

**Press Release**

25 January 2017

Manager of



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**Suntec REIT FY16 Distributable Income 0.7% Higher Year-on-Year**

*FY16 Distribution Per Unit (DPU) at 10.003 cents, DPU yield of 5.94%<sup>1</sup>*

*Singapore, 25 January 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\$66.1 million for the period 1 October to 31 December 2016 (“4Q FY16”) which was 4.9% lower compared to the quarter ended 31 December 2015 (“4Q FY15”). The distribution per unit (“DPU”) of 2.596 cents for 4Q FY16 was 5.6% lower than 4Q FY15 DPU of 2.750 cents.

For the financial year 2016 (“FY16”), the distributable income of S\$253.7 million was 0.7% higher year-on-year. The DPU of 10.003 for FY16 was in-line with FY15 DPU of 10.002 cents.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “Notwithstanding the fourth quarter year-on-year dip in distributable income which was mainly due to the divestment of Park Mall, we are pleased to report that for the financial year ended 2016, we have maintained the distributable income and DPU at similar levels as FY15.”

“While we remain Singapore-centric, we have in 2016, deepened our presence in Australia with the acquisition of an initial 25% interest in the iconic Southgate Complex, Melbourne. We have also demonstrated our execution and development capabilities with the practical completion of 177 Pacific Highway on 1 August 2016.”

As at 31 December 2016, the Singapore office portfolio achieved an overall committed occupancy of 99.3%. The committed occupancies for Suntec City Office, One Raffles Quay (ORQ) and Marina Bay Financial Centre (MBFC) properties were at 98.9%, 100% and 99.8% respectively. In Australia, the committed occupancies for 177 Pacific Highway and Southgate Complex (Office) were 100% and 86.1% respectively as at 31 December 2016.

On Suntec REIT's office performance, Mr. Chan said, "During the fourth quarter of 2016, we renewed and signed approximately 122,000 sq ft of leases, reducing the 2017 leases expiring to 9.3% of NLA. The committed occupancy for our Singapore office portfolio maintained at a high of 99.3% while the committed occupancy for our Australian office portfolio was 95.9%. 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 December 2016 was 97.7%. The committed occupancy for Suntec City Mall improved to 97.9%, while the committed occupancies for ORQ and Marina Bay Link Mall were 100% and 97.4% respectively. In Australia, the committed occupancy for Southgate Complex (Retail) was 89.0% as at 31 December 2016.

On Suntec REIT's retail performance, Mr. Chan said, "Despite the soft retail market, Suntec City Mall continues to benefit from the completed asset enhancement works, excellent connectivity with direct connections to both Promenade and Esplanade MRT Stations, and with ample car parking facilities of over 3,000 lots. The committed occupancy of Suntec City mall strengthened to 97.9% and mall footfall improved 16.1% year-on-year to close to 40 million shoppers."

#### Summary of Suntec REIT's 4Q FY16 & FY15 Results

	4Q FY16 (S\$'000)	4Q FY15 (S\$'000)	% Change	FY16 (S\$'000)	FY15 (S\$'000)	% Change
Gross revenue	88,941	87,541	1.6	328,595	329,515	-0.3
Net property income	60,696	62,489	-2.9	224,575	229,217	-2.0
Income contribution from JVs	21,541	23,554	-8.5	89,734	96,069	-6.6
<b>Distributable income</b>	<b>66,062</b>	<b>69,502</b>	<b>-4.9</b>	<b>253,726</b>	<b>251,967</b>	<b>0.7</b>
- from operations	58,062	61,102	-5.0	229,726	232,967	-1.4
- from capital	8,000	8,400	-4.8	24,000	19,000	26.3
<b>Distribution per unit</b>	<b>2.596¢</b>	<b>2.750¢</b>	<b>-5.6</b>	<b>10.003¢</b>	<b>10.002¢</b>	<b>0.0</b>
- from operations	2.282¢	2.418¢	-5.6	9.047¢	9.249¢	-2.1
- from capital	0.314¢	0.332¢	-5.4	0.946¢	0.753¢	25.6

				FY16	FY15	
Distribution yield						
- based on 31 December 2016 closing price of S\$1.65				6.1%	6.1%	
- based on 24 January 2017 closing price of S\$1.685				5.9%	5.9%	

For 4Q FY16, Suntec REIT's gross revenue of S\$88.9 million was 1.6% higher year-on-year. This was mainly due to the contribution of 177 Pacific Highway which was offset by the divestment of Park Mall and lower contribution from Suntec Singapore.

The net property income of S\$60.7 million was 2.9% lower year-on-year mainly due to the divestment of Park Mall and lower income from Suntec City and Suntec Singapore, offset by the contribution from 177 Pacific Highway.

The debt-to-asset ratio stood at 36.4% as at 31 December 2016 whilst the all-in financing cost was 2.28% for 4Q FY16.

For FY16, Suntec REIT's gross revenue of S\$328.6 million was a slight decrease of 0.3% year-on-year. This was mainly due to the divestment of Park Mall and lower revenue attained by Suntec Singapore, and offset by rental contribution from 177 Pacific Highway. Notwithstanding the divestment of Park Mall, the net property income for FY16 achieved S\$224.6 million, a decline of 2.0% year-on-year.

#### Update on 9 Penang Road (formerly known as Park Mall)

Mr. Chan added that, "We are pleased to unveil the development plans for the new Grade A commercial building at 9 Penang Road. Development works commenced in Dec 2016 and the building is scheduled to complete by end 2019 when the new office supply is expected to be limited. The land lease where the former Park Mall was situated has also been extended to 99 years."

The ten-storey building consists of two wings with an approximate net lettable area of 352,000 sq ft of office space across eight floors and 15,000 sq ft of retail space on one floor. In-line with the Land Transport Authority's and Urban Redevelopment Authority's Walking and Cycling Plan, there will also be a cycling path into the building and end-of-trip facilities.

The development is estimated to cost approximately S\$800 million, and is undertaken through a joint venture with Singhaiyi Group Ltd, Haiyi Holdings Pte Ltd and Suntec REIT, with an interest of 35%, 35% and 30% respectively.



*9 Penang Road (artist's impression)*

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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, North 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](http://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"), an integrated real estate fund manager in Asia which is listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2007.

ARA currently manages real estate investment trusts ("REITs") and private real estate funds that are invested in the office, retail, logistics/industrial, hospitality and residential sectors in the Asia Pacific region, complemented by its in-house real estate management services.

Established in 2002, to date it has over 1,200 professionals in 18 cities managing total assets of approximately S\$30 billion.

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## **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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