



Suntec Real Estate Investment Trust 2017 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 a 30.0 per cent interest in 9 Penang Road (formerly known as Park Mall). Suntec REIT also holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, Sydney, Australia, a 25.0 per cent indirect interest in Southgate complex and a 50.0 per cent interest in a commercial building to be developed located at Olderfleet, 477 Collins Street, Melbourne, Australia.

The financial information for the period from 1 January 2017 to 30 September 2017 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

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SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	91,132	82,373	10.6%	266,873	239,654	11.4%
Net property income	63,852	57,234	11.6%	185,102	163,879	13.0%
Income contribution from joint ventures	22,254	24,236	-8.2%	68,364	68,193	0.3%
Distributable income	65,858	64,336	2.4%	193,737	187,664	3.2%
- from operations	57,858	60,336	-4.1%	174,737	171,664	1.8%
- from capital ^(a)	8,000	4,000	100.0%	19,000	16,000	18.8%
Distribution per unit (cents) ^(b)	2.483	2.535	-2.1%	7.401	7.407	-0.1%
- from operations	2.181	2.377	-8.2%	6.679	6.775	-1.4%
- from capital ^(a)	0.302	0.158	91.1%	0.722	0.632	14.2%
Annualised distribution per unit (cents)	9.851	10.085	-2.3%	9.895	9.894	0.0%

Footnote:

(a) This relates to a portion of the sale proceeds from disposal of Park Mall in December 2015 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 2017

<u>Statement of total return</u>	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	91,132	82,373	10.6%	266,873	239,654	11.4%
Maintenance charges	(5,036)	(5,036)	0.0%	(15,108)	(15,108)	0.0%
Property management fees	(2,428)	(2,298)	-5.7%	(7,208)	(7,015)	-2.8%
Property tax ^(b)	(5,983)	(4,685)	-27.7%	(17,860)	(15,705)	-13.7%
Other property expenses ^(c)	(13,833)	(13,120)	-5.4%	(41,595)	(37,947)	-9.6%
Property expenses	(27,280)	(25,139)	-8.5%	(81,771)	(75,775)	-7.9%
Net property income	63,852	57,234	11.6%	185,102	163,879	13.0%
Share of profit of joint ventures ^(d)	18,136	20,532	-11.7%	55,316	53,060	4.3%
Finance income ^(e)	4,869	7,852	-38.0%	14,919	34,324	-56.5%
Finance expenses ^(e)	(20,920)	(18,721)	-11.7%	(74,737)	(74,792)	0.1%
Asset management fees - base fee	(8,037)	(7,943)	-1.2%	(23,960)	(23,224)	-3.2%
Asset management fees - performance fee	(3,918)	(3,842)	-2.0%	(11,568)	(11,338)	-2.0%
Trust expenses ^(f)	(852)	(1,182)	27.9%	(2,960)	(2,934)	-0.9%
Net income	53,130	53,930	-1.5%	142,112	138,975	2.3%
Net change in fair value of financial derivatives ^(g)	3,274	1,326	146.9%	74	(2,511)	102.9%
Total return before tax	56,404	55,256	2.1%	142,186	136,464	4.2%
Income tax expense ^(h)	(1,533)	(1,687)	9.1%	(6,521)	(4,376)	-49.0%
Total return for the period after tax	54,871	53,569	2.4%	135,665	132,088	2.7%
Attributable to:						
Unitholders	53,177	52,206	1.9%	132,995	128,014	3.9%
Non-controlling interests	1,694	1,363	24.3%	2,670	4,074	-34.5%
Total return for the period	54,871	53,569	2.4%	135,665	132,088	2.7%

<u>Statement of distribution</u>	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period attributable to Unitholders before distribution	53,177	52,206	1.9%	132,995	128,014	3.9%
Non-tax chargeable items ⁽ⁱ⁾	(22,934)	(21,234)	-8.0%	(40,840)	(31,881)	-28.1%
Taxable income	30,243	30,972	-2.4%	92,155	96,133	-4.1%
Dividend income ^(j)	27,615	29,364	-6.0%	82,582	75,531	9.3%
Income available for distribution to Unitholders	57,858	60,336	-4.1%	174,737	171,664	1.8%
Unitholders' distribution:						
- from operations	57,858	60,336	-4.1%	174,737	171,664	1.8%
- from capital ^(k)	8,000	4,000	100.0%	19,000	16,000	18.8%
Distributable amount to Unitholders	65,858	64,336	2.4%	193,737	187,664	3.2%

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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 increase in Gross revenue in the current quarter and nine months ended 30 September 2017 compared to the corresponding period was mainly due to the opening of 177 Pacific Highway upon its completion in August 2016. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Property tax for the current quarter and nine months ended 30 September 2017 was higher compared to the corresponding period mainly due to an overprovision of prior year property tax reversed in 2016.
- (c) Other property expenses for the current quarter and nine months ended 30 September 2017 was higher compared to the corresponding period mainly due to the opening of 177 Pacific Highway upon its completion in August 2016.
- (d) This relates to the Group's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), one-third interest in BFC Development LLP ("BFGD LLP"), 30.0% interest in Park Mall Pte. Ltd and 50.0% interest in Southgate Trust.
- (e) Included in the net financing costs are the following:

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
Interest income						
- fixed deposits and current account	106	103	2.9%	307	506	-39.3%
- loans to joint ventures	4,763	4,704	1.3%	14,589	18,551	-21.4%
- progress payments ⁽¹⁾	-	2,141	-100.0%	-	13,078	-100.0%
- interest rate swaps ⁽²⁾	-	119	-100.0%	-	1,654	-100.0%
Net foreign currency exchange differences	-	785	-100.0%	23	535	-95.7%
	4,869	7,852	-38.0%	14,919	34,324	-56.5%
Finance expenses:						
Interest expense						
- bank loans, notes and convertible bonds ⁽³⁾	(16,646)	(15,682)	-6.1%	(48,152)	(56,642)	15.0%
- interest rate swaps ⁽²⁾	(2,739)	(1,468)	-86.6%	(7,738)	(2,602)	-197.4%
Amortisation and transaction costs ⁽⁴⁾	(1,207)	(1,571)	23.2%	(18,847)	(15,548)	-21.2%
Net foreign currency exchange differences	(328)	-	n.m.	-	-	n.m.
	(20,920)	(18,721)	-11.7%	(74,737)	(74,792)	0.1%
Net financing costs	(16,051)	(10,869)	-47.7%	(59,818)	(40,468)	-47.8%

(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 costs for the current quarter and nine months increased year-on-year due to higher hedging costs.

(3) Interest expense on bank loans, notes and convertible bonds for the current quarter was higher year-on-year due to increased interest rates whilst it was lower for the nine months ended 30 September 2017 due to savings on refinancing.

(4) Amortisation and transaction costs for the nine months ended 30 September 2017 were higher due to a one-time write-off of unamortised transaction costs in relation to the conversion and redemption of convertible bonds.

- (f) Trust expenses for the current quarter ended 30 September 2017 was lower compared to the corresponding period mainly due to higher legal and professional fees incurred in the quarter ended 30 September 2016.
- (g) This relates to the net gain arising from fair value remeasurement of the foreign currency forward contracts, interest rate swaps and convertible bonds. These have no impact on distributable income.
- (h) This relates to income tax on operating profits and non-tax transparent income received as well as deferred tax provision. The income tax for the current quarter was lower due to lower withholding tax on Australian distribution income. The income tax for the nine months ended 30 September 2017 was higher year-on-year mainly due to a subsidiary's underprovision of prior year deferred tax in the current year.

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(i) Included in the non-tax deductible/(chargeable) items are the following:

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-tax deductible/(chargeable) items						
Amortisation of transaction costs	1,087	1,452	-25.1%	18,491	15,192	21.7%
Asset management fees paid/payable in units	8,915	8,740	2.0%	26,306	25,610	2.7%
Net change in fair value of financial derivatives	(3,550)	(1,326)	167.7%	(504)	2,511	-120.1%
Net foreign currency exchange differences	(191)	(638)	-70.1%	(123)	(349)	-64.8%
Temporary differences and other adjustments ⁽¹⁾	1,010	159	535.2%	176	1,701	-89.7%
Net profit from subsidiaries and/or joint ventures	(30,205)	(29,621)	2.0%	(85,186)	(76,546)	11.3%
Total	(22,934)	(21,234)	8.0%	(40,840)	(31,881)	28.1%

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

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

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Wholly-owned subsidiaries:						
Comina Investment Limited ⁽¹⁾	6,112	8,025	-23.8%	20,846	21,035	-0.9%
Suntec Harmony Pte. Ltd. ⁽²⁾	2,280	3,040	-25.0%	6,840	9,120	-25.0%
Suntec REIT Capital Pte. Ltd. ⁽³⁾	4,850	3,500	38.6%	14,450	9,400	53.7%
Suntec REIT (Australia) Trust ⁽⁴⁾	5,032	3,292	52.9%	12,846	7,369	74.3%
	18,274	17,857	2.3%	54,982	46,924	17.2%
Joint venture:						
BFC Development LLP ⁽⁵⁾	9,341	11,507	-18.8%	27,600	28,607	-3.5%
	27,615	29,364	-6.0%	82,582	75,531	9.3%

(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 loans to Suntec REIT (Australia) Trust ("SRAust") for its investments in Australia.

(4) SRAust has a 100% effective interest in 177 Pacific Highway, a 25.0% effective interest in Southgate complex and a 50.0% effective interest in Olderfleet, 477 Collins Street.

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

(k) This relates to a portion of the sales proceed from the disposal of Park Mall in December 2015 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 2017

	Group		Trust	
	30/9/17	31/12/16	30/9/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	1,932	2,284	324	383
Investment properties ^(a)	6,331,144	6,247,771	5,008,371	5,008,300
Interest in joint ventures ^(b)	2,650,634	2,642,904	1,461,496	1,461,496
Investments in subsidiaries ^(c)	-	-	1,371,121	1,293,935
Derivative assets ^(d)	-	3,202	-	3,202
Total non-current assets	8,983,710	8,896,161	7,841,312	7,767,316
Current assets				
Derivative assets ^(d)	116	-	116	-
Trade and other receivables ^(e)	36,080	14,765	34,008	9,935
Cash and cash equivalents	169,078	182,450	110,560	133,754
Total current assets	205,274	197,215	144,684	143,689
Total assets	9,188,984	9,093,376	7,985,996	7,911,005
Current liabilities				
Interest-bearing borrowings ^(f)	-	99,798	-	99,798
Trade and other payables	108,999	93,465	58,567	52,769
Derivative liabilities ^(d)	1,170	160	1,170	160
Current portion of security deposits	25,466	14,546	21,850	11,903
Total current liabilities	135,635	207,969	81,587	164,630
Non-current liabilities				
Interest-bearing borrowings ^(f)	3,253,552	3,206,001	2,888,561	2,841,366
Derivative liabilities ^(d)	8,807	22,030	8,528	20,783
Non-current portion of security deposits	40,135	51,090	38,521	48,690
Deferred tax liabilities ^(g)	17,588	13,022	-	-
Total non-current liabilities	3,320,082	3,292,143	2,935,610	2,910,839
Total liabilities	3,455,717	3,500,112	3,017,197	3,075,469
Net assets	5,733,267	5,593,264	4,968,799	4,835,536
Represented by:				
Unitholders' funds ^(h)	5,610,299	5,468,935	4,968,799	4,835,536
Non-controlling interests	122,968	124,329	-	-
Total Equity	5,733,267	5,593,264	4,968,799	4,835,536

Footnotes:

(a) The increase in Investment Properties for the Group was mainly due to the acquisition of 50% interest in Olderfleet, 477 Collins Street, Melbourne, Australia.

(b) In respect of the Group's joint ventures, this relates to the one-third interest in ORQPL, one-third interest in BFCD LLP, 30.0% interest in Park Mall Investment Limited ("PMIL") and 50.0% interest in Southgate Trust. In respect of the Trust's joint ventures, this relates to one-third interest in BFCD 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 profit or loss and the embedded derivative relating to convertible bonds.

(e) The increase for both the Group and the Trust were mainly due to dividend receivable from joint ventures.

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- (f) *The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 31 December 2016 relates to a S\$100m loan due in the fourth quarter of 2017 which had been refinanced through an issuance of S\$100m euromedium term notes.*
- (g) *The increase in deferred tax liabilities mainly relate to a subsidiary's underprovision of prior year deferred tax recorded in the nine months ended 30 September 2017.*
- (h) *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	
	30/9/17	31/12/16	30/9/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Unsecured ^(b)				
(i) financial institutions	-	99,798	-	99,798
	-	99,798	-	99,798
Amount repayable after one year				
- Secured ^(a)	364,991	364,635	-	-
- Unsecured ^(b)				
(i) financial institutions	2,192,457	2,148,229	2,192,457	2,148,229
(ii) notes & convertible bonds	696,104	693,137	82,908	279,590
(iii) subsidiary	-	-	613,196	413,547
	3,253,552	3,206,001	2,888,561	2,841,366
	3,253,552	3,305,799	2,888,561	2,941,164

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 2017, the Group has drawn down S\$366.0 million.*

The facility is 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;*
- *A fixed and floating charge over the assets of the subsidiary in relation to the Property, agreements, collateral, as required by the financial institution granting the facility; and*
- *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 2017, the Group has unsecured interest-bearing borrowings comprising S\$2,198.5 million from various institutional banks, S\$88.0 million of convertible bonds and S\$615.0 million euro medium term notes issued by SRMTN and on-lent to the Trust.*

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1 (c) Statements of Cash Flow

	Group			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Net income	53,130	53,930	142,112	138,975
Adjustments for:				
Depreciation of plant and equipment	283	275	871	808
Loss on disposal of plant and equipment	1	-	15	11
Asset management fees paid/payable in units	8,915	8,740	26,306	25,610
Net financing costs ^(a)	16,051	10,869	59,818	40,468
Allowance for doubtful receivables	657	286	1,944	381
Share of profit of joint ventures	(18,136)	(20,532)	(55,316)	(53,060)
Operating income before working capital changes	60,901	53,568	175,750	153,193
Changes in working capital				
Trade and other receivables	(1,227)	(5,449)	(6,992)	(5,561)
Trade and other payables	(2,743)	1,412	2,182	(932)
Cash flows generated from operations	56,931	49,531	170,940	146,700
Income tax paid	-	(206)	-	(876)
Net cash flow from operating activities	56,931	49,325	170,940	145,824
Investing activities				
Interest received	4,865	6,948	14,883	32,135
Dividend received from joint ventures	19,453	15,425	38,796	30,110
Change in investment in joint ventures	(5,128)	-	(5,128)	7,564
Deposit paid for investment property held for sale	-	(7,420)	-	(7,420)
Capital expenditure on investment properties	(6,536)	(556)	(7,088)	(2,592)
Purchase of plant and equipment	(126)	(117)	(582)	(340)
Acquisition of an investment property ^(b)	(53,093)	-	(53,093)	-
Progress payments on construction ^(c)	(12,570)	(44,503)	(12,570)	(129,388)
Net cash flow used in investing activities	(53,135)	(30,223)	(24,782)	(69,931)
Financing activities				
Proceeds from interest-bearing loans	100,000	256,231	800,000	561,756
Unit issue costs paid	(3)	-	(33)	-
Financing costs paid	(22,319)	(25,301)	(63,018)	(69,019)
Proceeds from convertible bonds	-	300,000	-	300,000
Repayment of convertible bonds	-	-	(45,500)	(280,000)
Repayment of interest-bearing loans	-	(262,500)	(655,000)	(482,500)
Dividend paid to non-controlling interest	(1,470)	(1,960)	(4,410)	(5,880)
Distributions to unitholders	(63,320)	(63,358)	(191,304)	(192,838)
Net cash flow from/(used in) financing activities	12,888	203,112	(159,265)	(168,481)
Net increase/(decrease) in cash and cash equivalents	16,684	222,214	(13,107)	(92,588)
Cash and cash equivalents at beginning of the period	153,010	130,147	182,450	445,267
Effect on exchange rate fluctuations on cash held	(616)	754	(265)	436
Cash and cash equivalents at end of the period	169,078	353,115	169,078	353,115

Footnote:

(a) Please refer to footnote (e) under note 1(a)(i) Statement of Total Return and Statement of Distribution for the quarter and nine months ended 30 September 2017 on page 4.

(b) This relates to the acquisition of 50% interest in Olderfleet, 477 Collins Street, Melbourne, Australia.

(c) This relates to progress payments made in relation to Olderfleet, 477 Collins Street in Melbourne, Australia which is currently under development. (2016: progress payments made in relation to 177 Pacific Highway in North Sydney, Australia).

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

	Group			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	5,613,879	5,386,004	5,468,935	5,444,005
Operations				
Total return for the period attributable to unitholders	53,177	52,206	132,995	128,014
Net increase in net assets resulting from operations	53,177	52,206	132,995	128,014
Effective portion of changes in fair value of cash flow hedges ^(a)	346	(1,754)	(927)	(6,361)
Translation differences from financial statements of foreign entities	3,168	18,474	12,155	7,878
Net gain recognised directly in Unitholder's fund	3,514	16,720	11,228	1,517
Unitholders' transactions				
Creation of units				
- conversion of convertible bonds ^(b)	-	-	174,155	-
- asset management fee paid in units ^(c)	-	-	11,271	10,874
Units to be issued				
- asset management fee payable in units ^(c)	5,780	5,667	5,780	5,667
Unit issue expenses	(3)	-	(33)	-
Distributions paid/payable to unitholders	(66,048)	(63,358)	(194,032)	(192,838)
Net decrease in net assets resulting from unitholders' transactions	(60,271)	(57,691)	(2,859)	(176,297)
Unitholders' funds as at end of period	5,610,299	5,397,239	5,610,299	5,397,239

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	Trust			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	4,977,049	4,822,210	4,835,536	4,871,077
Operations				
Total return for the period attributable to unitholders	52,021	61,486	136,122	131,225
Net increase in net assets resulting from operations	52,021	61,486	136,122	131,225
Unitholders' transactions				
Creation of units				
- conversion of convertible bonds ^(b)	-	-	174,155	-
- asset management fee paid in units ^(c)	-	-	11,271	10,874
Units to be issued				
- asset management fee paid in units ^(c)	5,780	5,667	5,780	5,667
Unit issue expenses	(3)	-	(33)	-
Distributions paid/payable to unitholders	(66,048)	(63,358)	(194,032)	(192,838)
Net decrease in net assets resulting from unitholders' transactions	(60,271)	(57,691)	(2,859)	(176,297)
Unitholders' funds as at end of period	4,968,799	4,826,005	4,968,799	4,826,005

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 at closing market price, of the 95,689,646 units issued on conversion of convertible bonds on 29 May 2017.
- (c) 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 2017 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			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	Units	Units	Units	Units
Issued units at the beginning of the period	2,646,291,648	2,530,135,942	2,536,662,773	2,521,238,831
Creation of units:				
- as units issue for conversion of convertible bonds	-	-	95,689,646	-
- as payment for asset management fee	3,042,969	3,205,418	16,982,198	12,102,529
Issued units at the end of the period	2,649,334,617	2,533,341,360	2,649,334,617	2,533,341,360
Units to be issued:				
- asset management fee payable in units ^(a)	3,100,835	3,321,413	3,100,835	3,321,413
Issuable units at the end of the period	3,100,835	3,321,413	3,100,835	3,321,413
Total issued and issuable units	2,652,435,452	2,536,662,773	2,652,435,452	2,536,662,773

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 2017.

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2017**

Convertible Bonds – Group & Trust

On 5 September 2016, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2021.

On 12 April 2017, Suntec REIT had announced an occurrence of a Change of Control Event within the meaning of condition 7.5(d)(ii)(A) of the terms and conditions of the Convertible Bonds (the “Terms and Conditions”). Pursuant to condition 7.5(a) of the Terms and Conditions, the conversion price was adjusted from S\$2.061 to S\$1.743.

During the Change of Control Period, (i) conversion notices for the conversion of S\$166.5 million in principal amount of the Convertible Bonds were received pursuant to Condition 7.5(a) of the Terms and Conditions and (ii) redemption notices for the redemption of S\$45.5 million in principal amount of Convertible Bonds were received pursuant to Condition 7.6 of the Terms and Conditions.

Pursuant to the aforementioned conversion notices received, 95,689,646 new units have been issued on 29 May 2017 at a conversion price of S\$1.74 per new unit.

Accordingly, S\$212.0 million in principal amount of the Convertible Bonds had been converted or redeemed as the case may be and cancelled in accordance with the Terms and Conditions.

As at 30 September 2017, S\$88.0 million in principal amount of Convertible Bonds remained outstanding.

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 2017 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”.

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

On 1 January 2017, the Group adopted the revised Statement of Recommended Accounting Practice 7 issued by the Institute of Singapore Chartered Accountants which had no significant impact to the financial statements.

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

On 1 January 2017, the Group adopted the revised Statement of Recommended Accounting Practice 7 issued by the Institute of Singapore Chartered Accountants which had no significant impact to the financial statements.

**Financial Statements Announcement
For Third Quarter and Nine Months ended 30 September 2017**

6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”)

Earnings per unit

	Group			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
Weighted average number of issued units ^(a)	2,649,368,321	2,533,377,462	2,594,435,475	2,530,177,337
Earnings per unit for the period based on the weighted average number of units in issue (cents)	2.007	2.061	5.126	5.059
Weighted average number of units on a fully diluted basis	2,700,119,151	2,582,332,771	2,605,524,998	2,555,528,651
Earnings per unit for the period based on a fully diluted basis (cents) ^(b)	1.965	1.953	5.104	4.940

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 and new units issued from the conversion of S\$166.5 million of the convertible bonds.
- (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 – base and performance fees payable in units and dilutive effect arising from full conversion of convertible bonds to units.

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			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
Number of issued and issuable units at end of period entitled to distribution ^(a)	2,652,435,452	2,536,662,773	2,652,435,452	2,536,662,773
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	2.483 ⁽¹⁾	2.535 ⁽¹⁾	7.401 ⁽²⁾	7.407 ⁽²⁾

- (1) The distribution per unit for the quarter ended 30 September 2017 of **2.483 cents per unit** (30 September 2016: **2.535 cents per unit**) comprised a taxable income component of **1.859 cents per unit** (30 September 2016: **1.860 cents per unit**), a tax exempt income component of **0.322 cents per unit** (30 September 2016: **0.517 cents per unit**) and a capital distribution of **0.302 cents per unit** (30 September 2016: **0.158 cents per unit**).
- (2) The distribution per unit for the nine months ended 30 September 2017 of **7.401 cents per unit** (30 September 2016: **7.407 cents per unit**) comprised a taxable income component of **5.753 cents per unit** (30 September 2016: **5.697 cents per unit**), a tax exempt income component of **0.926 cents per unit** (30 September 2016: **1.078 cents per unit**) and a capital distribution of **0.722 cents per unit** (30 September 2016: **0.632 cents per unit**).

Footnotes:

- (a) The computation of actual DPU for the period from 1 July 2017 to 30 September 2017 is based on the number of units entitled to the distribution:
- (i) The number of units in issue as at 30 September 2017 of 2,649,334,617; and
- (ii) The units issuable to the Manager by 30 October 2017 as partial satisfaction of asset management base fees incurred for the period from 1 July 2017 to 30 September 2017 of 3,100,835.

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7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 30 September 2017

	Group		Trust	
	30/9/17 ^(a)	31/12/16	30/9/17 ^(a)	31/12/16
NAV / NTA per unit (S\$)	2.115	2.147	1.873	1.898

Footnotes:

(a) The number of units used for computation of actual NAV per unit is 2,652,435,452. This comprised:

- (i) The number of units in issue as at 30 September 2017 of 2,649,334,617; and
- (ii) The units issuable to the Manager by 30 October 2017 as partial satisfaction of asset management base fees incurred for the period from 1 July 2017 to 30 September 2017 of 3,100,835.

8. Review of the performance for the Third Quarter and Nine Months ended 30 September 2017

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

Properties	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue:						
Suntec City	58,258	58,052	0.4%	177,120	175,446	1.0%
Park Mall ^(a)	-	1	-100.0%	-	50	-100.0%
177 Pacific Highway ^(b)	58,258	58,053	0.4%	177,120	175,496	0.9%
Suntec Singapore	12,191	5,768	111.4%	32,155	5,768	457.5%
Total gross revenue	91,132	82,373	10.6%	266,873	239,654	11.4%
Net Property Income:						
Suntec City	44,698	44,400	0.7%	135,939	135,387	0.4%
Park Mall ^(a)	-	69	-100.0%	-	304	-100.0%
177 Pacific Highway ^(b)	44,698	44,469	0.5%	135,939	135,691	0.2%
Suntec Singapore	10,495	5,233	100.6%	27,814	5,233	431.5%
Total net property income	63,852	57,234	11.6%	185,102	163,879	13.0%

Footnotes:

(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 (e) on page 4.

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8(ii) Income contribution from joint ventures

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Joint ventures:						
One-third interest in ORQ:						
- Interest income	487	483	0.8%	1,478	1,547	-4.5%
- Dividend income	6,112	8,025	-23.8%	20,846	21,035	-0.9%
	6,599	8,508	-22.4%	22,324	22,582	-1.1%
One-third interest in MBFC Properties:						
- Interest income	4,277	4,221	1.3%	13,112	17,004	-22.9%
- Distribution income	9,341	11,507	-18.8%	27,600	28,607	-3.5%
	13,618	15,728	-13.4%	40,712	45,611	-10.7%
25% interest in Southgate Complex:						
- Dividend/Distribution income	2,037	-	n.m.	5,328	-	n.m.
	2,037	-	n.m.	5,328	-	n.m.
Total income contribution	22,254	24,236	-8.2%	68,364	68,193	0.3%

Review of performance 3Q FY17 vs 3Q FY16

For 3Q FY17, the gross revenue was S\$91.1 million, an increase of S\$8.8 million or 10.6% higher. The increase was contributed by an increase in office revenue (by S\$7.1 million to S\$46.0 million, 18.3% higher) and higher revenue from Suntec Singapore (by S\$2.1 million, or 11.5% higher), partially offset by lower retail revenue from Suntec City mall (by S\$0.5 million to S\$24.5 million, 2.0% lower). Suntec Singapore's revenue contribution for the quarter was S\$20.7 million, comprising S\$16.1 million from convention and S\$4.6 million from retail.

The increase in office revenue was mainly from 177 Pacific Highway, which achieved its practical completion in August 2016. The increase in property expenses was also largely contributed by 177 Pacific Highway which resulted in an overall increase of S\$2.1 million to S\$27.3 million, 8.5% higher year-on-year. Net property income has increased by S\$6.6 million to S\$63.9 million, 11.6% higher year-on-year.

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for the quarter was S\$22.3 million, 8.2% lower quarter-on-quarter. This was due to one-offs in 3Q FY16 for ORQ and MBFC Properties, partially offset by contribution from Southgate Complex.

Net financing costs for the quarter was S\$16.1 million, an increase of S\$5.2 million mainly due to the cessation of coupon earned on progress payments following the practical completion of 177 Pacific Highway and higher hedging costs. The all-in financing cost for Suntec REIT was 2.55% per annum for the quarter and the consolidated gearing stood at 35.4% as at 30 September 2017.

Total distributable income for the quarter of S\$65.9 million was S\$1.5 million or 2.4% higher. The distribution per unit ("DPU") for the quarter was 2.483 cents per unit, 2.1% lower than 3Q FY16 DPU of 2.535 cents per unit. This includes a capital distribution of S\$8.0 million or 0.302 cents per unit.

The overall committed occupancy for the office and retail portfolio stood at 98.6% and 98.8% respectively as at 30 September 2017.

For the Singapore office portfolio, Suntec City Office committed occupancy improved to 98.4% as at 30 September 2017. ORQ committed occupancy was 99.6% while MBFC Properties maintained 100% committed occupancy as at 30 September 2017. In Australia, the committed occupancy for 177 Pacific Highway and Southgate Complex was 100% and 89.6% respectively as at 30 September 2017.

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For the Singapore retail portfolio, the committed occupancy for the entire Suntec City mall maintained at 99.3%, while the committed occupancy for Marina Bay Link Mall was 93.0% as at 30 September 2017. In Australia, the committed occupancy for Southgate complex (retail) was 87.8% as at 30 September 2017.

Review of performance 9M FY17 vs 9M FY16

For 9M FY17, the gross revenue was S\$266.9 million, an increase of S\$27.2 million or 11.4% higher. The increase was contributed by an increase in office revenue (by S\$29.4 million to S\$134.0 million, 28.1% higher), partially offset by lower retail revenue from Suntec City mall (by S\$1.4 million to S\$75.3 million, 1.8% lower) and lower revenue from Suntec Singapore (by S\$0.8 million, or 1.4% lower). Suntec Singapore's revenue contribution for the period was S\$57.6 million, comprising S\$43.7 million from convention and S\$13.9 million from retail.

The increase in office revenue was mainly from 177 Pacific Highway which has also largely contributed to the increase in property expenses that resulted in an overall increase of S\$6.0 million to S\$81.8 million, 7.9% higher year-on-year. Net property income has increased by S\$21.2 million to S\$185.1 million, 13.0% higher year-on-year.

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for 9M FY17 was S\$68.4 million. This was a slight increase of S\$0.2 million, mainly due to the contribution of Southgate Complex which was offset by lower contribution from MBFC Properties.

Net financing costs for 9M FY17 was S\$59.8 million, an increase of S\$19.4 million or 47.8% higher mainly due to the cessation of coupon earned on progress payments following the practical completion of 177 Pacific Highway. The all-in financing cost for Suntec REIT was 2.49% per annum for 9M FY17.

Total distributable income for 9M FY17 of S\$193.7 million was S\$6.1 million or 3.2% higher. The DPU for 9M FY17 was 7.401 cents per unit, 0.1% lower than 9M FY16 DPU of 7.407 cents per unit. This includes a capital distribution of S\$19.0 million or 0.722 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 FY2016 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

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 in the third quarter of 2017. Based on the report released by the Ministry of Trade and Industry on 13 October 2017, the Singapore economy grew by 4.6% on a year-on-year basis.

The Singapore office market improved in the third quarter of 2017 on the back of stronger economic conditions and positive business sentiment. With the high occupancy in existing quality buildings and substantial commitments in the newly completed buildings, the overall CBD rents increased by 4.3% to \$8.86 psf/mth. The overall CBD occupancy decreased by 5.1% to 88.1% due to the inclusion of Marina One which was completed during the quarter.¹

¹ JLL, Office and Retail Market Reports 3Q 2017.

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Looking ahead, the Manager will continue its proactive asset management to maintain its high occupancy level for its Singapore office portfolio notwithstanding the secondary space in the market.

Despite the improvement in retail sales which was driven by improving consumer sentiments and tourist arrivals, retailers in Singapore remain conservative in their demand for retail space.¹

Suntec City mall maintained its high committed occupancy of 99.3% as at 30 September 2017. The mall has successfully attracted a number of new-to-market brands in the third quarter and the Manager will continue its active tenant adjustments to further strengthen the positioning of Suntec City mall.

According to the Australian Bureau of Statistics, the Australian economy on a year-on-year basis, grew by 1.8% in the second quarter of 2017. On 3 October 2017, the Reserve Bank of Australia maintained the cash rate unchanged at 1.5%, in line with sustainable growth in the economy and achieving the inflation target over time.

In Australia, the national office CBD occupancy improved by 0.5% to 89.1% in the second quarter of 2017. In Sydney, North Shore and Melbourne office markets, occupier demand continues to be positive driven by centralisation and expansionary activities. Looking ahead, occupancy and rents are expected to strengthen given the strong occupier demand coupled with limited new supply.²

¹ JLL, Office and Retail Market Reports 3Q 2017.

² JLL, Australia National Office, Sydney CBD Office, Sydney North Shore Office and Melbourne CBD Office Market Reports 2Q 2017.

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11. Distributions

(a) Current financial period

Any distribution declared for the current period? Yes

Name of distribution Distribution for the period from 1 July 2017 to 30 September 2017

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	1.859
Tax-exempt income	0.322
Capital distribution	0.302
Total	2.483

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

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(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 2016 to 30 September 2016

Distribution Rate	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
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: 29 November 2017

(d) Books Closure Date: 6 November 2017

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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 2017, 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

Chan Kong Leong
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 2017:

- 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 2017,
- 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 2017 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.

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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)

Chan Kong Leong
Director
27 October 2017