

Press Release

26 July 2017

Manager of



Suntec REIT 2Q 17 Distributable Income 4.3% Higher Year-on-Year

2Q 17 Distribution Per Unit (DPU) of 2.493 cents

Singapore, 26 July 2017 – ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust (“Suntec REIT”, and the “Manager”), is pleased to announce a distributable income of S\$66.0 million for the period 1 April to 30 June 2017 (“2Q 17”) which was 4.3% higher compared to the quarter ended 30 June 2016 (“2Q 16”). With the enlarged units base which included approximately 95.7 million new units issued on 29 May 2017¹, the distribution per unit (“DPU”) of 2.493 cents for 2Q 17 was marginally lower than 2Q 16 DPU of 2.501 cents. Suntec REIT’s annualised distribution yield for 2Q 17 was 5.2%².

For the first half of 2017 (“1H 17”), the distributable income of S\$127.9 million was 3.7% higher year-on-year. The DPU of 4.918 cents for 1H17 was 0.9% higher year-on-year.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “Notwithstanding the uncertainties in the macroeconomic environment, we are pleased to have delivered a higher distributable income and DPU for the first half of 2017. Our assets in Australia, 177 Pacific Highway and Southgate Complex contributed to our robust performance this quarter.”

As at 30 June 2017, the Singapore office portfolio achieved an overall committed occupancy of 98.8%. The committed occupancies for Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Properties were at 97.9%, 100% and 100% respectively. In Australia, the committed occupancies for 177 Pacific Highway and Southgate Complex (Office) were 100% and 93.5% respectively as at 30 June 2017.

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

² Based on 25/7/2017 closing price of S\$1.93 per unit.

On Suntec REIT's office performance, Mr. Chan said, "During the second quarter of 2017, we renewed and signed approximately 118,000 sq ft of leases, reducing the 2017 leases expiring to 3.8% of NLA. We are also in final negotiations for 20.8% of the NLA expiring in 2018. We will continue our proactive asset management to maintain our high occupancy level as the Singapore office market is expected to remain under pressure given the secondary stock coming on stream."

"The office markets in Sydney and Melbourne continue to be on an upward trend. With the new leases signed at Southgate Complex, the committed occupancy for our Australian office portfolio has improved to 98.1%. We expect our Australian assets to continue to perform well given the positive occupier demand in both the Sydney and Melbourne markets amidst the stock withdrawals and low level of new supply."

For the Singapore retail portfolio, the overall committed occupancy as at 30 June 2017 was 99.0%. Compared against the previous quarter, the committed occupancy for Suntec City Mall improved to 99.3%, while the committed occupancy for Marina Bay Link Mall increased to 99.5%. In Australia, the committed occupancy for Southgate Complex (Retail) was 88.2% as at 30 June 2017.

On Suntec REIT's retail performance, Mr. Chan said, "We are pleased to report that Suntec City Mall's operational performance continued to strengthen in 2Q 2017 with key performance indicators registering another quarter of improvement. The overall committed occupancy has increased to 99.3% while year-to-date footfall and tenant sales per sq ft increased by 11.0% and 5.3% year-on-year respectively."

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

Mr. Chan also updated, "We are pleased to report that piling works are in progress and development works for the new Grade A commercial building at 9 Penang Road is currently on track."

Summary of Suntec REIT's 2Q 17 & 1H 17 Results

	2Q 17 (S\$'000)	2Q 16 (S\$'000)	% Change	1H 17 (S\$'000)	1H 16 (S\$'000)	% Change
Gross revenue	87,305	78,938	10.6	175,741	157,281	11.7
Net property income	59,417	52,673	12.8	121,250	106,645	13.7
Income contribution from JVs	21,809	21,694	0.5	46,110	43,957	4.9
Distributable income	66,033	63,325	4.3	127,879	123,328	3.7
- from operations	58,033	55,325	4.9	116,879	111,328	5.0
- from capital	8,000	8,000	0.0	11,000	12,000	-8.3
Distribution per unit	2.493¢	2.501¢	-0.3	4.918¢	4.872¢	0.9
- from operations	2.191¢	2.185¢	0.3	4.498¢	4.398¢	2.3
- from capital	0.302¢	0.316¢	-4.4	0.420¢	0.474¢	-11.4
Distribution yield						
- based on 30 June 2017 closing price of S\$1.87	5.3%	5.4%		5.3%	5.2%	
- based on 25 July 2017 closing price of S\$1.93	5.2%	5.2%		5.1%	5.1%	

For 2Q 17, Suntec REIT's gross revenue of S\$87.3 million was 10.6% higher year-on-year. This was mainly due to the rental contribution of 177 Pacific Highway which received practical completion in August 2016.

The net property income of S\$59.4 million was 12.8% higher year-on-year which was similarly due to the contribution from 177 Pacific Highway.

The debt-to-asset ratio stood at 34.7% as at 30 June 2017 whilst the all-in financing cost was 2.41% per annum for 2Q 17.

For 1H 17, Suntec REIT's gross revenue of S\$175.7 million was an increase of 11.7% year-on-year while net property income increased by 13.7% to S\$121.3 million. These were similarly due to the contribution from 177 Pacific Highway.

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ABOUT SUNTEC REIT

Listed on 9 December 2004, Suntec REIT holds properties in Suntec City, Singapore's largest integrated commercial development (including one of Singapore's largest shopping mall), a 60.8% interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, and a 30.0% interest in 9 Penang Road. Suntec REIT holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney and a 25.0% interest in Southgate Complex, Melbourne, Australia. Its aim is to invest in income-producing real estate which is primarily used for retail and/or office purposes. Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited. For more details, please visit www.suntecreit.com.

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA").

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

ARA's business is focused on the following segments:

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

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

ARA has approximately 1,300 staff in 19 cities in seven countries. It manages close to 100 properties measuring 55 million square feet in Asia Pacific, with approximately S\$36 billion in assets under management.

IMPORTANT NOTICE

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

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Suntec) Limited (as the manager of Suntec REIT) (the "Manager") or any of its affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.

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