

Press Release

26 April 2017

Manager of



Suntec REIT 1Q FY17 Distributable Income 3.1% Higher Year-on-Year

1Q FY17 Distribution Per Unit (DPU) of 2.425 cents, 2.3% higher

Singapore, 26 April 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\$61.8 million for the period 1 January to 31 March 2017 (“1Q FY17”) which was 3.1% higher compared to the quarter ended 31 March 2016 (“1Q FY16”). The distribution per unit (“DPU”) of 2.425 cents for 1Q FY17 was 2.3% higher than 1Q FY16 DPU of 2.371 cents. Suntec REIT’s annualised distribution yield for 1Q FY 17 was 5.6%¹.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “Notwithstanding the uncertainties in the macroeconomic environment and challenging operating conditions, we are pleased to have delivered a higher distributable income and DPU for the first quarter of 2017. Our asset in Sydney, 177 Pacific Highway, which received practical completion in August 2016, contributed to our robust performance this quarter.”

As at 31 March 2017, the Singapore office portfolio achieved an overall committed occupancy of 99.4%. The committed occupancies for Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Properties were at 99.0%, 100% and 99.8% respectively. In Australia, the committed occupancies for 177 Pacific Highway and Southgate Complex (Office) were 100% and 89.7% respectively as at 31 March 2017.

On Suntec REIT’s office performance, Mr. Chan said, “During the first quarter of 2017, we renewed and signed approximately 130,000 sq ft of leases, reducing the 2017 leases expiring to 5.9% of NLA. The committed occupancy for our Singapore office portfolio maintained at a high of 99.4%. 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 impending supply and shadow space.”

¹.Based on 25/4/2017 closing price of S\$1.755 per unit.

“With the new leases signed at Southgate Complex, the committed occupancy for our Australian office portfolio has improved to 97.0%. We expect the occupancy in Australia to strengthen as demand continues to be positive in 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 31 March 2017 was 98.3%. Compared against the previous quarter, the committed occupancy for Suntec City Mall improved to 98.4%, while the committed occupancy for Marina Bay Link Mall stood at 97.4%. In Australia, the committed occupancy for Southgate Complex (Retail) was 88.4% as at 31 March 2017.

On Suntec REIT's retail performance, Mr. Chan said, “Despite the soft retail market, we are pleased to report that Suntec City's Mall operational performance has improved in 1Q 2017. The overall committed occupancy has increased to 98.4% while footfall increased 7.3% year-on-year. Tenant sales per sq ft has also grown 4.3% year-on-year.”

“We will continue our active tenant adjustments to fine tune the trade mix and further enhance the positioning of Suntec City Mall.”

Mr. Chan also updated, “We are pleased to report that development works for the new Grade A commercial building at 9 Penang Road is currently on track and we have received the Building Plan approval on 31 March 2017.”

Summary of Suntec REIT's 1Q FY17 Results

	1Q FY17 (\$\$'000)	1Q FY16 (\$\$'000)	% Change
Gross revenue	88,436	78,343	12.9
Net property income	61,833	53,972	14.6
Income contribution from JVs	24,301	22,263	9.2
Distributable income	61,846	60,003	3.1
- from operations	58,846	56,003	5.1
- from capital	3,000	4,000	-25.0
Distribution per unit	2.425¢	2.371¢	2.3
- from operations	2.307¢	2.213¢	4.2
- from capital	0.118¢	0.158¢	-25.3

	1Q FY17	1Q FY16	
Distribution yield			
- based on 31 March 2017 closing price of S\$1.790	5.5%	5.3%	
- based on 25 April 2017 closing price of S\$1.755	5.6%	5.4%	

For 1Q FY17, Suntec REIT's gross revenue of S\$88.4 million was 12.9% 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\$61.8 million was 14.6% higher year-on-year which was similarly due to the contribution from 177 Pacific Highway.

The debt-to-asset ratio stood at 36.4% as at 31 March 2017 whilst the all-in financing cost was 2.42% for 1Q FY17.

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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 Asian 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 five 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.

As at 31 December 2016, ARA has approximately 1,300 staff in 18 cities in six 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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