			
Held by PMIL			
Park Mall Holdings Limited [(2)]	British Virgin Islands	30.0	30.0
Held by Park Mall Holdings Limited			
Park Mall Pte. Ltd. [(4)]	Singapore	30.0	30.0

One Raffles Quay Pte. Ltd. owns One Raffles Quay, Singapore.

BFC Development LLP owns Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, Singapore.

Park Mall Pte. Ltd. owns a commercial property located at 9 Penang Road, Singapore.

Suntec REIT (Australia) Trust owns 50% interest in Southgate Trust which in turn, owns 100% (2018: 100%) in Southgate Complex, Melbourne, Australia.

(1) *Audited by Ernst & Young LLP. The Manager's Board of Directors and Audit Committee are satisfied that the appointment will not compromise the standard and effectiveness of the audit.*

(2) *Not required to be audited under the laws of the country in which it was incorporated.*

(3) *For consolidation purposes, this entity has been audited by a member of KPMG International.*

(4) *Audited by KPMG LLP Singapore.*

6. INTERESTS IN JOINT VENTURES (CONT'D)

The following summarises the financial information of the Group's material joint ventures based on their financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	ORQPL $'000	BFCDLLP $'000	PMIL $'000	SGT $'000	Total $'000
2019					
Revenue	148,089	216,829	1	54,983	419,902
Expenses	(82,991)	(114,305)	(6,081)	(20,253)	(223,630)
Net change in fair value of investment properties	18,100	–	190,715	46,261	255,076
Total return for the year [(a)]	83,198	102,524	184,635	80,991	451,348
[(a)] Includes:					
- Depreciation	(28)	(44)	–	–	(72)
- Interest income	237	403	–	76	716
- Interest expense	(34,269)	(69,195)	(3,795)	–	(107,259)
- Tax expense	(13,423)	–	–	–	(13,423)
Non-current assets	1,712,422	5,081,981	930,002	757,622	8,482,027
Current assets[(b)]	1,512,570	18,347	7,246	11,273	1,549,436
Current liabilities[(c)]	(933,781)	(5,983)	(37,935)	(6,901)	(984,600)
Non-current liabilities[(d)]	(172,549)	(1,743,930)	(460,608)	–	(2,377,087)
Net assets	2,118,662	3,350,415	438,705	761,994	6,669,776
[(b)] Includes cash and cash equivalents	16,654	15,610	3,044	9,108	44,416
[(c)] Includes current financial liabilities (excluding trade and other payables and provisions)	910,904	5,034	–	1,084	917,022
[(d)] Includes non-current financial liabilities (excluding trade and other payables and provisions)	167,069	1,743,930	460,608	–	2,371,607
Group's interest in net assets of joint ventures at the beginning of the year	699,429	1,116,795	69,501	353,891	2,239,616
Share of total return	27,732	34,175	55,390	40,496	157,793
Distributions for the year	(21,693)	(34,165)	–	(18,699)	(74,557)
Gain/(Loss) recognised directly in Unitholders' funds	756	–	–	(5,713)	(4,957)
Capital injection	–	–	6,720	14,074	20,794
Carrying amount of interest in joint ventures at the end of the year	706,224	1,116,805	131,611	384,049	2,338,689

6. INTERESTS IN JOINT VENTURES (CONT'D)

	ORQPL $'000	BFCDLLP $'000	PMIL $'000	SGT $'000	Total $'000
2018					
Revenue	150,500	212,866	–	48,279	411,645
Expenses	(82,767)	(115,003)	(746)	(20,852)	(219,368)
Net change in fair value of investment properties	4,000	7,000	–	72,266	83,266
Total return for the year [(a)]	71,733	104,863	(746)	99,693	275,543
[(a)] Includes:					
- Depreciation	(9)	(32)	–	–	(41)
- Interest income	216	270	–	108	594
- Interest expense	(33,186)	(62,857)	–	–	(96,043)
- Tax (expense)/refund	(14,012)	–	316	–	(13,696)
Non-current assets	1,693,878	5,076,554	636,322	700,083	8,106,837
Current assets[(b)]	1,502,165	7,347	7,093	22,597	1,539,202
Current liabilities[(c)]	(49,098)	(33,047)	(12,119)	(21,002)	(115,266)
Non-current liabilities[(d)]	(1,048,670)	(1,700,466)	(399,626)	–	(3,148,762)
Net assets	2,098,275	3,350,388	231,670	701,678	6,382,011
[(b)] Includes cash and cash equivalents	9,352	18,755	5,587	18,883	52,577
[(c)] Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	8,741	8,741
[(d)] Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,043,107	1,704,527	399,626	–	3,147,260
Group's interest in net assets of joint ventures at the beginning of the year	696,438	1,114,449	61,483	174,742	2,047,112
Share of total return	23,911	34,954	(223)	49,846	108,488
Distributions for the year	(22,552)	(32,608)	–	(13,395)	(68,555)
Gain/(Loss) recognised directly in Unitholders' funds	1,632	–	–	(23,915)	(22,283)
Capital injection	–	–	8,241	166,613	174,854
Carrying amount of interest in joint ventures at the end of the year	699,429	1,116,795	69,501	353,891	2,239,616

7. INTERESTS IN SUBSIDIARIES

	Trust	
	2019 $'000	2018 $'000
Equity investment at cost	957,336	914,067
Loans to subsidiaries	823,034	625,735
	1,780,370	1,539,802

The loans are unsecured, interest-free and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

7. INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interests held by the Group 2019 %	2018 %
Held by the Trust			
Comina Investment Limited. [(2)]	British Virgin Islands	100.0	100.0
Suntec Harmony Pte. Ltd. [(1)]	Singapore	100.0	100.0
Suntec REIT MTN Pte. Ltd. [(1)]	Singapore	100.0	100.0
Suntec REIT Capital Pte. Ltd. [(1)]	Singapore	100.0	100.0
Suntec REIT (Australia) Trust [(2)]	Australia	100.0	100.0
Suntec (PM) Pte. Ltd. [(1)]	Singapore	100.0	100.0
Held through subsidiaries			
Held by Suntec Harmony Pte. Ltd.			
Harmony Partners Investments Limited [(2)]	British Virgin Islands	51.0	51.0
Held by Harmony Partners Investments Limited			
Harmony Investors Group Limited [(2)]	British Virgin Islands	60.8	60.8
Held by Harmony Investors Group Limited			
Harmony Investors Holding Limited [(2)]	British Virgin Islands	60.8	60.8
Held by Harmony Investors Holding Limited			
Harmony Convention Holding Pte Ltd [(1)]	Singapore	60.8	60.8
Held by Suntec REIT (Australia) Trust			
Suntec REIT 177 Trust [(3)]	Australia	100.0	100.0
Suntec REIT 477 Trust [(3)]	Australia	100.0	100.0
Suntec REIT 55 Trust (formerly Suntec Southgate Trust) [(3)]	Australia	100.0	100.0
Suntec REIT 21 Trust [(2)]	Australia	100.0	–

Harmony Convention Holding Pte Ltd owns Suntec Singapore, Singapore.

Suntec REIT 177 Trust owns 177 – 199 Pacific Highway, North Sydney.

Suntec REIT 477 Trust owns 50% interest in Olderfleet, 477 Collins Street, Melbourne.

Suntec REIT 55 Trust (formerly Suntec Southgate Trust) owns 55 Currie Street, Adelaide.

(1) *Audited by KPMG LLP Singapore.*

(2) *Not required to be audited under the laws of the country in which it is incorporated.*

(3) *For consolidation purposes, this entity has been audited by a member of KPMG International.*

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	12,986	15,490	6,045	6,408
Impairment losses	(1,707)	(3,567)	(1,698)	(3,546)
Net receivables	11,279	11,923	4,347	2,862
Deposits	14,037	12	–	–
Amounts due from subsidiaries:				
- Non-trade	–	–	29,023	8,762
Other receivables	3,316	5,646	26	377
Prepayments	8,355	5,587	6,312	4,219
	36,987	23,168	39,708	16,220

The trade receivables in respect of Suntec Singapore (2018: Suntec Singapore), amounting to $5,999,000 (2018: $$9,075,000) are charged or assigned by way of security for a credit facility granted to a subsidiary (note 12).

Deposits mainly relates to security deposit paid for the development of a freehold property located at 21 Harris Street, Pyrmont, Sydney, Australia.

The non-trade amounts due from the subsidiaries are unsecured, interest-free and repayable on demand.

The exposure of the Group and the Trust to currency risk, credit risk and impairment losses related to trade receivables is disclosed in note 15.

9. DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year

	At 1 January 2018 $'000	Recognised in statement of total return (note 24) $'000	At 31 December 2018 $'000	Recognised in statement of total return (note 24) $'000	At 31 December 2019 $'000
Investment properties	31,368	11,742	43,110	10,371	53,481
Plant and equipment	178	13	191	(78)	113
Tax losses carry-forward	(2,293)	–	(2,293)	1,867	(426)
Others	(257)	(730)	(987)	755	(232)
	28,996	11,025	40,021	12,915	52,936

10. FINANCIAL DERIVATIVES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Derivative assets				
- Interest rate swaps	1	1,516	1	1,516
Classified as:				
Current	1	943	1	943
Non-current	–	573	–	573
	1	1,516	1	1,516
Derivative liabilities				
- Interest rate swaps	19,585	5,868	11,652	4,945
- Forward exchange contracts	88	1,305	88	1,305
- Embedded derivatives relating to convertible bonds	12,561	23,632	12,561	23,632
	32,234	30,805	24,301	29,882
Classified as:				
Current	11,761	3,408	11,761	3,408
Non-current	20,473	27,397	12,540	26,474
	32,234	30,805	24,301	29,882

Interest rate swaps

The Group and the Trust use interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of these term loans from floating rates to fixed rates.

Interest rate swaps of the Group and the Trust with a total notional amount of $1,466.5 million (2018: $1,357.5 million) and $1,100.5 million (2018: $1,265.5 million) respectively, have been entered into at the reporting date to provide fixed rate funding for 3 to 5 years (2018: 3 years) at an average interest rate of 1.48% to 2.24% (2018: 1.31% to 2.24%) per annum.

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on its net income denominated in Australian Dollar from its investment in Australia by using forward exchange contracts.

Forward exchange contracts with aggregate notional amounts of $20.2 million (2018: $20.6 million), with maturities of less than one year, have been entered into to hedge the currency risk of Australian Dollar.

Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2019 and 31 December 2018, the Group's derivative financial assets and liabilities do not have any amounts that are eligible for offsetting under the enforceable master netting arrangement.

11. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	156,132	96,211	106,184	55,986
Fixed deposits	1,074	40,446	1,074	40,446
	157,206	136,657	107,258	96,432

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and the Trust is 0.74% and 0.62% (2018: 1.19% and 1.23%) per annum respectively. Interest rates reprice at intervals of one month.

Cash and cash equivalents in respect of Suntec Singapore (2018: Suntec Singapore) amounting to $22,153,000 (2018: $30,716,000) are charged or assigned by way of security for a credit facility granted to a subsidiary (note 12).

The exposure of the Group and the Trust to interest rate and currency risks related to financial assets are disclosed in note 15.

12. INTEREST-BEARING BORROWINGS

		Group		Trust	
	Note	**2019**	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Term loans					
- secured		364,559	364,191	–	–
- unsecured		2,901,938	2,767,994	2,901,938	2,767,994
		3,266,497	3,132,185	2,901,938	2,767,994
Convertible bonds					
- unsecured	14	363,751	359,660	363,751	359,660
		3,630,248	3,491,845	3,265,689	3,127,654
Classified as:					
Current		589,429	513,770	589,429	513,770
Non-current		3,040,819	2,978,075	2,676,260	2,613,884
		3,630,248	3,491,845	3,265,689	3,127,654

The exposure of the Group and the Trust to liquidity and interest rate risks related to interest-bearing borrowings are disclosed in note 15.

12. INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

	Currency	Weighted average nominal interest rate %	Year of maturity	2019 Face value $'000	2019 Carrying amount $'000	2018 Face value $'000	2018 Carrying amount $'000
Group							
Floating rate term loans	SGD	2.57%	2019 – 2024	2,336,923	2,328,000	2,303,536	2,294,006
Fixed rate term loans	SGD	3.20%	2020 – 2025	940,000	938,497	840,000	838,179
Convertible bonds	SGD	1.75%	2024	300,000	279,470	300,000	275,686
Convertible bonds	SGD	1.75%	2021	86,500	84,281	87,500	83,974
				3,663,423	3,630,248	3,531,036	3,491,845
Trust							
Floating rate term loans	SGD	2.59%	2019 – 2024	1,970,923	1,963,441	1,937,536	1,929,815
Fixed rate term loans	SGD	3.20%	2020 – 2025	940,000	938,497	840,000	838,179
Convertible bonds	SGD	1.75%	2024	300,000	279,470	300,000	275,686
Convertible bonds	SGD	1.75%	2021	86,500	84,281	87,500	83,974
				3,297,423	3,265,689	3,165,036	3,127,654

Secured term loan

As at 31 December 2019, the Group has in place a secured term loan facility and revolving credit facility amounting to $406.0 million (2018: $406.0 million) with a panel of banks. As at 31 December 2019, the Group has drawn down $366.0 million (2018: $366.0 million) of secured facilities.

The facilities are secured on the following:

- A first legal mortgage on Suntec Singapore (2018: Suntec Singapore) (the "Property");
- A first fixed charge over the central rental collection account in relation to the Property (notes 8 and 11);
- An assignment of the subsidiary's rights, title and interest in the key documents and the proceeds in connection with the Property;
- An assignment of the subsidiary's rights, title and interest in the insurance policies in relation to the Property; and
- A fixed and floating charge over the assets of the subsidiary in relation to the Property, agreements, collateral, as required by the financial institutions granting the facility (note 5).

12. INTEREST-BEARING BORROWINGS (CONT'D)

Unsecured term loans

Included in unsecured term loans are euro medium term notes ("EMTN") amounting to $940.0 million (2018: $840.0 million).

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative liabilities	
	Term loans $'000	Convertible bonds $'000	Interest payable $'000	Embedded derivatives liabilities relating to convertible bonds $'000	Total $'000
Balance at 1 January 2019	3,132,185	359,660	14,290	23,632	3,529,767
Changes from financing cash flows					
Financing costs paid	(2,997)	(15)	(94,501)	–	(97,513)
Redemption of convertible bonds	–	(1,000)	–	–	(1,000)
Proceeds from euro medium term notes	100,000	–	–	–	100,000
Proceeds from interest-bearing loans	498,387	–	–	–	498,387
Repayment of interest-bearing loans	(465,000)	–	–	–	(465,000)
Total changes from financing cash flows	130,390	(1,015)	(94,501)	–	34,874
Change in fair value	–	–	–	(11,071)	(11,071)
Other changes					
Liability-related					
Financing costs	3,922	5,106	98,862	–	107,890
Capitalised borrowing costs	–	–	4,325	–	4,325
Total liability-related other changes	3,922	5,106	103,187	–	112,215
Balance at 31 December 2019	3,266,497	363,751	22,976	12,561	3,665,785

12. INTEREST-BEARING BORROWINGS (CONT'D)

	Liabilities			Derivative liabilities	
	Term loans $'000	Convertible bonds $'000	Interest payable $'000	Embedded derivatives liabilities relating to convertible bonds $'000	Total $'000
Balance at 1 January 2018	2,875,634	355,237	12,825	38,481	3,282,177
Changes from financing cash flows					
Financing costs paid	(8,022)	(10)	(86,520)	–	(94,552)
Proceeds from euro medium term notes	330,000	–	–	–	330,000
Repayment of euro medium term notes	(105,000)	–	–	–	(105,000)
Proceeds from interest-bearing loans	923,536	–	–	–	923,536
Repayment of interest-bearing loans	(888,342)	–	–	–	(888,342)
Total changes from financing cash flows	252,172	(10)	(86,520)	–	165,642
Change in fair value	–	–	–	(14,849)	(14,849)
Other changes					
Liability-related					
Financing costs	4,379	4,933	85,929	–	95,241
Capitalised borrowing costs	–	–	2,056	–	2,056
Total liability-related other changes	4,379	4,933	87,985	–	97,297
Total equity-related other changes	–	(500)	–	–	(500)
Balance at 31 December 2018	3,132,185	359,660	14,290	23,632	3,529,767

13. TRADE AND OTHER PAYABLES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables	3,053	1,663	1,147	563
Accrued operating expenses	38,136	36,421	26,558	21,160
Amounts due to a subsidiary (trade)	–	–	10	2
Amounts due to related parties (trade):				
- Trustee	413	258	413	258
- Manager	4,399	3,727	4,147	3,514
- Related corporations of the Manager	3,149	3,472	825	1,223
Deferred income	21,588	25,254	9,037	9,461
Interest payable	22,976	14,290	22,851	13,414
Other payables	43,786	27,664	5,752	5,249
	137,500	112,749	70,740	54,844

As at 31 December 2019, other payables of the Group include progress payments payable of $25.1 million (2018: $21.4 million) for Olderfleet, 477 Collins Street.

The exposure of the Group and the Trust to liquidity and currency risks related to trade and other payables is disclosed in note 15.

14. CONVERTIBLE BONDS – DEBT COMPONENT

	Group and Trust	
	2019	2018
	$'000	$'000
At 1 January	359,660	355,237
Redemption of convertible bonds due 2021	(1,000)	–
Conversion of convertible bonds due 2021	–	(500)
Transaction costs	(15)	(10)
Amortisation of transaction costs	773	764
Interest accretion	4,333	4,169
At 31 December	363,751	359,660

Convertible bonds due 2024

In 2017, the Trust issued $300.0 million principal amounts of convertible bonds (the "2024 Bonds") due 2024 which carry a coupon interest at 1.75% per annum. The 2024 Bonds are convertible by bondholders into Units at the initial conversion price of $2.189 per new Unit. In accordance with the terms and conditions of the 2024 Bonds (the "Terms of the 2024 Bonds"), the initial conversion price of $2.189 was adjusted to $2.14 per new Unit, effective as of 28 February 2019.

Based on the conversion price of $2.14 (2018: $2.189), the 2024 Bonds are convertible into approximately 140,186,915 Units (2018: 137,048,880 Units), representing 5.0% (2018: 5.1%) of the total number of Units of the Trust in issue as at 31 December 2019 (2018: 31 December 2018). The Trust has the option to pay cash in lieu of issuing new Units on conversion of any 2024 Bonds. The 2024 Bonds may be redeemed, in whole or in part, at the option of the bondholders on 30 November 2020 at their principal amount plus interest accrued up to the date of the redemption. The 2024 Bonds may also be redeemed, in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, at the option of the Trust on or at any time after 30 November 2020 but not less than 7 business days prior to 30 November 2024 (subject to the satisfaction of certain conditions).

NOTES TO THE FINANCIAL STATEMENTS

14. CONVERTIBLE BONDS – DEBT COMPONENT (CONT'D)

Convertible bonds due 2024 (cont'd)

Unless previously redeemed by the boldholders on 30 November 2020 or by the Trust on or at any time after 30 November 2020 but not less than 7 business days prior to 30 November 2024, the final redemption date of the 2024 Bonds is 30 November 2024.

As at 31 December 2019, the effective interest rate for the 2024 Bonds – debt component – is approximately 3.27% (2018: 3.27%) per annum.

On 22 January 2020, the Manager announced that the conversion price of the 2024 Bonds would be adjusted from $2.14 to $2.11 per new Unit effective as of 28 February 2020. Based on the revised conversion price, the 2024 Bonds are convertible into approximately 142,180,094 Units, representing 5.1% of the total number of Units of the Trust in issue as at 31 December 2019.

Convertible bonds due 2021

In 2016, the Trust issued $300.0 million principal amounts of convertible bonds (the "2021 Bonds") due 2021 which carry a coupon interest at 1.75% per annum. The 2021 Bonds are convertible by bondholders into Units at the initial conversion price of $2.101 per new Unit. The initial conversion price of $2.101 was adjusted to $2.06 per new Unit, in accordance with the terms and conditions of the 2021 Bonds (the "Terms of the 2021 Bonds"), effective as of 28 February 2017.

The Trust has the option to pay cash in lieu of issuing new Units on conversion of any 2021 Bonds. The 2021 Bonds may be redeemed, in whole or in part, at the option of the bondholders on 5 September 2019 at their principal amount plus interest accrued up to the date of the redemption. The 2021 Bonds may also be redeemed, in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, at the option of the Trust on or at any time after 5 September 2019 but not less than 7 business days prior to 5 September 2021 (subject to the satisfaction of certain conditions).

On 15 January 2018 and 20 February 2018, conversion notices for the conversion of $500,000 in principal amount of 2021 Bonds were received pursuant to condition 5.2(c)(i) of the Terms of the 2021 Bonds. Pursuant to the aforementioned conversion notices received, 242,718 new Units were issued at a conversion price of $2.06 per new Unit on 25 January 2018 and 28 February 2018. Accordingly, $500,000 in principal amount of the 2021 Bonds had been converted and cancelled in accordance with the Terms of the 2021 Bonds.

The conversion price of $2.06 was adjusted to $2.04 per new Unit, effective as of 28 November 2018 and further adjusted to $2.01 per new Unit, effective as of 28 February 2019 in accordance with the Terms of the 2021 Bonds.

As at 31 December 2019, $86.5 million (2018: $87.5 million) remained outstanding.

Based on the adjusted conversion price of $2.01 (2018: $2.04), the 2021 Bonds are convertible into approximately 43,034,825 Units (2018: 42,892,156 Units), representing 1.5% (2018: 1.6%) of the total number of Units of the Trust in issue as at 31 December 2019 (31 December 2018).

As at 31 December 2019, the effective interest rate for the 2021 Bonds – debt component – is approximately 3.33% (2018: 3.32%) per annum.

On 22 January 2020, the Manager announced that the conversion price of the 2021 Bonds would be adjusted from $2.01 to $1.98 per new Unit effective as of 28 February 2020. Based on the revised conversion price, the 2021 Bonds are convertible into approximately 43,686,868 Units, representing 1.5% of the total number of Units of the Trust in issue as at 31 December 2019.

15. FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Manager monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager oversees how management of the Manager monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by the Audit Committee. The Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Credit risk

Credit risk is the potential loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Manager has established credit limits for tenants, obtained security deposits and/or bank guarantees (where applicable) and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

		Group		**Trust**	
	Note	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Trade and other receivables*	8	28,632	17,581	33,396	12,001
Derivative assets					
- Interest rate swaps	10	1	1,516	1	1,516
Cash and cash equivalents	11	157,206	136,657	107,258	96,432
		185,839	155,754	140,655	109,949

* *Excludes prepayments.*

15. FINANCIAL INSTRUMENTS (CONT'D)

Exposure to credit risk (cont'd)

The maximum exposure to credit risk for trade receivables at the reporting date by type of tenant is:

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Office	1,026	811	74	802
Retail	4,506	2,383	4,273	2,060
Convention	5,747	8,729	–	–
	11,279	11,923	4,347	2,862

The Group's tenants are engaged in a wide spectrum of business activities across many industry segments.

Impairment losses

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the last three years.

The ageing of trade receivables at the reporting date was:

	2019 $'000	2018 $'000
Group		
Not past due	8,238	9,623
Past due 31 – 60 days	1,065	1,060
Past due 61 – 90 days	501	526
More than 90 days	3,182	4,281
	12,986	15,490
Less: Impairment loss	(1,707)	(3,567)
	11,279	11,923
Trust		
Not past due	2,281	2,367
Past due 31 – 60 days	482	244
Past due 61 – 90 days	381	251
More than 90 days	2,901	3,546
	6,045	6,408
Less: Impairment loss	(1,698)	(3,546)
	4,347	2,862

15. FINANCIAL INSTRUMENTS (CONT'D)

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 January	3,567	3,175	3,546	3,122
Impairment loss recognised	746	2,493	746	2,479
Write-back of impairment loss	(181)	(1,961)	(181)	(1,953)
Allowance utilised	(2,425)	(140)	(2,413)	(102)
At 31 December	1,707	3,567	1,698	3,546

The Manager believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral.

Non-trade amounts due from subsidiaries and loans to subsidiaries

The Trust has non-trade receivables from its subsidiaries of $843,633,000 (2018: $634,497,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Loans to joint ventures

The Group and the Trust have loans to joint ventures of $618,145,000 (2018: $615,622,000). These balances are amounts lent to joint ventures to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Derivatives

The derivatives are entered into with bank and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group and the Trust held cash and cash equivalents of $157,206,000 and $107,258,000 respectively at 31 December 2019 (2018: $136,657,000 and $96,432,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes limits on total borrowings according to the CIS Code issued by the MAS.

The Group has a US$1,500.0 million (approximately $2,016.9 million) (2018: US$1,500.0 million (approximately $2,044.5 million)) EMTN programme, of which $940.0 million (2018: $840.0 million) was utilised as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows 1 to 5 years $'000	Cash flows More than 5 years $'000
Group					
2019					
Non-derivative financial liabilities					
Floating rate term loans [1]	2,328,000	(2,530,673)	(60,163)	(2,470,510)	–
Fixed rate term loans	938,497	(1,002,632)	(331,042)	(571,250)	(100,340)
Convertible bonds	363,751	(414,840)	(327,318)	(87,522)	–
Trade and other payables*	115,912	(115,912)	(115,912)	–	–
Security deposits	73,309	(73,309)	(19,967)	(48,672)	(4,670)
	3,819,469	(4,137,366)	(854,402)	(3,177,954)	(105,010)
Derivative financial instruments					
Interest rate swaps (net-settled) [1]	19,585	(15,111)	(5,690)	(9,421)	–
Forward exchange contracts	88				
- Outflow		(20,307)	(20,307)	–	–
- Inflow		20,240	20,240	–	–
	19,673	(15,178)	(5,757)	(9,421)	–
	3,839,142	(4,152,544)	(860,159)	(3,187,375)	(105,010)
2018					
Non-derivative financial liabilities					
Floating rate term loans [1]	2,294,006	(2,707,136)	(670,915)	(1,531,144)	(505,077)
Fixed rate term loans	838,179	(916,493)	(28,500)	(887,993)	–
Convertible bonds	359,660	(420,085)	(94,281)	(21,000)	(304,804)
Trade and other payables*	87,495	(87,495)	(87,495)	–	–
Security deposits	68,877	(68,877)	(19,744)	(45,890)	(3,243)
	3,648,217	(4,200,086)	(900,935)	(2,486,027)	(813,124)
Derivative financial instruments					
Interest rate swaps (net-settled) [1]	4,352	(18,071)	(3,848)	(14,223)	–
Forward exchange contracts	1,305				
- Outflow		(20,578)	(20,578)	–	–
- Inflow		19,198	19,198	–	–
	5,657	(19,451)	(5,228)	(14,223)	–
	3,653,874	(4,219,537)	(906,163)	(2,500,250)	(813,124)

* *Excludes deferred income.*

(1) *For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 1.42% - 1.70% (2018: 1.53% - 1.95%) was used.*

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

		Cash flows			
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**1 to 5 years $'000**	**More than 5 years $'000**
Trust					
2019					
Non-derivative financial liabilities					
Floating rate term loans [(1)]	1,963,441	(2,129,418)	(51,134)	(2,078,284)	–
Fixed rate term loans	938,497	(1,002,632)	(331,042)	(571,250)	(100,340)
Convertible bonds	363,751	(414,840)	(327,318)	(87,522)	–
Trade and other payables*	61,703	(61,703)	(61,703)	–	–
Security deposits	67,505	(67,505)	(17,437)	(45,614)	(4,454)
	3,394,897	(3,676,098)	(788,634)	(2,782,670)	(104,794)
Derivative financial instruments					
Interest rate swaps (net-settled) [(1)]	11,652	(9,267)	(4,193)	(5,074)	–
Forward exchange contracts	88				
- Outflow		(20,307)	(20,307)	–	–
- Inflow		20,240	20,240	–	–
	11,740	(9,334)	(4,260)	(5,074)	–
	3,406,637	(3,685,432)	(792,894)	(2,787,744)	(104,794)
2018					
Non-derivative financial liabilities					
Floating rate term loans [(1)]	1,929,815	(2,290,471)	(660,607)	(1,124,787)	(505,077)
Fixed rate term loans	838,179	(916,493)	(28,500)	(887,993)	–
Convertible bonds	359,660	(420,085)	(94,281)	(21,000)	(304,804)
Trade and other payables*	45,383	(45,383)	(45,383)	–	–
Security deposits	63,459	(63,459)	(17,107)	(43,109)	(3,243)
	3,236,496	(3,735,891)	(845,878)	(2,076,889)	(813,124)
Derivative financial instruments					
Interest rate swaps (net-settled) [(1)]	3,429	(9,175)	(2,276)	(6,899)	–
Forward exchange contracts	1,305				
- Outflow		(20,578)	(20,578)	–	–
- Inflow		19,198	19,198	–	–
	4,734	(10,555)	(3,656)	(6,899)	–
	3,241,230	(3,746,446)	(849,534)	(2,083,788)	(813,124)

* *Excludes deferred income.*

[(1)] *For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 1.42% - 1.70% (2018: 1.53% - 1.95%) was used.*

Net-settled derivative financial assets are included in the maturity analyses as they are held to 'hedge' the cash flow variability of the Group's floating rate term loans.

15. FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The Group adopts a policy of ensuring that between 60% to 80% of its interest rate risk exposure is at a fixed-rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

As at 31 December 2019, the Group has entered into interest rate swaps with a total notional amount of $1,466.5 million (2018: $1,357.5 million) whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the swaps.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fixed rate instruments				
Interest-bearing borrowings	(1,326,500)	(1,227,500)	(1,326,500)	(1,227,500)
Interest rate swaps	(1,466,500)	(1,357,500)	(1,100,500)	(1,265,500)
	(2,793,000)	(2,585,000)	(2,427,000)	(2,493,000)
Variable rate instruments				
Interest-bearing borrowings	(2,336,922)	(2,303,536)	(1,970,922)	(1,937,536)
Interest rate swaps	1,466,500	1,357,500	1,100,500	1,265,500
	(870,422)	(946,036)	(870,422)	(672,036)

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONT'D)

Cash flow sensitivity analysis for variable rate instruments

For the interest rate swaps and the other variable rate financial assets and liabilities, a change of 50 basis points ("bp") (2018: 50 bp) in interest rate at the reporting date would increase/(decrease) Unitholders' funds and total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return		Unitholders' funds	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
Group				
2019				
Variable rate instruments	(11,685)	11,685	–	–
Interest rate swaps	16,212	(16,561)	–	–
Cash flow sensitivity (net)	4,527	(4,876)	–	–
2018				
Variable rate instruments	(11,518)	11,518	–	–
Interest rate swaps	8,239	(8,402)	–	–
Cash flow sensitivity (net)	(3,279)	3,116	–	–

	Statement of total return	
	50 bp increase $'000	50 bp decrease $'000
Trust		
2019		
Variable rate instruments	(9,855)	9,855
Interest rate swaps	9,549	(9,726)
Cash flow sensitivity (net)	(306)	129
2018		
Variable rate instruments	(9,688)	9,688
Interest rate swaps	6,178	(6,277)
Cash flow sensitivity (net)	(3,510)	3,411

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, nor does the Group designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. In 2019, the Group entered into forward currency contracts with a total notional amount of $20.2 million (2018: $20.6 million) whereby the Group agreed with counterparties to exchange Australian Dollar at specified rates, on specified dates.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

At the reporting date, the exposure to currency risk is as follows:

	2019 AUD $'000	2018 AUD $'000
Group		
Cash and cash equivalents	8,803	45,426
Trade and other receivables	14,946	8,306
Net statement of financial position exposure	23,749	53,732
Forward exchange contracts	(20,240)	(20,578)
Net exposure	3,509	33,154
Trust		
Cash and cash equivalents	8,565	45,406
Trade and other receivables	14,946	8,306
Net statement of financial position exposure	23,511	53,712
Forward exchange contracts	(20,240)	(20,578)
Net exposure	3,271	33,134

Sensitivity analysis

A 10% strengthening/(weakening) of the Singapore Dollar against Australian Dollar would (decrease)/increase total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return	
	2019 $'000	2018 $'000
Group		
10% strengthening	(351)	(3,315)
10% weakening	351	3,315
Trust		
10% strengthening	(327)	(3,313)
10% weakening	327	3,313

Capital management

The Board of Directors of the Manager reviews the Group's capital management policy regularly so as to optimise Unitholders' return through a mix of available capital sources. The Group monitors its gearing ratio and maintains it within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's gearing stood at 37.7% (2018: 36.7%) as at 31 December 2019.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. The Group has complied with the stipulated Aggregate Leverage limit.

There were no changes in the Group's approach to capital management during the financial year.

15. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their level in fair value hierarchy, are as follows. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Note	Mandatorily at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value Level 1 $'000	Fair value Level 2 $'000	Fair value Level 3 $'000
2019								
Financial assets measured at fair value								
Interest rate swaps	10	1	–	–	1	–	1	–
Financial assets not measured at fair value								
Loans to joint ventures	6	–	618,145	–	618,145			
Cash and cash equivalents	11	–	157,206	–	157,206			
Trade and other receivables*	8	–	28,632	–	28,632			
		–	803,983	–	803,983			
Financial liabilities measured at fair value								
Interest rate swaps	10	(19,585)	–	–	(19,585)	–	(19,585)	–
Forward exchange contracts	10	(88)	–	–	(88)	–	(88)	–
Embedded derivatives relating to convertible bonds	10	(12,561)	–	–	(12,561)	–	–	(12,561)
		(32,234)	–	–	(32,234)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	12	–	–	(3,266,497)	(3,266,497)	–	–	(3,268,820)
Security deposits		–	–	(73,309)	(73,309)	–	–	(68,973)
Convertible bonds	14	–	–	(363,751)	(363,751)	–	–	(371,317)
Trade and other payables^	13	–	–	(115,912)	(115,912)			
		–	–	(3,819,469)	(3,819,469)			

* *Excludes prepayments.*

^ *Excludes deferred income.*

15. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Group	Note	Mandatorily at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000
2018								
Financial assets measured at fair value								
Interest rate swaps	10	1,516	–	–	1,516	–	1,516	–
Financial assets not measured at fair value								
Loans to joint ventures	6	–	615,622	–	615,622			
Cash and cash equivalents	11	–	136,657	–	136,657			
Trade and other receivables*	8	–	17,581	–	17,581			
		–	769,860	–	769,860			
Financial liabilities measured at fair value								
Interest rate swaps	10	(5,868)	–	–	(5,868)	–	(5,868)	–
Forward exchange contracts	10	(1,305)	–	–	(1,305)	–	(1,305)	–
Embedded derivatives relating to convertible bonds	10	(23,632)	–	–	(23,632)	–	–	(23,632)
		(30,805)	–	–	(30,805)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	12	–	–	(3,132,185)	(3,132,185)	–	–	(3,137,710)
Security deposits		–	–	(68,877)	(68,877)	–	–	(64,748)
Convertible bonds	14	–	–	(359,660)	(359,660)	–	–	(353,505)
Trade and other payables^	13	–	–	(87,495)	(87,495)			
		–	–	(3,648,217)	(3,648,217)			

* *Excludes prepayments.*

^ *Excludes deferred income.*

15. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Trust	Note	Mandatorily at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value Level 1 $'000	Fair value Level 2 $'000	Fair value Level 3 $'000
2019								
Financial assets measured at fair value								
Interest rate swaps	10	1	–	–	1	–	1	–
Financial assets not measured at fair value								
Loans to joint ventures	6	–	618,145	–	618,145			
Loans to subsidiaries	7	–	823,034	–	823,034			
Trade and other receivables*	8	–	33,396	–	33,396			
Cash and cash equivalents	11	–	107,258	–	107,258			
		–	1,581,833	–	1,581,833			
Financial liabilities measured at fair value								
Interest rate swaps	10	(11,652)	–	–	(11,652)	–	(11,652)	–
Forward exchange contracts	10	(88)	–	–	(88)	–	(88)	–
Embedded derivatives relating to convertible bonds	10	(12,561)	–	–	(12,561)	–	–	(12,561)
		(24,301)	–	–	(24,301)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	12	–	–	(2,901,938)	(2,901,938)	–	–	(2,904,261)
Security deposits		–	–	(67,505)	(67,505)	–	–	(63,360)
Convertible bonds	14	–	–	(363,751)	(363,751)	–	–	(371,317)
Trade and other payables^	13	–	–	(61,703)	(61,703)			
		–	–	(3,394,897)	(3,394,897)			

* *Excludes prepayments.*

^ *Excludes deferred income.*

15. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Trust	Note	Mandatorily at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000
2018								
Financial assets measured at fair value								
Interest rate swaps at FVTPL	10	1,516	–	–	1,516	–	1,516	–
Financial assets not measured at fair value								
Loans to joint ventures	6	–	615,622	–	615,622			
Loans to subsidiaries	7	–	625,735	–	625,735			
Trade and other receivables*	8	–	12,001	–	12,001			
Cash and cash equivalents	11	–	96,432	–	96,432			
		–	1,349,790	–	1,349,790			
Financial liabilities measured at fair value								
Interest rate swaps	10	(4,945)	–	–	(4,945)	–	(4,945)	–
Forward exchange contracts	10	(1,305)	–	–	(1,305)	–	(1,305)	–
Embedded derivatives relating to convertible bonds	10	(23,632)	–	–	(23,632)	–	–	(23,632)
		(29,882)	–	–	(29,882)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	12	–	–	(2,767,994)	(2,767,994)	–	–	(2,773,518)
Security deposits		–	–	(63,459)	(63,459)	–	–	(59,516)
Convertible bonds	14	–	–	(359,660)	(359,660)	–	–	(353,505)
Trade and other payables^	13	–	–	(45,383)	(45,383)			
		–	–	(3,236,496)	(3,236,496)			

* *Excludes prepayments.*

^ *Excludes deferred income.*

15. FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Group and Trust

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Forward exchange contracts and Interest rate swaps	*Market comparison technique*: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable
Embedded derivatives relating to convertible bonds	*Discounted cash flows and market comparison technique*: The fair value of the embedded derivative is the difference between the fair value of the convertible bonds based on broker quotes and the fair value of the liability component of the convertible bonds, determined using the discounted cash flows approach. The valuation requires management to estimate the expected cash flows over the life of the convertible bonds to investors, which are not evidenced by observable market data.	Discount rate – 2.52% - 2.75% (2018: 2.83% - 3.71%)	The estimated fair value of the embedded derivatives relating to convertible bonds would increase if the discount rate was lower.

Financial instruments not measured at fair value

Group and Trust

Type	Valuation technique	Key unobservable inputs
Fixed rate borrowings	Discounted cash flows	Discount rate – 2.85% - 3.34% (2018: 2.92% - 3.40%)
Security deposits	Discounted cash flows	Discount rate – 2.65% - 2.67% (2018: 2.80%)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings) are assumed to approximate their fair values because of the short period to maturity or repricing.

15. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Transfer between Level 1 and 2

During the financial year ended 31 December 2019, there were no transfers between Level 1 and Level 2.

(iii) Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Group and Trust	
	2019	**2018**
	$'000	**$'000**
Embedded derivatives relating to convertible bonds		
At 1 January	(23,632)	(38,481)
Changes in fair value recognised in profit or loss	11,071	14,849
At 31 December	(12,561)	(23,632)

Sensitivity analysis

If the discount rate assumption applied by management were 5.0% favourable or unfavourable with all other variables held constant, the fair value of the embedded derivative relating to the convertible bonds would decrease/(increase) by $2,079,000 (2018: $3,151,000) and ($2,065,000) (2018: ($3,117,000)) respectively. The analysis is performed on the same basis as 2018.

16. NON-CONTROLLING INTERESTS

The following subsidiaries have material Non-Controlling Interests ("NCI"):

Name	Principal places of business/Country of incorporation	Effective interests held by NCI	
		2019	**2018**
		%	**%**
Harmony Investors Group Limited subgroup ("Harmony")	Singapore	39.2	39.2
Harmony Partners Investment Limited ("HPIL")	British Virgin Islands	49.0	49.0

16. NON-CONTROLLING INTERESTS (CONT'D)

The following summarises the financial information of each of the Group's subsidiaries with material NCI based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Harmony $'000	HPIL* $'000	Intra-group elimination $'000	Total $'000
2019				
Revenue	81,775	–	–	81,775
Total return for the year	11,631	14,400	(14,400)	11,631
Total return attributable to NCI for the year	4,559	7,056	(7,056)	4,559
Non-current assets	721,410	58,730		
Current assets	34,316	–		
Non-current liabilities	(391,069)	(55,200)		
Current liabilities	(30,916)	(13)		
Net assets	333,741	3,517		
Net assets attributable to NCI	130,827	1,723	(3,464)	129,086
Cash flows from operating activities	2,836	–		
Cash flows used in investing activities	(1,121)	–		
Cash flows used in financing activities (dividends to NCI: $7,056,000)	(4,505)	–		
Net decrease in cash and cash equivalents	(2,790)	–		

	Harmony $'000	HPIL* $'000	Intra-group elimination $'000	Total $'000
2018				
Revenue	89,635	–	–	89,635
Total return for the year	28,026	14,400	(14,400)	28,026
Total return attributable to NCI for the year	10,986	7,056	(7,056)	10,986
Non-current assets	712,629	58,730		
Current assets	44,153	–		
Non-current liabilities	(380,035)	(55,200)		
Current liabilities	(36,638)	(12)		
Net assets	340,109	3,518		
Net assets attributable to NCI	133,323	1,724	(3,464)	131,583
Cash flows from operating activities	5,512	–		
Cash flows used in investing activities	(867)	–		
Cash flows used in financing activities (dividends to NCI: $7,056,000)	(4,526)	–		
Net increase in cash and cash equivalents	119	–		

* *The Company did not prepare a cash flow statement. All expenses and receipts of the company are paid/received by its subsidiary.*

17. UNITS IN ISSUE

	Group and Trust 2019 '000	Group and Trust 2018 '000
Units in issue:		
At 1 January	2,670,633	2,652,436
Issue of Units:		
- conversion of the 2021 Bonds to Units	–	243*
- units issued for private placement	111,111	–
- asset management fees paid in Units	19,272	17,954
At 31 December	2,801,016	2,670,633
Units to be issued:		
- asset management fees payable in Units	10,127	9,904
Total issued and issuable Units at 31 December	2,811,143	2,680,537

* *On 25 January 2018 and 28 February 2018, a total of 242,718 Units were issued as a result of the receipt of the conversion notice for the conversion of $500,000 in principal amount of the 2021 Bonds with a conversion price of $2.06 per conversion unit.*

Each Unit in the Trust 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 the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all 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.

The Unitholders cannot give any directions to the Manager or the Trustee (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:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

NOTES TO THE FINANCIAL STATEMENTS

18. NET ASSET VALUE PER UNIT

	Note	Group		Trust	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		5,977,058	5,636,523	5,174,058	4,954,558
		'000	'000	'000	'000
Total issued and issuable Units at 31 December	17	2,811,143	2,680,537	2,811,143	2,680,537

19. GROSS REVENUE

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Gross rental income	366,229	362,945	241,821	233,405
Dividend income	–	–	115,893	108,132
Others	501	559	165	236
	366,730	363,504	357,879	341,773

Included in gross rental income of the Group and the Trust are contingent rents amounting to $4,705,000 (2018: $4,817,000) and $3,862,000 (2018: $3,860,000) respectively.

20. PROPERTY EXPENSES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Advertising and promotion expenses	5,735	4,562	3,357	2,655
Depreciation of plant and equipment	835	1,056	189	189
Loss on disposal of plant and equipment	5	9	–	–
Maintenance expenses	9,520	8,408	319	205
Contributions to sinking fund	19,260	11,235	16,050	9,363
Contributions to maintenance fund	20,144	20,144	16,781	16,781
Property management fees (including reimbursables)	23,412	23,554	7,259	7,009
Property tax	25,330	22,801	21,478	19,021
Utilities	2,962	3,221	97	144
Agency commission	3,660	4,578	3,158	4,106
Food and beverages related cost	3,768	4,517	–	–
Others	15,347	17,910	1,377	1,622
	129,978	121,995	70,065	61,095

Property expenses represent the direct operating expenses arising from rental of investment properties and sale of food and beverages.

21. FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Interest income:				
- bank deposits	1,596	734	1,461	593
- loan to joint ventures	25,224	23,195	25,224	23,195
- interest rate swaps	1,919	1,000	1,919	1,000
Finance income	28,739	24,929	28,604	24,788
Interest expense:				
- bank loans	(89,584)	(76,512)	(83,740)	(69,899)
- convertible bonds	(6,776)	(6,782)	(6,776)	(6,782)
- interest rate swaps	(2,502)	(2,632)	(1,910)	(2,298)
Amortisation of transaction costs	(9,028)	(9,315)	(8,659)	(8,395)
Net foreign exchange loss	(1,458)	(1,877)	(9,579)	(39,803)
Finance costs	(109,348)	(97,118)	(110,664)	(127,177)
Recognised in the statement of total return	(80,609)	(72,189)	(82,060)	(102,389)

22. ASSET MANAGEMENT FEES

Included in the asset management fees of the Group and the Trust is $36,519,000 (2018: $35,371,000) or an aggregate of 19,495,145 (2018: 19,443,129) Units of asset management fees that have been or will be issued to the Manager in satisfaction of the asset management fees payable in Units.

23. OTHER EXPENSES

Included in other expenses are the following items:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-audit fees paid to auditors of the Trust	183	91	36	66

24. TAX EXPENSE

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Current tax expense					
Adjustment for prior years		–	(920)	–	–
Withholding tax		2,959	2,868	584	423
		2,959	1,948	584	423
Deferred tax expense					
Origination and reversal of temporary differences		12,160	11,025	–	–
Adjustment for prior years		755	–	–	–
	9	12,915	11,025	–	–
Total tax expense		15,874	12,973	584	423
Reconciliation of effective tax rate					
Total return for the year before tax		410,967	331,136	253,401	231,557
Less: Share of profit of joint ventures		(157,793)	(108,488)	–	–
		253,174	222,648	253,401	231,557
Income tax using the Singapore tax rate of 17% (2018: 17%)		43,040	37,850	43,078	39,365
Effects of tax rates in foreign jurisdiction		(3,653)	718	–	–
Non-tax deductible items		11,722	8,751	13,715	16,883
Non-taxable income		(4,934)	(3,088)	(16,450)	(17,448)
Withholding tax		2,959	2,868	584	423
Tax exempt income		–	–	(6,328)	(5,594)
Tax transparency		(34,015)	(33,206)	(34,015)	(33,206)
Under/(over) provided in prior years		755	(920)	–	–
Total tax expense		15,874	12,973	584	423

NOTES TO THE FINANCIAL STATEMENTS

25. EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Total return for the year after tax attributable to Unitholders	390,534	307,177	252,817	231,134

	Number of Units			
	Group		Trust	
	2019	2018	2019	2018
	'000	'000	'000	'000
Weighted average number of Units:				
- outstanding during the year	2,758,286	2,665,847	2,758,286	2,665,847
- to be issued as payment of asset management fees payable in Units	28	27	28	27
	2,758,314	2,665,874	2,758,314	2,665,874

In calculating diluted earnings per Unit, the total return for the year after tax and weighted average number of Units in issue are adjusted to take into account the effect of all dilutive potential units, as set out below:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Total return for the year after tax attributable to Unitholders	390,534	307,177	252,817	231,134
Profit/(Loss) impact of conversion of the dilutive potential Units	800	(3,135)	800	(3,135)
Adjusted total return for the year after tax	391,334	304,042	253,617	227,999

	Number of Units			
	Group		Trust	
	2019	2018	2019	2018
	'000	'000	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	2,758,314	2,665,874	2,758,314	2,665,874
Weighted average number of Units to be issued assuming conversion of the asset management fees/bonds	236,069	194,604	236,069	194,604
Weighted average number of Units used in calculation of diluted earnings per Unit	2,994,383	2,860,478	2,994,383	2,860,478

As at 31 December 2019, the Group and the Trust had Bonds which were convertible into approximately 183,221,740 (2018: 179,941,036) Units.

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS

For the purpose of making resource allocation decisions and assessing segment performance, the Group's chief operating decision maker reviews internal/management reports of the Group's retail, office and convention business segments. The nature of the leases (lease of retail, office, convention or other space) is the factor used to determine the reportable segments. As the retail and office of each property are similar in economic characteristics, nature of services and type of customer, the retail and office segments of each property are aggregated accordingly. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessing segment performance.

Unallocated items comprise mainly other income, trust-related income and expenses, changes in fair value of investment properties and tax expense.

Segment information in respect of the Group's geographical segments is not separately presented as the Group's activities for the year ended 31 December 2019 was related mainly to properties located in Singapore, except for 177 Pacific Highway and 55 Currie Street, which are located in Australia.

Information regarding the Group's reportable segments is presented in the table below.

Information about reportable segments

	Office			Retail		Convention	
	Suntec City $'000	**177 Pacific Highway $'000**	**55 Currie Street $'000**	**Suntec City $'000**	**Suntec Singapore $'000**	**Suntec Singapore $'000**	**Total $'000**
2019							
Gross revenue	133,380	38,125	4,845	108,605	20,029	61,746	366,730
Property expenses	(34,579)	(5,408)	(1,205)	(36,050)	(4,838)	(48,463)	(130,543)
Reportable segment net property income	98,801	32,717	3,640	72,555	15,191	13,283	236,187
2018							
Gross revenue	129,763	40,228	–	103,878	19,694	69,941	363,504
Property expenses	(30,816)	(5,556)	–	(30,805)	(4,170)	(51,180)	(122,527)
Reportable segment net property income	98,947	34,672	–	73,073	15,524	18,761	240,977

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment net property income

	Group	
	2019	**2018**
	$'000	**$'000**
Total return		
Reportable segment net property income	236,187	240,977
Unallocated amounts:		
- Net finance costs	(80,609)	(72,189)
- Asset management fees	(49,279)	(47,804)
- Other trust expenses	(3,542)	(3,879)
- Net change in fair value of financial derivatives	(3,972)	5,328
- Net change in fair value of investment properties	154,389	100,215
- Share of profit of joint ventures	157,793	108,488
Consolidated total return for the year before tax	410,967	331,136

27. COMMITMENTS

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
(a) Capital commitments				
Capital expenditure contracted but not provided for	232,899	355,519	–	–
Loan facilities to joint ventures	548,855	551,378	548,855	551,378
	781,754	906,897	548,855	551,378

(b) Investment properties comprise commercial properties that are leased to external customers. The leases contain an initial non-cancellable period of between three and twelve years. Subsequent renewals are negotiated with the lessees.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	**Trust**
	$'000	**$'000**
2019 – Operating leases under FRS 116		
Less than one year	279,225	217,090
One to two years	207,151	151,608
Two to three years	144,443	92,766
Three to four years	96,318	55,283
Four to five years	54,579	31,487
More than five years	99,366	27,919
Total	881,082	576,153

NOTES TO THE FINANCIAL STATEMENTS

27. COMMITMENTS (CONT'D)

	Group $'000	Trust $'000
2018 – Operating leases under FRS 17		
Less than one year	265,287	218,601
Between one year to five years	454,283	307,782
More than five years	98,512	15,510
Total	818,082	541,893

28. CONTINGENT LIABILITY

Pursuant to the tax transparency ruling from IRAS, the Trustee and the Manager have 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 IRAS. The amount of indemnity, as agreed with IRAS, is limited to the higher of $500,000 or 1.0% of the taxable income of the Trust for the financial year. Each yearly indemnity has a validity period of the earlier of seven years from the relevant year of assessment and three years from the termination of the Trust.

29. FINANCIAL RATIOS

	Group		Trust	
	2019 %	**2018** %	**2019** %	**2018** %
Expenses to weighted average net assets [1]				
- including performance component of asset management fees	0.92	0.92	0.97	0.96
- excluding performance component of asset management fees	0.66	0.66	0.67	0.66
Portfolio turnover rate [2]	–	–	–	–

[1] *The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses, interest expense and income tax expense.*

[2] *The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.*

30. RELATED PARTIES

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group	
	2019	2018
	$'000	$'000
Acquisition fees paid to the Manager	(2,303)	(1,911)
Asset management fees paid/payable to a related corporation of the Manager	(3,789)	(3,662)
Investment management fees paid/payable to a related corporation of the Manager	(7)	–
Agency commission paid/payable to a related corporation of the Manager	(4,052)	(4,578)
Rental income received/receivable from an associate of the Manager	2,428	2,042
Rental income received/receivable from related corporations of the Manager	1,250	1,231
Rental income received/receivable from a close member of a key management personnel of the Manager	67	–
Property management fees paid/payable (including reimbursable) to related corporations of the Manager	(25,178)	(24,490)
Professional services fees paid/payable to related corporations of the Manager	(1,174)	(1,109)

	Trust	
	2019	2018
	$'000	$'000
Acquisition fees paid to the Manager	(2,303)	(1,911)
Agency commission paid/payable to a related corporation of the Manager	(3,158)	(4,106)
Rental income received/receivable from an associate of the Manager	2,428	2,042
Rental income received/receivable from related corporations of the Manager	617	617
Rental income received/receivable from a close member of a key management personnel of the Manager	67	–
Property management fees paid/payable (including reimbursable) to a related corporation of the Manager	(7,260)	(7,009)
Professional services fees paid/payable to related corporations of the Manager	(1,174)	(1,109)

31. SUBSEQUENT EVENTS

The Group has the following events subsequent to year end:

- The Manager declared distribution of 2.347 cents per unit in respect of the period from 1 October 2019 to 31 December 2019 which was paid on 28 February 2020.

- The Group issued S$200 million notes at 2.95% per annum, maturing in 2027 through the US$1,500,000,000 Euro Medium Term Note Programme established by its subsidiary, Suntec REIT MTN Pte. Ltd.

On 11 March 2020, the World Health Organisation declared the 2019 Novel Coronavirus ("Covid-19") outbreak a pandemic. The Manager is taking precautionary measures to deal with the Covid-19 outbreak in accordance with guidelines provided by the authorities in the respective countries the Group operates in. The Manager is keeping a watchful eye on the Covid-19 situation as it further evolves and will take the necessary actions to ensure the long term sustainability of the Group.

STATISTICS OF UNITHOLDERS

STATISTICS OF UNITHOLDINGS
As at 23 March 2020

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	31	0.14	663	0.00
100 - 1,000	4,075	18.94	3,805,009	0.14
1,001 - 10,000	12,841	59.67	63,770,777	2.27
10,001 - 1,000,000	4,536	21.08	204,993,936	7.29
1,000,001 AND ABOVE	36	0.17	2,538,572,588	90.30
TOTAL	**21,519**	**100.00**	**2,811,142,973**	**100.00**

There were 2,811,142,973 Units (voting rights: one vote per Unit) outstanding as at 23 March 2020.

There is only one class of Units.

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	901,360,087	32.06
2	DBS NOMINEES (PRIVATE) LIMITED	490,444,061	17.45
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	245,625,221	8.74
4	HSBC (SINGAPORE) NOMINEES PTE LTD	218,984,875	7.79
5	DBSN SERVICES PTE. LTD.	179,113,654	6.37
6	RAFFLES NOMINEES (PTE.) LIMITED	158,504,000	5.64
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	88,097,900	3.13
8	DB NOMINEES (SINGAPORE) PTE LTD	51,772,777	1.84
9	OCBC SECURITIES PRIVATE LIMITED	27,850,300	0.99
10	STRAITS REAL ESTATE PTE LTD	26,312,000	0.94
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	17,163,659	0.61
12	WII PTE. LTD.	16,656,900	0.59
13	PCK CORPORATION	13,649,414	0.49
14	BPSS NOMINEES SINGAPORE (PTE.) LTD.	12,969,201	0.46
15	SWORD INVESTMENTS PRIVATE LTD	11,914,000	0.42
16	ARA TRUST MANAGEMENT (SUNTEC) LIMITED	10,126,920	0.36
17	TECITY MANAGEMENT PTE LTD	6,684,000	0.24
18	UOB KAY HIAN PRIVATE LIMITED	6,479,200	0.23
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,468,700	0.23
20	PHILLIP SECURITIES PTE LTD	6,122,209	0.22
	TOTAL	**2,496,299,078**	**88.80**

USE OF PROCEEDS

In April 2019, Suntec REIT raised equity of S$200.0 million through a private placement of 111.1 million new Suntec REIT Units. About S$3.7 million or 1.9% of gross proceeds was used for transaction related expenses. About 79.5% or S$158.9 million was used to partially fund the acquisitions of 55 Currie Street, Adelaide and deposit for 21 Harris Street Pyrmont, Sydney and some of the proceeds set aside to finance the acquisitions were redeployed to repay existing debt for capital management purposes. Approximately 17.5% or S$35.0 million of the gross proceeds has been used to repay existing debt. The Manager will make further announcements on the utilisation of the remaining proceeds from the private placement as and when such funds are materially disbursed.

STATISTICS OF UNITHOLDERS

HOLDER OF 1.75% CONVERTIBLE BONDS DUE 2021

Maturity Date:	5 September 2021
Initial Conversion Premium:	20% over reference unit price
Conversion Price:	S$2.101 per unit#
Redemption Price:	100% of principal amount
Conversion Period:	At any time from 16 October 2016 until 29 August 2021, being the date falling 7 days prior to maturity date

The S$300 million 1.75% convertible bonds due 2021 issued by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Suntec Real Estate Investment Trust ("Suntec REIT")) on 5 September 2016 (the "2021 Bonds") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of the common depository for holding the bonds on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream").

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited is entered in the register of holders as the holder of the outstanding S$86.5 million in principal amount of the 2021 Bonds. The identity of the holders of the beneficial interests in the 2021 Bonds is not currently known.

As at the latest practicable date, 55.0 per cent, 35.6 per cent and 9.4 per cent of the net proceeds from the issue of the 2021 Bonds had been utilised to fund the acquisition of an interest in Southgate Complex, partially refinance Suntec REIT's existing debt and fund capital expenditure in Southgate Complex and fund the acquisition of the balance 50% interest in Southgate Complex respectively. Such use is in accordance with the stated use and in accordance with the percentage of the net proceeds of the issue allocated to such use as announced on 11 August 2016 and 31 May 2018.

The conversion price of the 2021 Bonds was adjusted to S$1.98 per unit with effect from 28 February 2020.

HOLDER OF 1.75% CONVERTIBLE BONDS DUE 2024

Maturity Date:	30 November 2024
Initial Conversion Premium:	12% over reference unit price
Conversion Price:	S$2.189 per unit##
Redemption Price:	100% of principal amount
Conversion Period:	At any time from 9 January 2018 until 23 November 2024, being the date falling 7 days prior to maturity date

The S$300 million 1.75% convertible bonds due 2024 issued by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Suntec REIT) on 30 November 2017 (the "2024 Bonds") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of the common depository for holding the bonds on behalf of Euroclear and Clearstream.

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of S$300 million in principal amount of the 2024 Bonds. The identity of the holders of the beneficial interests in the 2024 Bonds is not currently known.

100.0 per cent of the net proceeds from the issue of the 2024 Bonds had been utilised to partially refinance Suntec REIT's existing debt. Such use is in accordance with the stated use and in accordance with the percentage of the net proceeds of the issue allocated to such use as announced on 8 November 2017.

The conversion price of the 2024 Bonds was adjusted to S$2.11 per unit with effect from 28 February 2020.

STATISTICS OF UNITHOLDERS

SUBSTANTIAL UNITHOLDERS

As at 23 March 2020
As shown in the Register of Substantial Unitholders

Name	Number of Units Direct Interest	Deemed Interest
ARA Asset Management Limited (1)(2)	0	201,420,572
ARA RE Investment Group (Singapore) Pte. Ltd. (2)	0	191,293,652
ARA RE Investment Group Limited (2)	0	191,293,652
Straits Equities Holdings (One) Pte. Ltd.(3)	0	201,420,572
The Straits Trading Company Limited (4)	0	281,646,572
The Cairns Pte. Ltd. (5)	0	281,646,572
Raffles Investments Private Limited (6)	0	281,646,572
Aequitas Pte. Ltd. (7)	0	281,646,572
Tecity Pte. Ltd (8)	0	281,646,572
Tan Chin Tuan Pte. Ltd. (9)	0	281,646,572
Dr Tan Kheng Lian (10)	0	281,646,572
BlackRock, Inc. (11)	0	168,511,191
The PNC Financial Services Group, Inc. (12)	0	168,511,191
Tang Gordon @ Tang Yigang @ Tang Gordon (13)	256,134,532	0
Celine Tang @ Chen Huaidan @ Celine Tang (13)	214,376,666	0
ARA Investment (Cayman) Limited (14)	0	201,420,572
ARA Asset Management Holdings Pte. Ltd. (15)	0	201,420,572
AVICT Dragon Holdings Limited (16)	0	201,420,572
AVICT Phoenix Holdings Limited (17)	0	201,420,572
AVIC Trust Co., Ltd. (18)	0	201,420,572
China Aviation Investment Holdings Co., Ltd. (19)	0	201,420,572
AVIC Capital Co., Ltd (20)	0	201,420,572
Aviation Industry Corporation of China (21)	0	201,420,572
Alexandrite Gem Holdings Limited (22)(26)	0	201,420,572
WP Global LLC (23)(26)	0	201,420,572
Warburg Pincus Partners II, L.P. (23)(26)	0	201,420,572
Warburg Pincus Partners GP LLC (24)(26)	0	201,420,572
Warburg Pincus & Co. (25)(26)	0	201,420,572
Yang Chanzhen @ Janet Yeo (27)(28)	111,189,500	57,095,100
Tang Jialin (27)(28)	107,011,700	57,095,100

Notes:

(1) *ARA Asset Management Limited's ("ARA") is the sole shareholder of the Manager and ARA RE Investment Group (Singapore) Pte Ltd ("ARA RIGS"). Accordingly, ARA is deemed to have an interest in the Units held by the Manager and Units that ARA RIGS has a deemed interest in.*

(2) *ARA RIGS is a wholly-owned subsidiary of ARA, whereby ARA RE Investment Group Limited ("ARA RIG") is a wholly-owned subsidiary of ARA RIGS.*

In addition, ARA RIG's wholly-owned subsidiaries, namely ARA Investors II Limited ("ARA Investors II"), ARA Real Estate Investors XII Limited ("ARA RE XII") and ARA Real Estate Investors XIII Limited ("ARA RE XIII"), collectively hold more than 5% of the Units. Accordingly, each of ARA RIGS and ARA RIG is deemed to have an interest in the Units held by ARA Investors II, ARA RE XII and ARA RE XIII.

(3) *Straits Equities Holdings (One) Pte. Ltd. ("SEH One") holds not less than 20 per cent. of the voting rights in ARA. ARA holds more than 50 per cent. of the voting rights of each of the Manager, ARA Investors II, ARA RE XII and ARA RE XIII. Accordingly, SEH One is deemed to be interested in the Units held by the Manager, ARA Investors II, ARA RE XII and ARA RE XIII.*

(4) *The Straits Trading Company Limited ("STC") holds more than 50 per cent. of the voting rights of each of Straits Real Estate Pte. Ltd. ("SRE") and Sword Investments Private Limited ("Sword") and has a deemed interest in the Units held by SRE and Sword.*

In addition, STC, through its wholly-owned subsidiary, SEH One, holds not less than 20 per cent. of the voting rights in ARA. ARA holds more than 50 per cent. of the voting rights of each of the Manager, ARA Investors II, ARA RE XII and ARA RE XIII. Accordingly, STC is deemed to be interested in the Units held by the Manager, ARA Investors II, ARA RE XII and ARA RE XIII.

(5) *The Cairns Pte. Ltd. ("Cairns") holds more than 50 per cent. of the voting rights of STC. Accordingly, Cairns is deemed to have an interest in the Units that STC has a deemed interest in.*

STATISTICS OF UNITHOLDERS

(6) Raffles Investments Private Limited ("Raffles") holds not less than 20 per cent. of the voting rights in Cairns. Accordingly, Raffles is deemed to have an interest in the Units that Cairns has a deemed interest in.

(7) Aequitas Pte. Ltd. ("Aequitas") holds more than 50 per cent. of the voting rights of Raffles. Accordingly, Aequitas is deemed to have an interest in the Units that Raffles has a deemed interest in.

(8) Tecity Pte. Ltd ("Tecity") holds not less than 20 per cent. of the voting rights of Aequitas. Accordingly, Tecity is deemed to have an interest in the Units that Aequitas has a deemed interest in.

(9) Tan Chin Tuan Pte. Ltd. ("TCTPL") is deemed to have an interest in the Units through its subsidiary, Aequitas.

(10) Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of TCTPL. Accordingly, Dr Tan Kheng Lian is deemed to have an interest in the Units that TCTPL has a deemed interest in.

(11) BlackRock, Inc. ("BlackRock") is deemed to have an interest in the Units held by the following subsidiaries though its indirect control of that subsidiaries:

(1) BlackRock (Luxembourg) S.A., (2) BlackRock (Netherlands) B.V., (3) BlackRock (Singapore) Limited, (4) BlackRock Advisors (UK) Limited, (5) BlackRock Advisors, LLC, (6) BlackRock Asset Management Canada Limited, (7) BlackRock Asset Management Ireland Limited, (8) BlackRock Asset Management North Asia Limited, (9) BlackRock Asset Management Schweiz AG, (10) BlackRock Financial Management, Inc., (11) BlackRock Fund Advisors, (12) BlackRock Fund Managers Ltd, (13) BlackRock Institutional Trust Company, N.A., (14) BlackRock International Limited, (15) BlackRock Investment Management (Australia) Limited, (16) BlackRock Investment Management (UK) Ltd, (17) BlackRock Investment Management, LLC, (18) BlackRock Japan Co Ltd, (19) BlackRock Life Limited, (20) iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen.

(12) The PNC Financial Services Group, Inc. is deemed shareholder through its over 20 per cent. ownership of BlackRock, Inc.

(13) Mr Tang Gordon @ Tang Yigang @ Tang Gordon is the spouse of Madam Celine Tang @ Chen Huaidan @ Celine Tang. Mr Tang Gordon together with his spouse, Madam Celine Tang holds 178,338,266 Units in their joint account.

(14) ARA Investment Company (Cayman) Limited (formerly known as "Athena Investment Company (Cayman) Limited")("ARA (Cayman)") holds 100 per cent. of the issued and paid-up share capital of ARA. Accordingly, ARA Cayman is deemed to have an interest in the Units that ARA has a deemed interest in.

(15) ARA Asset Management Holdings Pte. Ltd. (formerly known as "Athena Investment Company (Singapore) Pte. Limited") ("ARA Asset") holds 100 per cent. of the voting rights of ARA (Cayman). Accordingly, ARA Asset is deemed to have an interest in the Units that ARA Cayman has a deemed interest in.

(16) AVICT Dragon Holdings Limited ("AVICT Dragon") holds more than 20 per cent. of the voting rights of ARA Asset. Accordingly, AVICT Dragon is deemed to have an interest in the Units that ARA Asset has a deemed interest in.

(17) AVICT Phoenix Holdings Limited ("AVICT Phoenix") holds more than 50 per cent. of the voting rights of AVICT Dragon. Accordingly, AVICT Phoenix is deemed to have an interest in the Units that AVICT Dragon has a deemed interest in.

(18) AVIC Trust Co., Ltd. ("AVIC Trust") holds more than 50 per cent. of the voting rights of AVICT Phoenix. Accordingly, AVICT Trust is deemed to have an interest in the Units that AVICT Phoenix has a deemed interest in.

(19) China Aviation Investment Holdings Co., Ltd ("China Aviation") holds more than 50 per cent. of the voting rights of AVIC Trust. Accordingly, China Aviation is deemed to have an interest in the Units that AVIC Trust has a deemed interest in.

(20) AVIC Capital Co., Ltd ("AVIC Capital") holds more than 50 per cent. of the voting rights of China Aviation. Accordingly, AVIC Capital is deemed to have an interest in the Units that China Aviation has a deemed interest in.

(21) Aviation Industry Corporation of China ("AVIC") is wholly-owned by the Central State-Owned Assets Supervision and Administration Commission of the People's Republic of China. AVIC holds more than 20 per cent. of the voting rights of AVIC Capital. Accordingly, AVIC is deemed to have an interest in the Units that AVIC Capital has a deemed interest in.

(22) Alexandrite Gem Holdings Limited ("AGHL") is wholly-owned by certain private equity funds which are limited partnerships (the "Funds") managed by Warburg Pincus LLC ("WP LLC"), a New York limited liability company. Warburg Pincus XII, L.P., a Delaware limited partnership ("WP XII GP") and Warburg Pincus China GP, L.P., a Delaware limited partnership ("WPC GP") are the general partners of the Funds. AGHL holds more than 20 per cent. of the voting rights of ARA Asset. Accordingly, AGHL is deemed to have an interest in the Units that ARA Asset has a deemed interest in.

(23) WP Global LLC, a Delaware limited liability company ("WP Global"), is the general partner of each of WP XII GP and WPC GP.

(24) Warburg Pincus Partners II, L.P., a Delaware limited partnership ("WPP II"), is the managing member of WP Global.

(25) Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WPP GP LLC") is the general partner of WPP II.

(26) Warburg Pincus & Co., a New York general partnership ("WP"), is the managing member of WPP GP LLC.

(27) Mr Tang Jialin and Madam Yang Chanzhen @ Janet Yeo are entitled to exercise or control the exercise not less than 20 per cent. of the voting rights of Senz Holdings Limited ("Senz"). They are therefore deemed to be interested in the units held by Senz.

(28) Madam Yang Chanzhen @ Janet Yeo holds 107,011,700 units in joint accounts with Tang Jialin, and solely holds 4,177,800 units.

STATISTICS OF UNITHOLDERS

MANAGER'S DIRECTORS' UNITHOLDINGS

As at 21 January 2020
As shown in the Register of Directors' Unitholdings

	Number of Units	
Name of Directors	**Direct Interest**	**Deemed Interest**
Ms Chew Gek Khim	0	0
Mr Lim Hwee Chiang, John	2,000,000	1,000,000[1]
Mr Yap Chee Meng (Appointment on 22 April 2019)	0	0
Mr Chan Pee Teck Peter	0	0
Mrs Yu-Foo Yee Shoon	0	0
Mr Lock Wai Han	0	0
Mr Chow Wai Wai John	2,000,000	0
Mr Chong Kee Hiong (Appointed on 1 January 2019)	0	0

[1] *Mr Lim Hwee Chiang, John is deemed to have an interest in 1,000,000 units of Suntec REIT held by Citibank Nominees Singapore Pte. Ltd. (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim is the settlor of JL Charitable Settlement.*

FREE FLOAT

Based on information made available to the Manager as at 23 March 2020, approximately 67.7% of the Units are held in public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during the financial year under review, which fall within the Listing Manual of SGX-ST and the Property Fund Appendix (excluding transactions of less than $100,000 each) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
ARA Trust Management (Suntec) Limited	Suntec REIT Manager (the "Manager")	47,951	-
APM Property Management Pte Ltd ("APM")	Associate of controlling shareholder of the Manager	12,197	-
ARA Asset Management Pte Ltd ("ARA")	Controlling shareholder of the Manager	2,428	-
ARA Managers (Harmony) Pte Ltd	Associate of controlling shareholder of the Manager	3,566	-
ARA Managers (Harmony V) Pte Ltd	Associate of controlling shareholder of the Manager	223	-
Quantum Interactive Pte Ltd	Associate of controlling shareholder of the Manager	1,174	-
Suntec Singapore International Convention & Exhibition Services Pte Ltd	Associate of controlling shareholder of the Manager	15,854	-
HSBC Institutional Trust Services (Singapore) Limited	Suntec REIT Trustee (the "Trustee")	1,566	-
The Hongkong and Shanghai Banking Corporation	Associate of the Trustee	520	-
ARAM Australia Pty Ltd	Associate of controlling shareholder of the Manager	120	-
APM Australia Pty Ltd	Associate of controlling shareholder of the Manager	2,317	-

Please also see Note 30 on Related Parties in the Financial Statements.

FEES PAYABLE TO THE MANAGER

The Manager is committed to delivering value to the stakeholders of Suntec REIT, in addition to its key responsibilities of managing and maintaining the long term interests of all Unitholders.

The Manager is entitled to the following fees for the management of Suntec REIT, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management, marketing and investor relations:

(1) a base fee of 0.3% per annum of the value of the properties of Suntec REIT (as defined under Clause 15.1.1 of the Trust Deed). Pursuant to Clause 15.1.4 of the Trust Deed, the base fee is paid monthly or quarterly, in arrears, in the form of cash and/or Units, as the Manager may elect. The Base Fee, which is based on a fixed percentage of the value of the assets of the Trust, is commensurate with the complexity and efforts required of the Manager in managing Suntec REIT.

ADDITIONAL INFORMATION

(2) a performance fee equal to 4.5% per annum of the Net Property Income of Suntec REIT or any special purpose vehicles for each financial year (each as defined under Clause 15.1.2 in the Trust Deed). The performance fee is paid in the form of cash and/or Units, as the Manager may elect. The performance fee methodology is reflective of the alignment of interests between the Manager and the Unitholders in incentivising the Manager to drive higher income yields for Suntec REIT. The Manager is incentivised to review the growth potential of the assets in the portfolio and improve the long-term performance of such assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive management including undertaking effective leasing strategies and asset enhancement/repositioning initiatives and achieving cost efficiencies.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore dated 1 January 2016 (the "CIS Code"), crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from FY 2016, the Performance Fee payable in the form of Units and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

In addition, the Manager is entitled to an acquisition fee[1] which is paid in the form of cash after the completion of an acquisition. The Manager is also entitled to a divestment fee[1] which is paid in cash after the completion of a divestment. Details of the fee structure of the acquisition fee and divestment fee are set out in Note 1 to the Financial Statements herein (and Clause 15.2.1 of the Trust Deed). The acquisition fee and divestment fee payable to the Manager are to recognise the Manager's efforts in actively seeking potential opportunities to acquire new properties and/or in unlocking the underlying value of existing properties within its asset portfolio through divestments to optimise returns to the Unitholders. The Manager provides these services over and above the provision of ongoing management services with an aim to generate long term benefits for the Unitholders.

Note:

1 *In the case of an interested party transaction, the fee is paid in the form of Units at the prevailing market price and such Units should not be sold within one year from their date of issuance as stipulated in the CIS Code.*

MANAGER'S MANAGEMENT FEES PAID IN UNITS

A summary of Units issued for payment of the Manager's management fees (part payment) in respect of the financial year are as follows:

For Period	Issue Date	Units	Issue Price[1] S$	Total Value S$'000
Base Management Fees				
1 January 2019 to 31 March 2019	24 April 2019	3,004,969	1.9537	5,871
1 April 2019 to 30 June 2019	26 July 2019	3,161,734	1.9228	6,079
1 July 2019 to 30 September 2019	23 October 2019	3,201,522	1.9224	6,155
1 October 2019 to 31 December 2019	22 January 2020	3,462,333	1.8183	6,296
				24,401
PERFORMANCE MANAGEMENT FEES				
1 January 2019 to 31 December 2019	22 January 2020	6,664,587	1.8183	12,118
				36,519

1 *Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fees accrued.*

ADDITIONAL INFORMATION

SUBSCRIPTION OF UNITS

As at 31 December 2019, an aggregate of 2,801,016,053 Units were in issue. On 22 January 2020, Suntec REIT issued 3,462,333 and 6,664,587 Units to the Manager as base fees for the period from 1 October 2019 to 31 December 2019 and performance fees for the period from 1 January 2019 to 31 December 2019 respectively.

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	$'000
Total operating expenses, including all fees, charges and reimbursables paid to the Manager and interested parties [(1)(2)]	203,789
Net assets	6,106,144
Percentage of total operating expenses to net assets	3%

Notes:

[1] *Excludes finance costs and amortisation of intangible asset*

[2] *Includes one-third interest in One Raffles Quay Pte Ltd, one-third interest in BFC Development LLP, 60.8% interest in Harmony Convention Holding Pte Ltd, 30.0% interest in Park Mall Pte. Ltd and 50% interest in Southgate Trust.*

NON-DEAL ROADSHOW EXPENSES

Non-deal roadshow expenses of S$54,000 were incurred during the year ended 31 December 2019.

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CORPORATE DIRECTORY

TRUSTEE

Registered Address
HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard #48-01
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Singapore 018983

Trustee
HSBC Institutional Trust Services (Singapore) Limited
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MANAGER

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DIRECTORS OF THE MANAGER

Chew Gek Khim PJG
Chairman and Non-Executive Director

Lim Hwee Chiang, John PBM
Non-Executive Director

Yap Chee Meng
Lead Independent Non-Executive Director

Chan Pee Teck, Peter
Independent Non-Executive Director

Yu-Foo Yee Shoon
Independent Non-Executive Director

Lock Wai Han
Independent Non-Executive Director

Chow Wai Wai, John
Non-Executive Director

Chong Kee Hiong
Chief Executive Officer and Executive Director

AUDIT COMMITTEE

Yap Chee Meng
Chairman

Chan Pee Teck, Peter
Member

Yu-Foo Yee Shoon
Member

Lock Wai Han
Member

DESIGNATED COMMITTEE

Chow Wai Wai, John
Chairman

Yap Chee Meng
Member

Chan Pee Teck, Peter
Member

Seow Bee Lian, Cheryl
Member

COMPANY SECRETARIES OF THE MANAGER

Yeoh Kar Choo Sharon
Chiang Wai Ming

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(Partner-in-charge: Eng Chin Chin)
(Appointed since Financial Year 2016)

STOCK EXCHANGE QUOTATION

BBG: SUN SP Equity
RIC: SUNT.SI

WEBSITES

www.suntecreit.com
www.ara-group.com

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(As Manager of Suntec REIT)

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