



Suntec Real Estate Investment Trust 2016 Third Quarter and Nine Months Unaudited Financial Statements & Distribution Announcement

Suntec Real Estate Investment Trust ("Suntec REIT") is a real estate investment trust constituted by the Trust Deed entered into on 1 November 2004 (as amended) between ARA Trust Management (Suntec) Limited as the Manager of Suntec REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of Suntec REIT.

Suntec REIT was listed on the Singapore Exchange Securities Trading Limited on 9 December 2004.

Suntec REIT owns Suntec City mall and certain office units in Suntec Towers One, Two and Three and the whole of Suntec Towers Four and Five, which form part of the integrated commercial development known as "Suntec City". The property portfolio also comprises 60.8 per cent effective interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ") and a one-third interest in Marina Bay Financial Centre Towers 1 and 2, and the Marina Bay Link Mall (collectively known as "MBFC Properties") and 30.0 per cent interest in Park Mall. Suntec REIT holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, North Sydney Australia which received practical completion on 1 August 2016.

On 5 August 2016, Southgate Trust, which Suntec REIT holds a 50% indirect interest, entered into a contract for sale with Perpetual Trustee Company Limited to acquire 50% interest in Southgate complex located in Melbourne, Australia for A\$289.0 million (the "Acquisition"). The Acquisition is expected to be completed by December 2016.

The financial information for the period from 1 January 2016 to 30 September 2016 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**Financial Statements Announcement
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SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS

	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	82,373	86,066	-4.3%	239,654	241,974	-1.0%
Net property income	57,234	58,456	-2.1%	163,879	166,728	-1.7%
Distributable income	64,336	63,611	1.1%	187,664	182,465	2.8%
- from operations	60,336	59,011	2.2%	171,664	171,865	-0.1%
- from capital ^(a)	4,000	4,600	-13.0%	16,000	10,600	50.9%
Distribution per unit (cents) ^(b)	2.535	2.522	0.5%	7.407	7.252	2.1%
- from operations	2.377	2.340	1.6%	6.775	6.831	-0.8%
- from capital ^(a)	0.158	0.182	-13.2%	0.632	0.421	50.1%
Annualised distribution per unit (cents)	10.085	10.006	0.8%	9.894	9.696	2.0%

Footnote:

(a) This relates to a portion of the sale proceeds from disposal of Park Mall in December 2015 (2015: CHIJMES in January 2012) and is classified as capital distribution from a tax perspective. Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(b) Please refer to Page 12 for the distribution per unit computation.

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1 (a)(i) Statements of Total Return and Statement of Distribution for the Third Quarter and Nine Months ended 30 September 2016

<u>Statement of total return</u>	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	82,373	86,066	-4.3%	239,654	241,974	-1.0%
Maintenance charges	(5,036)	(4,972)	-1.3%	(15,108)	(14,918)	-1.3%
Property management fees ^(b)	(2,298)	(2,582)	11.0%	(7,015)	(7,246)	3.2%
Property tax ^(c)	(4,685)	(6,405)	26.9%	(15,705)	(18,391)	14.6%
Other property expenses ^(d)	(13,120)	(13,651)	3.9%	(37,947)	(34,691)	-9.4%
Property expenses	(25,139)	(27,610)	8.9%	(75,775)	(75,246)	-0.7%
Net property income	57,234	58,456	-2.1%	163,879	166,728	-1.7%
Other income ^(e)	-	3,936	-100.0%	-	9,947	-100.0%
Share of profit of joint ventures ^(f)	20,532	13,885	47.9%	53,060	43,529	21.9%
Finance income ^(g)	7,852	10,054	-21.9%	34,324	29,070	18.1%
Finance expenses ^(g)	(18,721)	(24,897)	24.8%	(74,792)	(65,688)	-13.9%
Amortisation of intangible asset ^(h)	-	(2,930)	100.0%	-	(7,404)	100.0%
Asset management fees - base fee	(7,943)	(7,612)	-4.3%	(23,224)	(22,471)	-3.4%
Asset management fees - performance fee	(3,842)	(3,833)	-0.2%	(11,338)	(11,086)	-2.3%
Trust expenses	(1,182)	(953)	-24.0%	(2,934)	(2,833)	-3.6%
Net income	53,930	46,106	17.0%	138,975	139,792	-0.6%
Net change in fair value of financial derivatives ⁽ⁱ⁾	1,326	5,081	-73.9%	(2,511)	10,218	-124.6%
Total return before tax	55,256	51,187	7.9%	136,464	150,010	-9.0%
Income tax expense ⁽ⁱ⁾	(1,687)	(1,977)	14.7%	(4,376)	(5,114)	14.4%
Total return for the period after tax	53,569	49,210	8.9%	132,088	144,896	-8.8%
Attributable to:						
Unitholders	52,206	46,925	11.3%	128,014	138,283	-7.4%
Non-controlling interests	1,363	2,285	-40.4%	4,074	6,613	-38.4%
Total return for the period	53,569	49,210	8.9%	132,088	144,896	-8.8%

<u>Statement of distribution</u>	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period attributable to Unitholders before distribution	52,206	46,925	11.3%	128,014	138,283	-7.4%
Non-tax chargeable items ^(k)	(21,234)	(7,774)	-173.1%	(31,881)	(25,535)	-24.9%
Taxable income	30,972	39,151	-20.9%	96,133	112,748	-14.7%
Dividend income ^(l)	29,364	19,860	47.9%	75,531	59,117	27.8%
Income available for distribution to Unitholders	60,336	59,011	2.2%	171,664	171,865	-0.1%
Unitholders' distribution:						
- from operations	60,336	59,011	2.2%	171,664	171,865	-0.1%
- from capital ^(m)	4,000	4,600	-13.0%	16,000	10,600	50.9%
Distributable amount to Unitholders	64,336	63,611	1.1%	187,664	182,465	2.8%

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Footnotes:

- (a) Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces. The decrease in Gross revenue for the current quarter and nine months ended 30 September 2016 was due to the divestment of Park Mall in December 2015. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Property management fees for the current quarter and nine months ended 30 September 2016 was lower due to the divestment of Park Mall in December 2015.
- (c) Property tax for the current quarter and nine months ended 30 September 2016 was lower compared to the corresponding periods mainly due to the divestment of Park Mall and the reversal of an overprovision of FY2015 property tax for Suntec Singapore.
- (d) Other property expenses for nine months ended 30 September 2016 was higher compared to the corresponding period mainly due to higher operating expenses for Suntec Singapore.
- (e) Included in the Other income are the following:

	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income support in relation to MBFC Properties ⁽¹⁾	-	3,936	-100.0%	-	9,947	-100.0%
Other Income	-	3,936	-100.0%	-	9,947	-100.0%

(1) Relates to income support received from Choicewide Group Limited. The income support ended in 4QFY15 in accordance with the Deed of Income Support.

- (f) This relates to the Group's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), one-third interest in BFC Development LLP ("BFCD LLP") and 30.0% interest in Park Mall Pte. Ltd.
- (g) Included in the net financing costs are the following:

	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
Interest income						
- fixed deposits and current account	103	492	-79.1%	506	1,052	-51.9%
- loans to joint ventures	4,704	6,275	-25.0%	18,551	18,984	-2.3%
- progress payments ⁽¹⁾	2,141	3,178	-32.6%	13,078	8,701	50.3%
- interest rate swaps ⁽²⁾	119	109	9.2%	1,654	333	396.7%
Net foreign currency exchange differences	785	-	n.m.	535	-	n.m.
	7,852	10,054	-21.9%	34,324	29,070	18.1%
Finance expenses:						
Interest expense						
- bank loans, notes and convertible bonds ⁽³⁾	(15,682)	(18,040)	13.1%	(56,642)	(50,302)	-12.6%
- interest rate swaps	(1,468)	(1,115)	-31.7%	(2,602)	(2,552)	-2.0%
Amortisation and transaction costs ⁽⁴⁾	(1,571)	(2,487)	36.8%	(15,548)	(7,343)	-111.7%
Net foreign currency exchange differences	-	(3,255)	100.0%	-	(5,491)	100.0%
	(18,721)	(24,897)	24.8%	(74,792)	(65,688)	-13.9%
Net financing costs	(10,869)	(14,843)	26.8%	(40,468)	(36,618)	-10.5%

(1) Relates to coupon earned on progress payments made in relation to 177 Pacific Highway in North Sydney Australia during the development stage.

(2) Interest rate swaps income increased year-on-year due to higher swap offer rates.

(3) Interest expense on bank loans, notes and convertible bonds for the nine months ended 30 September 2016 were higher year-on-year due to additional borrowings and higher swap offer rate.

(4) Amortisation and transaction costs for the nine months ended 30 September 2016 were higher compared to the corresponding period due to one-time write-off of unamortised transaction costs in relation to the redemption of convertible bonds.

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- (h) This relates to the amortisation of the intangible asset relating to the income support received by Suntec REIT (please refer to note (e) above).
- (i) This relates to the net gain/(loss) arising from fair value remeasurement of the foreign currency forward contracts, interest rate swaps and convertible bonds. These have no impact on distributable income.
- (j) This relates to income tax on operating profits and non-tax transparent income received. The income tax was lower year-on-year for the current quarter and nine months ended 30 September 2016 due to the cessation of income support.
- (k) Included in the non-tax deductible/(chargeable) items are the following:

	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-tax deductible/(chargeable) items						
Amortisation of intangible asset	-	2,930	-100.0%	-	7,404	-100.0%
Amortisation of transaction costs	1,452	2,367	-38.7%	15,192	6,987	117.4%
Asset management fees paid/payable in units	8,740	8,480	3.1%	25,610	24,839	3.1%
Net change in fair value of financial derivatives	(1,326)	(5,081)	-73.9%	2,511	(10,218)	-124.6%
Net foreign currency exchange differences	(638)	3,214	-119.9%	(349)	5,440	-106.4%
Temporary differences and other adjustments ⁽¹⁾	159	636	-75.0%	1,701	1,680	1.3%
Net profit from subsidiaries and/or joint ventures	(29,621)	(20,320)	45.8%	(76,546)	(61,667)	24.1%
Total	(21,234)	(7,774)	173.1%	(31,881)	(25,535)	24.9%

(1) This relates mainly to non-deductible expenses and chargeable income.

- (l) This relates to the dividend/distribution income received from:

	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Wholly-owned subsidiaries:						
Comina Investment Limited ⁽¹⁾	8,025	5,617	42.9%	21,035	18,560	13.3%
Suntec Harmony Pte. Ltd. ⁽²⁾	3,040	3,040	0.0%	9,120	7,600	20.0%
Suntec REIT Capital Pte. Ltd. ⁽³⁾	3,500	1,800	94.4%	9,400	4,900	91.8%
Suntec REIT (Australia) Trust ⁽⁴⁾	3,292	1,135	190.0%	7,369	3,033	143.0%
	17,857	11,592	54.0%	46,924	34,093	37.6%
Joint venture:						
BFC Development LLP ⁽⁵⁾	11,507	8,268	39.2%	28,607	25,024	14.3%
	29,364	19,860	47.9%	75,531	59,117	27.8%

(1) Comina Investment Limited ("CIL") has a one-third interest in ORQ.

(2) Suntec Harmony Pte. Ltd. ("SHPL") has a 60.8% effective interest in Suntec Singapore.

(3) Suntec REIT Capital Pte. Ltd provides shareholder loan to Suntec REIT (Australia) Trust for its investment in Australia.

(4) Suntec REIT (Australia) Trust ("SRAust") has a 100% effective interest in 177 Pacific Highway.

(5) BFC Development LLP has a one-third interest in MBFC Properties.

- (m) This relates to a portion of the sales proceed from the disposal of Park Mall in December 2015 (2015: CHIJMES in January 2012) and is classified as capital distribution from a tax perspective.

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1 (b)(i) Statements of Financial Position as at 30 September 2016

	Group		Trust	
	30/9/16	31/12/15	30/9/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	2,226	2,706	353	403
Investment properties ^(a)	6,176,435	5,799,901	5,000,145	5,000,000
Interest in joint ventures ^(b)	2,448,438	2,456,648	1,459,496	1,467,060
Investments in subsidiaries ^(c)	-	-	1,117,578	982,650
Trade and other receivables ^(a)	-	237,629	-	-
Derivative assets ^(d)	-	6,955	-	5,063
Total non-current assets	8,627,099	8,503,839	7,577,572	7,455,176
Current assets				
Derivative assets ^(d)	16	3,040	16	3,040
Trade and other receivables ^(e)	44,640	12,832	79,821	5,536
Cash and cash equivalents	353,115	445,267	253,683	393,579
Total current assets	397,771	461,139	333,520	402,155
Total assets	9,024,870	8,964,978	7,911,092	7,857,331
Current liabilities				
Interest-bearing borrowings ^(f)	-	638,043	-	638,043
Trade and other payables	112,955	107,708	64,532	65,452
Derivative liabilities ^(d)	159	-	159	-
Current portion of security deposits	23,692	20,398	17,732	16,136
Provision for taxation	463	1,295	-	1,295
Total current liabilities	137,269	767,444	82,423	720,926
Non-current liabilities				
Interest-bearing borrowings ^(f)	3,303,966	2,574,669	2,939,451	2,210,511
Derivative liabilities ^(d)	21,776	7,895	19,890	7,895
Non-current portion of security deposits	43,284	48,686	43,323	46,922
Deferred tax liabilities	5,971	3,627	-	-
Total non-current liabilities	3,374,997	2,634,877	3,002,664	2,265,328
Total liabilities	3,512,266	3,402,321	3,085,087	2,986,254
Net assets	5,512,604	5,562,657	4,826,005	4,871,077
Represented by:				
Unitholders' funds ^(g)	5,397,239	5,444,005	4,826,005	4,871,077
Non-controlling interests	115,365	118,652	-	-
Total Equity	5,512,604	5,562,657	4,826,005	4,871,077

Footnotes:

- (a) The increase was due to the reclassification of progress payments made in relation to 177 Pacific Highway in North Sydney Australia to investment properties upon practical completion on 1 August 2016.
- (b) In respect of the Group's joint ventures, this relates to the one-third interest in ORQPL, one-third interest in BFGD LLP and 30.0% interest in Park Mall Investment Limited ("PMIL"). In respect of the Trust's joint ventures, this relates to the one-third interest in ORQPL and one-third interest in BFGD LLP.
- (c) This relates to CIL, SHPL, Suntec REIT MTN Pte. Ltd. ("SRMTN"), Suntec REIT Capital Pte. Ltd., SRAust and Suntec (PM) Pte. Ltd., which are wholly-owned subsidiaries of Suntec REIT.
- (d) This relates to the foreign currency forward contracts and interest rate swaps at fair value through statement of total return and embedded derivative relating to convertible bonds.

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- (e) *The increase for the Group was mainly due to dividends to be received from joint ventures and deposit paid for the purchase of a 25% interest in Southgate complex. The increase for the Trust was mainly due to receivables from subsidiaries and deposit paid for the purchase of a 25% interest in Southgate complex.*
- (f) *The interest-bearing borrowings are stated at amortised cost. During the quarter, S\$150 million notes was refinanced via a term loan facility entered into in May 2016. The increase in interest-bearing borrowings was due to S\$300 million convertible bonds issued on 5 September 2016. The proceeds from convertible bonds will be used for the acquisition of Southgate complex, prepayment of borrowings, capital expenditure and general working capital purposes.*
- (g) *Please refer to statement of movements in unitholders' funds item 1(d)(i) for details.*

1 (b)(ii) Aggregate amount of borrowings and debt securities

	Group		Trust	
	30/9/16	31/12/15	30/9/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Secured ^(a)	-	99,746	-	99,746
- Unsecured ^(b)				
(i) financial institutions	-	119,936	-	119,936
(ii) notes & convertible bonds	-	418,361	-	418,361
	-	638,043	-	638,043
Amount repayable after one year				
- Secured ^(a)	364,515	364,158	-	-
- Unsecured ^(b)				
(i) financial institutions	2,247,459	1,797,489	2,247,459	1,797,489
(ii) notes & convertible bonds	691,992	413,022	278,581	-
(iii) subsidiary	-	-	413,411	413,022
	3,303,966	2,574,669	2,939,451	2,210,511
	3,303,966	3,212,712	2,939,451	2,848,554

Details of borrowings and collaterals

- (a) *The Group has in place a secured S\$366.0 million term loan facility for a term of five years. As at 30 September 2016, the Group has drawn down S\$366.0 million.*

The facilities are secured on the following:

- A first legal mortgage on Suntec Singapore (the "Property");*
- A first fixed charge over the central rental collection account in relation to the Property;*
- An assignment of the subsidiary's rights, title and interest in the tenancy 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 Property in relation to the Property, agreements, collateral, as required by the financial institution granting the facility.*
- An assignment of any interest rate swaps facility, which may be entered into by the subsidiary in relation to the term loan facility.*

- (b) *As at 30 September 2016, the Group has unsecured interest-bearing borrowings comprising S\$2,253.5 million from various institutional banks, S\$300.0 million of convertible bonds and S\$415.0 million euromedium term notes issued by SRMTN and on-lent to the Trust.*

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1 (c) Statements of Cash Flow

	Group			
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	1/1/16 to 30/9/16	1/1/15 to 30/9/15
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Net income	53,930	46,106	138,975	139,792
Adjustments for:				
Depreciation of plant and equipment	275	240	808	678
Loss on disposal of plant and equipment	-	-	11	8
Asset management fees paid/payable in units	8,740	8,480	25,610	24,839
Net financing costs ^(a)	10,869	14,843	40,468	36,618
Amortisation of intangible asset	-	2,930	-	7,404
Allowance for doubtful receivables	286	97	381	597
Share of profit of joint ventures	(20,532)	(13,885)	(53,060)	(43,529)
Operating income before working capital changes	53,568	58,811	153,193	166,407
Changes in working capital				
Inventories	-	-	-	6
Trade and other receivables	(5,449)	1,914	(5,561)	1,859
Trade and other payables	1,412	1,423	(932)	3,448
Cash flows generated from operations	49,531	62,148	146,700	171,720
Income tax paid	(206)	(877)	(876)	(1,753)
Net cash flow from operating activities	49,325	61,271	145,824	169,967
Investing activities				
Interest received	6,948	9,865	32,135	28,651
Dividend received from joint ventures	15,425	14,741	30,110	29,699
Change in investment in joint ventures	-	-	7,564	-
Deposit (paid)/received for investment property held for sale	(7,420)	-	(7,420)	20,590
Capital expenditure on investment properties	(556)	(3,519)	(2,592)	(37,125)
Purchase of plant and equipment	(117)	(263)	(340)	(621)
Progress payments on construction	(44,503)	(43,721)	(129,388)	(67,368)
Advance to a joint venture	-	(3,705)	-	(10,314)
Loan repayment from a joint venture	-	-	-	7,000
Net cash flow used in investing activities	(30,223)	(26,602)	(69,931)	(29,488)
Financing activities				
Proceeds from interest-bearing loans	256,231	62,813	561,756	156,123
Financing costs paid	(25,301)	(26,810)	(69,019)	(66,370)
Proceeds from convertible bonds	300,000	-	300,000	-
Repayment of convertible bonds	-	-	(280,000)	-
Repayment of interest-bearing loans	(262,500)	-	(482,500)	(15,000)
Dividend paid to non-controlling interest	(1,960)	(1,960)	(5,880)	(4,900)
Distributions to unitholders	(63,358)	(62,889)	(192,838)	(183,472)
Net cash flow from/(used in) financing activities	203,112	(28,846)	(168,481)	(113,619)
Net increase/(decrease) in cash and cash equivalents	222,214	5,823	(92,588)	26,860
Cash and cash equivalents at beginning of the period	130,147	168,406	445,267	149,536
Effect on exchange rate fluctuations on cash held	754	(3,258)	436	(5,425)
Cash and cash equivalents at end of the period	353,115	170,971	353,115	170,971

Footnote:

(a) Please refer to footnote (g) under note 1(a)(i) Statement of Total Return and Statement of Distribution for the quarter and nine months ended 30 September 2016 on page 4.

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1 (d)(i) Statements of Movements in Unitholders' Funds

	Group			
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	1/1/16 to 30/9/16	1/1/15 to 30/9/15
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	5,386,004	5,285,921	5,444,005	5,305,398
Operations				
Total return for the period attributable to unitholders	52,206	46,925	128,014	138,283
Net increase in net assets resulting from operations	52,206	46,925	128,014	138,283
Effective portion of changes in fair value of cash flow hedges ^(a)	(1,754)	1,468	(6,361)	2,042
Translation differences from financial statements of foreign entities	18,474	(7,417)	7,878	(14,602)
Net loss recognised directly in Unitholder's fund	16,720	(5,949)	1,517	(12,560)
Unitholders' transactions				
Creation of units				
- asset management fee paid in units ^(b)	-	-	10,874	16,359
Units to be issued				
- asset management fee payable in units ^(b)	5,667	8,480	5,667	8,480
Distributions paid/payable to unitholders	(63,358)	(62,889)	(192,838)	(183,472)
Net decrease in net assets resulting from unitholders' transactions	(57,691)	(54,409)	(176,297)	(158,633)
Unitholders' funds as at end of period	5,397,239	5,272,488	5,397,239	5,272,488

	Trust			
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	1/1/16 to 30/9/16	1/1/15 to 30/9/15
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	4,822,210	4,824,852	4,871,077	4,844,142
Operations				
Total return for the period attributable to unitholders	61,486	41,996	131,225	126,930
Net increase in net assets resulting from operations	61,486	41,996	131,225	126,930
Unitholders' transactions				
Creation of units				
- asset management fee paid in units ^(b)	-	-	10,874	16,359
Units to be issued				
- asset management fee payable in units ^(b)	5,667	8,480	5,667	8,480
Distributions paid/payable to unitholders	(63,358)	(62,889)	(192,838)	(183,472)
Net decrease in net assets resulting from unitholders' transactions	(57,691)	(54,409)	(176,297)	(158,633)
Unitholders' funds as at end of period	4,826,005	4,812,439	4,826,005	4,812,439

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

Footnotes:

- (a) This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by a subsidiary and a joint venture.
- (b) This represents the value of units issued and to be issued to the Manager as partial satisfaction of the asset management fee incurred for the quarter. The asset management base fee units for the quarter ended 30 September 2016 are to be issued within 30 days from quarter end.

1 (d)(ii) Details of any changes in the units since the end of the previous period reported on

	Group and Trust			
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	1/1/16 to 30/9/16	1/1/15 to 30/9/15
	Units	Units	Units	Units
Issued units at the beginning of the period	2,530,135,942	2,510,787,767	2,521,238,831	2,502,245,610
Creation of units:				
- as payment for asset management fee	3,205,418	4,795,767	12,102,529	13,337,924
Issued units at the end of the period	2,533,341,360	2,515,583,534	2,533,341,360	2,515,583,534
Units to be issued:				
- asset management fee payable in units ^(a)	3,321,413	5,655,297	3,321,413	5,655,297
Issuable units at the end of the period	3,321,413	5,655,297	3,321,413	5,655,297
Total issued and issuable units	2,536,662,773	2,521,238,831	2,536,662,773	2,521,238,831

Footnotes:

- (a) These are units to be issued to the Manager as partial satisfaction of asset management base fee incurred for the quarter ended 30 September 2016.

Convertible Bonds – Group & Trust

On 5 September 2016, Suntec REIT issued the following convertible bonds, which remained outstanding as at 30 September 2016:

- S\$300,000,000 of Convertible Bonds due in 2021 which are convertible by holders into units of Suntec REIT at any time on or after 16 October 2016 at a conversion price of S\$2.101 per unit (30 September 2015: \$280,000,000 of Convertible Bonds due in 2018 which are convertible by holders into units of Suntec REIT at any time on or after 28 April 2013 at a convertible price of \$2.111 per unit).

There has been no conversion of any of the above convertible bonds since the date of their issue.

Assuming the bonds are fully converted based on the adjusted conversion price, the number of new units to be issued would be 142,789,148 (30 September 2015: 132,638,559), representing 5.6% (30 September 2015: 5.3%) of the total number of units of Suntec REIT in issue as at 30 September 2016.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures for the quarter and nine months ended 30 September 2016 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and methods of computation as in the audited financial statements for the year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There is no change in the accounting policies and methods of computation adopted.

6. Earnings per unit ("EPU") and Distribution per unit ("DPU")

Earnings per unit

	Group			
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	1/1/16 to 30/9/16	1/7/15 to 30/9/15
Weighted average number of issued units ^(a)	2,533,377,462	2,515,645,005	2,530,177,337	2,511,039,252
Earnings per unit for the period based on the weighted average number of units in issue (cents)	2.061	1.865	5.059	5.507
Weighted average number of units on a fully diluted basis	2,582,332,771	2,648,283,564	2,555,528,651	2,643,677,811
Earnings per unit for the period based on a fully diluted basis (cents) ^(b)	1.953	1.857	4.940	5.167

Footnotes:

- (a) For the purpose of calculating the basic EPU, the weighted average number of units issued/issuable took into account the asset management fees – base fees paid/payable in units. (2015: asset management fees – base and performance fees paid/payable in units.)
- (b) For the purpose of calculating the diluted EPU, the weighted average number of units in issue is adjusted to take into account the asset management fees - performance fees payable in units. (2015: asset management fees – performance fees paid/payable in units and the dilutive effect arising from full conversion of convertible bonds to units.)

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

Distribution per Unit

In computing the DPU, the number of units as at the end of each period is used for the computation. The DPU for the Group and Trust are the same.

	Group			
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	1/1/16 to 30/9/16	1/1/15 to 30/9/15
Number of issued and issuable units at end of period entitled to distribution ^(a)	2,536,662,773	2,521,238,831	2,536,662,773	2,521,238,831
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	2.535 ⁽¹⁾	2.522 ⁽¹⁾	7.407 ⁽²⁾	7.252 ⁽²⁾

- (1) *The distribution per unit for the quarter ended 30 September 2016 of 2.535 cents per unit (30 September 2015: 2.522 cents per unit) comprised a taxable income component of 1.860 cents per unit (30 September 2015: 2.075 cents per unit), a tax exempt income component of 0.517 cents per unit (30 September 2015: 0.265 cents per unit) and a capital distribution of 0.158 cents per unit (30 September 2015: 0.182 cents per unit).*
- (2) *The distribution per unit for the half year ended 30 September 2016 of 7.407 cents per unit (30 September 2015: 7.252 cents per unit) comprised a taxable income component of 5.697 cents per unit (30 September 2015: 6.052 cents per unit), a tax exempt income component of 1.078 cents per unit (30 September 2015: 0.779 cents per unit) and a capital distribution of 0.632 cents per unit (30 September 2015: 0.421 cents per unit).*

Footnotes:

(a) *The computation of actual DPU for the period from 1 July 2016 to 30 September 2016 is based on the number of units entitled to the distribution:*

- (i) *The number of units in issue as at 30 September 2016 of 2,533,341,360; and*
- (ii) *The units issuable to the Manager by 30 October 2016 as partial satisfaction of asset management base fees incurred for the period from 1 July 2016 to 30 September 2016 of 3,321,413.*

7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 30 September 2016

	Group		Trust	
	30/9/16 ^(a)	31/12/15	30/9/16 ^(a)	31/12/15
NAV / NTA per unit (S\$)	2.128	2.154	1.903	1.928

Footnotes:

(a) *The number of units used for computation of actual NAV per unit is 2,536,662,773. This comprised:*

- (i) *The number of units in issue as at 30 September 2016 of 2,533,341,360; and*
- (ii) *The units issuable to the Manager by 30 October 2016 as partial satisfaction of asset management base fees incurred for the period from 1 July 2016 to 30 September 2016 of 3,321,413.*

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

8. Review of the performance for the Third Quarter and Nine Months ended 30 September 2016

8(i) Gross revenue and Net Property Income contribution by properties

Properties	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue:						
Suntec City	58,052	56,915	2.0%	175,446	161,376	8.7%
Park Mall ^(a)	1	6,027	-100.0%	50	18,103	-99.7%
	58,053	62,942	-7.8%	175,496	179,479	-2.2%
177 Pacific Highway ^(b)	5,768	-	n.m.	5,768	-	n.m.
Suntec Singapore	18,552	23,124	-19.8%	58,390	62,495	-6.6%
Total gross revenue	82,373	86,066	-4.3%	239,654	241,974	-1.0%
Net Property Income:						
Suntec City	44,400	43,478	2.1%	135,387	124,050	9.1%
Park Mall ^(a)	69	4,405	-98.4%	304	13,389	-97.7%
	44,469	47,883	-7.1%	135,691	137,439	-1.3%
177 Pacific Highway ^(b)	5,233	-	n.m.	5,233	-	n.m.
Suntec Singapore	7,532	10,573	-28.8%	22,955	29,289	-21.6%
Total net property income	57,234	58,456	-2.1%	163,879	166,728	-1.7%

Footnote:

(a) Contribution from Park Mall relates to reconciliation adjustments subsequent to the divestment on 22 December 2015.

(b) 177 Pacific Highway obtained practical completion on 1 August 2016. Prior to practical completion, the Group received coupon on progress payments made during the development stage. Please refer to 1(a)(i) note (g) on page 4

8(ii) Income contribution from joint ventures

Joint ventures:	Group					
	1/7/16 to 30/9/16	1/7/15 to 30/9/15	Change	1/1/16 to 30/9/16	1/1/15 to 30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
One-third interest in ORQ:						
- Interest income	483	486	-0.6%	1,547	1,469	5.3%
- Dividend income	8,025	5,617	42.9%	21,035	18,560	13.3%
	8,508	6,103	39.4%	22,582	20,029	12.7%
One-third interest in MBFC Properties:						
- Income support	-	3,936	-100.0%	-	9,947	-100.0%
- Interest income	4,221	5,789	-27.1%	17,004	17,515	-2.9%
- Distribution income	11,507	8,268	39.2%	28,607	25,024	14.3%
	15,728	17,993	-12.6%	45,611	52,486	-13.1%
Total income contribution	24,236	24,096	0.6%	68,193	72,515	-6.0%

Financial Statements Announcement For Third Quarter and Nine Months ended 30 September 2016

Review of performance 3Q FY16 vs 3Q FY15

Gross revenue for 3Q FY16 was S\$82.4 million, a decrease of S\$3.7 million or 4.3% lower year-on-year. The decrease was due to the divestment of Park Mall and lower revenue from Suntec Singapore, which was mitigated by revenue contribution from 177 Pacific Highway after practical completion as well as the increase in revenue from the opening of Suntec City mall (Phase 3) following the completion of the asset enhancement works.

Gross office revenue for the quarter was S\$38.8 million, which was S\$4.4 million or 12.8% higher than 3Q FY15. This was mainly due to the revenue contribution from 177 Pacific Highway and offset by the divestment of Park Mall.

Gross retail revenue for the quarter was S\$25.0 million, which was S\$3.5 million or 12.4% lower than in 3Q FY15. This was mainly due to the divestment of Park Mall partially offset by the opening of Suntec City mall (Phase 3).

Suntec Singapore's revenue contribution for the quarter was S\$18.6 million, comprising S\$14.4 million from convention and S\$4.2 million from retail. The S\$4.5 million or 19.8% decrease year-on-year was mainly due to lower retail and convention revenue. Convention revenue for 3Q FY15 was higher due to one-off events.

Property expenses incurred for the quarter was S\$25.1 million, which was S\$2.5 million or 8.9% lower than the corresponding period last year. This was mainly due to divestment of Park Mall and reversal of property tax for Suntec Singapore.

Net property income of S\$57.2 million for the quarter was S\$1.2 million or 2.1% lower year-on-year. This was mainly due to the divestment of Park Mall.

The income contribution from ORQ and MBFC Properties for the quarter of S\$24.2 million was S\$0.1 million or 0.6% higher year-on-year, mainly due to higher dividend and distribution income received.

Net financing costs for the quarter was S\$10.9 million, a decrease of S\$4.0 million or 26.8% lower year-on-year. This was mainly due to net foreign currency exchange differences. Excluding net foreign currency exchange differences, net financing costs is in line with 3QFY15.

The all-in financing cost for Suntec REIT averaged 2.28% for the quarter, and the consolidated gearing ratio stood at 36.6% as at 30 September 2016.

Total distributable income for the quarter of S\$64.3 million was S\$0.7 million or 1.1% higher year-on-year. The distribution per unit ("DPU") for the quarter was 2.535 cents per unit, 0.5% higher than 3Q FY15 DPU of 2.522 cents per unit. This includes a capital distribution of S\$4.0 million or 0.158 cents per unit.

For the office portfolio, Suntec City Office committed occupancy improved to 98.9% as at 30 September 2016. ORQ committed occupancy achieved 100% while MBFC Properties maintained 100% committed occupancy as at 30 September 2016. 177 Pacific Highway received practical completion on 1 August 2016 and the committed occupancy was 100% as at 30 September 2016.

For the retail portfolio, the committed occupancy for the entire Suntec City was 96.8% as at 30 September 2016. The committed occupancy for ORQ and Marina Bay Link Mall were 100% and 99.5% respectively as at 30 September 2016.

The overall committed occupancy for the office and retail portfolio stood at 99.4% and 97.3% respectively as at 30 September 2016.

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

Review of performance 9M FY16 vs 9M FY15

Gross revenue for 9M FY16 was S\$239.7 million, a decrease of S\$2.3 million or 1.0% lower than 9M FY15 which was mainly due to the divestment of Park Mall and lower revenue from Suntec Singapore and offset by the opening of Suntec City mall (Phase 3) and the completion of 177 Pacific Highway.

Gross office revenue for 9M FY16 was S\$104.7 million, which was S\$1.9 million or 1.9% higher than in 9M FY15. This was mainly due to the revenue contribution from 177 Pacific Highway, positive contribution from Suntec City Office which was offset by the divestment of Park Mall.

Gross retail revenue for 9M FY16 was S\$76.6 million, which was marginally lower than in 9M FY15. The decrease was due to the divestment of Park Mall, offset by completion of Phase 3 of the asset enhancement works in Suntec City mall.

Suntec Singapore's revenue for 9M FY16 was S\$58.4 million, a decrease of \$4.1 million or 6.6% lower year-on-year, comprising S\$42.2 million from convention and S\$16.2 million from retail. The decrease year-on-year was mainly due to lower convention and retail revenue.

Property expenses incurred for the period was S\$75.8 million, which was S\$0.5 million or 0.7% higher than the corresponding period last year due mainly to higher property expenses for Suntec Singapore.

Notwithstanding the divestment of Park Mall, the net property income for 9M FY16 was S\$163.9 million, a decrease of S\$2.8 million or 1.7% year-on-year.

The income contribution from ORQ and MBFC Properties for 9M FY16 of S\$68.2 million was S\$4.3 million or 6.0% lower year-on-year. This was due mainly to the end of the income support for MBFC Properties in 4Q FY15.

Net financing costs for the period was S\$40.5 million, an increase of S\$3.9 million or 10.5% higher year-on-year. Excluding net foreign currency exchange differences, net financing costs for 9M FY16 was \$41.0 million, \$9.9 million or 31.7% higher year-on-year. This is due to one-time write off of unamortised transaction costs relating to convertible bonds in March.

The all-in financing cost for Suntec REIT, excluding the one-time write-off of unamortised transaction costs averaged 2.66% for 9M FY16.

Total distributable income for 9M FY16 was S\$187.7 million, S\$5.2 million or 2.8% higher year-on-year. The DPU for 9M FY16 was 7.407 cents per unit, which was 2.1% higher year-on-year. This includes a capital distribution of S\$16.0 million or 0.632 cents per unit.

9. Variance between the forecast and actual results

The current results are broadly in line with the Trust's commentary made in the FY2015 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Singapore economy improved marginally in the third quarter of 2016. Based on the report released by the Ministry of Trade and Industry on 14 October 2016, the Singapore economy grew by 0.6% on a year-on-year basis.

The Singapore office market remained under pressure in the third quarter of 2016. Leasing activities were primarily from tenants seeking a flight to quality to new projects. For the quarter, the overall CBD rents declined by 1.9% to S\$8.63 psf/mth while the overall CBD occupancy declined by 2.4% to 92.8%.¹

The Singapore retail sector continued to face challenges in the third quarter of 2016. Driven by weak consumer sentiments, labour constraints and competition from E-commerce, tenants were hesitant in taking up space. To address this, landlords have introduced new retail concepts to provide shoppers with a novel reason to visit the malls.¹

Looking ahead, with Suntec REIT's strong office portfolio occupancy of 99.4% and the leases due to expire in 2016 reduced to only 0.4%, the Manager expects the performance of the office portfolio to remain stable.

The overall committed occupancy for Suntec City mall as at 30 September 2016 was 96.8%. As the asset enhancement works for Suntec City are completed, the Manager expects the retail contribution from Suntec City to remain stable.

¹ JLL, Office and Retail Market Reports 3Q 2016.

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

11. Distributions

(a) Current financial period

Any distribution declared for the current period? Yes

Name of distribution Distribution for the period from 1 July 2016 to 30 September 2016

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	1.860
Tax-exempt income	0.517
Capital distribution	0.158
Total	2.535

Distribution Type
 i) Taxable income
 ii) Tax-exempt income
 iii) Capital distribution

Par value of units Not meaningful

Tax Rate
Taxable income
 These distributions are made out of Suntec REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income
 Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution
 Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remark Nil

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

Name of distribution Distribution for the period from 1 July 2015 to 30 September 2015

Distribution Rate	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	2.075
	Tax-exempt income	0.265
	Capital distribution	0.182
	Total	2.522

Distribution Type i) Taxable income
ii) Tax-exempt income
iii) Capital distribution

Par value of units Not meaningful

Tax Rate
These distributions are made out of Suntec REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income
Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution
Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remark Nil

(c) Date paid/payable: 25 November 2016

(d) Books Closure Date: 28 October 2016

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. Aggregate value of Interested Person Transactions under Rule 920(1)(a)(ii)

Suntec REIT does not have in place a general mandate for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Suntec REIT (the "Manager") which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 30 September 2016, statement of total return & distribution statement, cash flow statement and statement of changes in unitholders' funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

On behalf of the Board of the Manager
ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Lim Hwee Chiang, John
Director

Yeo See Kiat
Director and Chief Executive Officer

15. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Board of Directors of ARA Trust Management (Suntec) Limited (as Manager for Suntec REIT) hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

16. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Suntec REIT for the quarter ended 30 September 2016:

- a. Suntec REIT will declare a distribution which is classified as capital distribution from a tax perspective, being derived from a portion of the sales proceeds from the sale of Park Mall in December 2015, in addition to the income available for distribution for the quarter ended 30 September 2016,
- b. The Manager is satisfied on reasonable grounds that, immediately after making the distributions, Suntec REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of Suntec REIT for the quarter ended 30 September 2016 and is verified by our external tax consultant.

Suntec REIT's current distribution policy is to distribute at least 90.0% of its taxable income to Unitholders.

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2016**

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

The value of units in Suntec REIT ("**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 Singapore Exchange Securities Trading Limited (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.

BY ORDER OF THE BOARD
ARA TRUST MANAGEMENT (SUNTEC) LIMITED
AS MANAGER OF SUNTEC REAL ESTATE INVESTMENT TRUST
(Company registration no. 200410976R)

Yeo See Kiat
Director
20 October 2016