

**Press Release**

24 January 2018

Manager of



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**Suntec REIT FY17 Distributable Income 3.7% Higher Year-on-Year**

***FY17 Distribution Per Unit (DPU) of 10.005 cents***

**Singapore, 24 January 2018** – 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\$69.3 million for the period 1 October to 31 December 2017 (“4Q 17”) which was 4.9% higher compared to the quarter ended 31 December 2016 (“4Q 16”). The distribution per unit (“DPU”) of 2.604 cents for 4Q 17 was 0.3% higher than 4Q 16 DPU of 2.596 cents.

For the financial year ended 2017 (“FY17”), the distributable income of S\$263.0 million was 3.7% higher year-on-year. Notwithstanding the enlarged units base which included approximately 95.7 million new units issued on 29 May 2017<sup>1</sup>, the DPU attained for FY17 of 10.005 cents was in line with FY16 DPU of 10.003 cents.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “We are pleased to have delivered a higher distributable income for 2017. While the Singapore assets continued to provide steady income, the properties in Australia, 177 Pacific Highway and Southgate Complex contributed to our robust performance for the year.”

“In 2017, we expanded our footprint in Australia with the acquisition of a 50% interest in the premium-grade 477 Collins Street in Melbourne which is currently under construction. This is a strategic fit with our existing portfolio of high quality assets and enhances Suntec REIT’s income and geographical diversification.”

As at 31 December 2017, the Singapore office portfolio achieved an overall committed occupancy of 99.7%. The committed occupancies for Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Properties were at 99.5%, 100% and 99.8% respectively.

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

On Suntec REIT's office performance, Mr. Chan said, "During the fourth quarter of 2017, we renewed and signed approximately 330,000 sq ft of leases, reducing the 2018 leases expiring to only 11.3% of NLA. Looking ahead, whilst the Singapore office market has shown positive growth, we are cognizant of the remaining vacant space in the newly completed buildings and secondary stock in the market. We will continue our proactive asset management to strengthen our office proposition and maintain the high occupancy level for our Singapore office portfolio."

In Australia, the committed occupancy for 177 Pacific Highway maintained at 100% while the committed occupancy for Southgate Complex (Office) improved to 90.7% as at 31 December 2017. The pre-committed occupancy for 477 Collins Street was 39.1% with an additional approximate 9.0% of net lettable area with Heads of Agreement signed as at 31 December 2017.

For the Singapore retail portfolio, the overall committed occupancy as at 31 December 2017 was 99.0%. The committed occupancy for Suntec City Mall was 99.0%, while the committed occupancy for Marina Bay Link Mall improved to 99.5%. In Australia, the committed occupancy for Southgate Complex (Retail) was 91.7% as at 31 December 2017.

On Suntec REIT's retail performance, Mr. Chan said, "We are pleased to report our strategies of active tenant adjustments, increase asset utilisation and encouraging communities to hub at Suntec City, have translated to a set of stronger operational performance in 2017. The overall committed occupancy was 99.0% while footfall and tenant sales per sq ft registered increase of 12.8% and 4.8% year-on-year respectively in 2017."

Mr. Chan added, "As one of the most accessible malls in Singapore, Suntec City is well served by an extensive transportation network. It is directly connected to both the Promenade and Esplanade stations on the Circle and Downtown lines and is also a 5 minutes walk to City Hall station with the North-South and East-West lines. With the opening of the additional 16 stations on the Downtown line in October 2017, we expect changes in commuting habits and Suntec City will be in a good position to capture those shifts. Looking ahead, we will continue to create value for our stakeholders to further strengthen Suntec City's value proposition."

For the projects under development, 9 Penang Road and 477 Collins Street, construction works are in progress and are scheduled to complete by end 2019 and mid 2020 respectively.

## Summary of Suntec REIT's 4Q 17 & FY17 Results

	4Q 17 (S\$'000)	4Q 16 (S\$'000)	% Change	FY17 (S\$'000)	FY16 (S\$'000)	% Change
Gross revenue	87,323	88,941	-1.8	354,196	328,595	7.8
Net property income	59,355	60,696	-2.2	244,457	224,575	8.9
Income contribution from JVs	21,316	21,541	-1.0	89,679	89,734	-0.1
<b>Distributable income</b>	<b>69,280</b>	<b>66,062</b>	<b>4.9</b>	<b>263,017</b>	<b>253,726</b>	<b>3.7</b>
- from operations	59,280	58,062	2.1	234,017	229,726	1.9
- from capital	10,000	8,000	25.0	29,000	24,000	20.8
<b>Distribution per unit</b>	<b>2.604¢</b>	<b>2.596¢</b>	<b>0.3</b>	<b>10.005¢</b>	<b>10.003¢</b>	<b>0.0</b>
- from operations	2.228¢	2.282¢	-2.4	8.907¢	9.057¢	-1.7
- from capital	0.376¢	0.314¢	19.7	1.098¢	0.946¢	16.1
Distribution yield						
- based on 31 December 2017 closing price of S\$2.150				4.7%	4.7%	
- based on 23 January 2018 closing price of S\$2.170				4.6%	4.6%	

For 4Q 17, Suntec REIT's gross revenue of S\$87.3 million was 1.8% lower year-on-year. This was mainly due to lower contribution from Suntec Singapore and Suntec City office as some of the office leases committed in 4Q 17 will commence only in 2018. This was partially offset by higher retail contribution in the fourth quarter.

The net property income of S\$59.4 million was 2.2% lower year-on-year which was similarly due to lower contribution from Suntec Singapore and Suntec City office, partially offset by higher retail contribution.

The debt-to-asset ratio stood at 35.0% as at 31 December 2017 whilst the all-in financing cost was 2.62% per annum for 4Q 17.

For FY17, Suntec REIT's gross revenue of S\$354.2 million was an increase of 7.8% year-on-year while net property income increased by 8.9% to S\$244.5 million. These were due to the contribution from 177 Pacific Highway which was partially offset by lower retail contribution.

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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, a 25.0% interest in Southgate Complex, Melbourne, and a 50.0% interest in a commercial building to be developed which is located at Olderfleet 477 Collins Street, Melbourne, Australia. Its aim is to invest in income-producing real estate which is primarily used for office and/or retail 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").

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

ARA's business is focused on the following segments:

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

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

ARA has approximately 1,300 staff in 19 cities in seven countries. It manages over 90 properties measuring 57 million square feet in Asia Pacific, with approximately S\$40 billion in assets under management.

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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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