

CREATING VALUE

ANNUAL REPORT 2018
SUNTEC REAL ESTATE INVESTMENT TRUST





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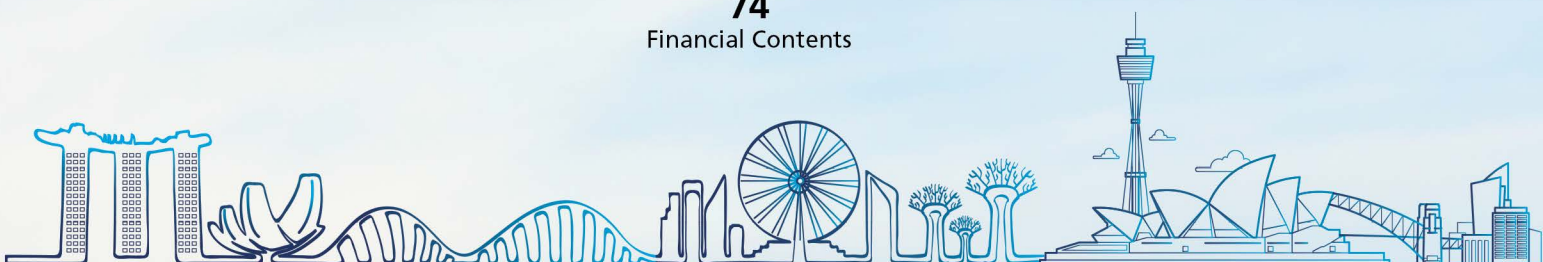
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CREATING VALUE

With a passion to deliver on our commitment to stakeholders, we are focused on harnessing our strengths and creating value through proactive stewardship of properties, strategic acquisitions and prudent capital management.

OUR MISSION

Forging ahead to create, provide and deliver premium value to all stakeholders of Suntec REIT.

ABOUT SUNTEC REIT

Listed on 9 December 2004 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Suntec Real Estate Investment Trust ("Suntec REIT") is the first composite real estate investment trust in Singapore, owning income-producing real estate that is primarily used for office and/or retail purposes.

As at 31 December 2018, Suntec REIT's portfolio comprises office and retail properties in Suntec City, a 60.8 percent interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ"), a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("MBFC Properties") and a 30.0 per cent interest in 9 Penang Road which is currently under development. All the properties are strategically located in the growth corridors of Marina Bay and the Civic and Cultural District within Singapore's Central Business District ("CBD"). In Australia, Suntec REIT holds a 100.0 per cent interest in 177 Pacific Highway located in Sydney, a 50.0 per cent interest in Southgate Complex, Melbourne and a 50.0 per cent interest in Olderfleet, 477 Collins Street, a commercial building which is currently under development in Melbourne.

Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited (the "Manager"). The Manager is focused on delivering regular and stable distributions to Suntec REIT's unitholders, and to achieve long-term growth in the net asset value per unit of Suntec REIT, so as to provide unitholders with a competitive rate of return on their investment.

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").

ARA is a premier global integrated real assets fund manager. As at 31 December 2018, the Gross Assets Managed by ARA Group and its Associates is approximately S\$80.1 billion¹ across over 100 cities in 23 countries.

Driven by a vision to be the best-in-class real assets fund management company focused on the management of real estate investment trusts ("REITs"), private real assets funds and real estate management services, ARA's diverse suite of REITs and private real estate funds are invested in the office, retail, logistics/industrial, hospitality and residential sectors. Its multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge enables the Group to offer enduring value to its investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

The Manager is responsible for the management and administration of Suntec REIT, as well as the implementation of Suntec REIT's strategic long-term growth.

Note:

- 1 Includes assets under management by ARA Asset Management Limited and the Group of Companies ("ARA Group") and its Associates and Joint Ventures as at 31 December 2018.



PASSION-DRIVEN TO DELIVER

As one of Singapore's leading real estate investment trusts, we are driven by our passion to deliver stable returns and long term growth to all stakeholders.





SUNTEC CITY

Fountain Of Wealth

POSITIONED TO DRIVE

Building on our extensive expertise in asset management, we are well-positioned to drive transformation of our properties into vibrant commercial and lifestyle destinations.





One Raffles Quay

PREPARED FOR THE LONG-TERM

By expanding our presence overseas through strategic acquisitions, our diverse portfolio forms the foundation for long term growth.



Southgate Complex, Melbourne



Olderfleet, 477 Collins Street, Melbourne
(Artist's impression)

177 Pacific Highway, Sydney

AT A GLANCE

ASSETS UNDER MANAGEMENT



\$S\$9.9 BILLION

Increased 3.1% year-on-year ("y-o-y") due to acquisition of the additional 25.0% interest in Southgate Complex.

PORTFOLIO OCCUPANCY



98.7%
(Office)



99.1%
(Retail)

ALL-IN FINANCING COST



2.82%
Per Annum

DISTRIBUTABLE INCOME



\$S\$266.8 MILLION

Increased 1.4% y-o-y due to the higher contribution from Southgate Complex, Suntec City Mall, Suntec Singapore and capital distribution.

NET PROPERTY INCOME



\$S\$241.0 MILLION

Decreased 1.4% y-o-y due to sinking fund contribution for upgrading works for Suntec City Office Towers.¹

NET ASSET VALUE PER UNIT



\$S\$2.103

DISTRIBUTION PER UNIT



9.988 CENTS

Decreased 0.2% y-o-y due to enlarged unit base.

INCOME CONTRIBUTION FROM JOINT VENTURES



\$S\$91.2 MILLION

Increased 1.7% y-o-y due to the stronger performance and additional 25.0% interest in Southgate Complex.

AGGREGATE LEVERAGE RATIO



38.1%

Note:

¹ Excluding the sinking contribution of \$S\$11.2 million, the net property income would be 3.2% higher y-o-y.

YEAR IN REVIEW

JANUARY 2018

- Achieved distributable income of S\$69.3 million for the period 1 October 2017 to 31 December 2017. Distribution per unit ("DPU") for the quarter amounted to 2.604 cents.

FEBRUARY 2018

- Announced that Dexus Group which owned 50.0% interest in Southgate Complex had exercised its option to put its interest to Southgate Trust, a managed investment trust, jointly held by Suntec REIT and PIP Trust, in the proportion of 50:50.

MARCH 2018

- Entered in a S\$400 million 5-year unsecured facility agreement.

APRIL 2018

- Unitholders approved all resolutions tabled at Suntec REIT's annual general meeting held on 16 April 2018.
- Achieved distributable income of S\$64.8 million for the period 1 January 2018 to 31 March 2018. DPU for the quarter amounted to 2.433 cents.

MAY 2018

- Issued S\$100 million medium term notes under the US\$1.5 billion Euro Medium Term Note ("EMTN") Programme.
- Issued S\$80 million medium term notes under the US\$1.5 billion EMTN Programme which was consolidated into a single series with the existing S\$100 million notes which were issued in May 2018.
- Completed the acquisition of the additional interest in Southgate Complex, effective interest in the property increased from 25.0% to 50.0%.

JULY 2018

- Issued S\$150 million medium term notes under the US\$1.5 billion EMTN Programme.
- Achieved distributable income of S\$66.0 million for the period 1 April 2018 to 30 June 2018. DPU for the quarter amounted to 2.474 cents.

AUGUST 2018

- Announced the appointment of Mr Lock Wai Han as Independent Non-Executive Director.
- Received the Platinum Award – Retail & Office Hybrid REIT (Singapore) for the second year running at the Asia Pacific Best of the Breeds REITs Awards™ 2018.

SEPTEMBER 2018

- Announced the appointment of Ms Dawn Lai as Chief Operating Officer of the Manager.

OCTOBER 2018

- Entered in a S\$500 million 5.5-year unsecured facility agreement.
- Achieved distributable income of S\$66.5 million for the period 1 July 2018 to 30 September 2018. DPU for the quarter amounted to 2.491 cents.
- Announced the resignation of Mr Chan Kong Leong who will relinquish his role as Chief Executive Officer and Executive Director of the Manager with effect from 31 December 2018.
- Announced the appointment of Mr Chong Kee Hiong as Chief Executive Officer and Executive Director of the Manager with effect from 1 January 2019.

NOVEMBER 2018

- Announced that Harmony Convention Holding Pte Ltd, a subsidiary of Suntec REIT, had entered into a loan agreement for an amount of S\$408 million.

CHAIRMAN'S REPORT



Dear Unitholders,

On behalf of the Board of ARA Trust Management (Suntec) Limited ("Board"), the manager of Suntec REIT (the "Manager"), it is my pleasure to present to you the annual report of Suntec REIT for the financial year ended 31 December 2018 ("FY 2018").

Suntec REIT delivered yet another set of stable results in FY 2018. The distributable income of S\$266.8 million was 1.4% higher year-on-year. The distribution per unit ("DPU") of 9.988 cents was marginally lower than 2017's DPU of 10.005 cents due to the enlarged unit base. During the year, we increased our interest in Southgate Complex, Melbourne from 25.0% to 50.0%. As at end 2018, our assets under management ("AUM") stood at S\$9.9 billion with our Australian assets constituting approximately 10.5% of the total AUM.

In 2018, Suntec REIT raised S\$1.2 billion to refinance loans, pay for the increased stake in Southgate Complex as well as for progressive payments for Olderfleet, 477 Collins Street in Melbourne.

ROBUST FINANCIAL PERFORMANCE AND PROACTIVE ASSET MANAGEMENT

The distributable income of S\$266.8 million was S\$3.8 million higher year-on-year. This was due to the higher contribution from our increased interest in Southgate Complex, better performance from Suntec City Mall and Suntec Singapore, and higher capital distribution of S\$39.0 million. This improved contribution was offset by higher financing costs and lower income from Suntec City Office as there was some transitory downtime as replacement leases were being secured.

The office and retail portfolios continued to perform well in 2018 with occupancies of 98.7% and 99.1% respectively as at 31 December 2018.

Our strategy of active asset management has enabled us to maintain our Singapore office portfolio occupancy at a rate above market, with the committed occupancy of our Singapore office portfolio at 98.5% as compared to the overall CBD Grade A occupancy of 92.9% as at 31 December 2018.

In Australia, the committed occupancy for our office portfolio improved to 99.4% as at 31 December 2018. As a result of our proactive lease management, lease expiries for 2019 were reduced to 8.2% of net lettable area.



On the retail front, the repositioning of Suntec City Mall, with its strengthened tenant mix and enhanced retail experience, has entrenched Suntec City in the minds of many shoppers. In 2018, Suntec City's footfall increased by 4.8% to 47.0 million and tenants' sales registered a 5.2% increase from 2017.

PRUDENT CAPITAL MANAGEMENT

Suntec REIT remains focused on prudent and proactive capital management. Our balance sheet remains healthy with an aggregate leverage ratio of 38.1%, well within the regulatory limit of 45.0%. As at 31 December 2018, the financing cost for FY 2018 was 2.82% per annum with approximately 75.0% of the debt fixed or hedged, and with a weighted average debt maturity of 3.2 years.

In 2018, Suntec REIT secured S\$1.2 billion in financing. This reduced our re-financing needs for 2019 to S\$430.0 million or approximately 12.0% of our total borrowings.

SUSTAINABILITY REPORTING

Sustainability continues to be an important aspect of Suntec REIT's long term business strategy as this guides the engagement with our stakeholders and is one of the considerations in our business decisions. More information can be found in our second sustainability report which will be released separately in May 2019.

LOOKING AHEAD

The Singapore economy is expected to grow modestly in 2019, with the Ministry of Trade and Industry estimating Gross Domestic Product ("GDP") growth to be between 1.5% to 3.5%.

The performance of our Singapore office portfolio should improve in 2019 as we enjoy the benefit of the higher rents signed in 2018 and continue to capitalise on the office market "upcycle" given the limited supply coming on-stream.

To enhance the resilience of our office portfolio, we have embarked on upgrading works for Suntec City Office to ensure that we continue to cater to the evolving needs of our tenants. Refurbishment works will progressively take place on the five office towers and will be fully completed by end 2021. Tenants can look forward to an enhanced sense of arrival at the upgraded lift lobbies, new lift interior finishes, a state-of-the art visitor management system and new washrooms.

Suntec City Mall is poised to continue to perform well in 2019 as we continue to strengthen Suntec City's ecosystem and deliver greater value to our shoppers, tenants and convention visitors.

In Australia, the Reserve Bank of Australia expects GDP growth of around 3.0% in 2019. The office markets in Sydney and Melbourne are expected to continue their upward trend, driven by occupier demand and limited supply.

Construction works for 9 Penang Road and Olderfleet, 477 Collins Street are progressing well and we look forward to unveiling the new developments at the end of 2019 and mid 2020 respectively.

We will continue to harness our strengths to proactively manage our assets, embark on asset enhancement initiatives and expand our AUM. Together with prudent capital management, we aim to deliver on our commitment to create and deliver value to our unitholders.

IN APPRECIATION

On behalf of the Manager and the Board, I would like to express my sincere appreciation to Mr Chan Kong Leong, who left the company at end 2018 for his invaluable contribution to Suntec REIT. Under his leadership as Chief Executive Officer, Kong Leong significantly strengthened the performance of both the retail and office businesses and I wish him success in his future endeavours. I would like to welcome Mr Chong Kee Hiong. I am confident that with his experience in the real estate sector, Kee Hiong will lead Suntec REIT into our next phase of growth.

We are also pleased to welcome Mr Lock Wai Han who recently joined the Board as an Independent Non-Executive Director. His vast and varied experience will complement and strengthen the Board.

I would also like to thank my fellow board members for their continued counsel and the management team for their hard work and commitment. Last but not least, I would like to extend my heartfelt appreciation to our unitholders, tenants, business partners and stakeholders for their continued trust and valuable support.

CHEW GEK KHIM 

Chairman and Non-Executive Director
15 March 2019

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF TOTAL RETURN FOR THE FINANCIAL YEAR	2018	2017
Gross Revenue	S\$363.5m	S\$354.2m
Net Property Income	S\$241.0m	S\$244.5m
Income Contribution From Joint Ventures ^{1,2}	S\$91.2m	S\$89.7m
Distributable Income	S\$266.8m	S\$263.0m
- from operations	S\$227.8m	S\$234.0m
- from capital	S\$39.0m	S\$29.0m
Distribution Per Unit ("DPU")	9.988¢	10.005¢
- from operations	8.529¢	8.907¢
- from capital	1.459¢	1.098¢

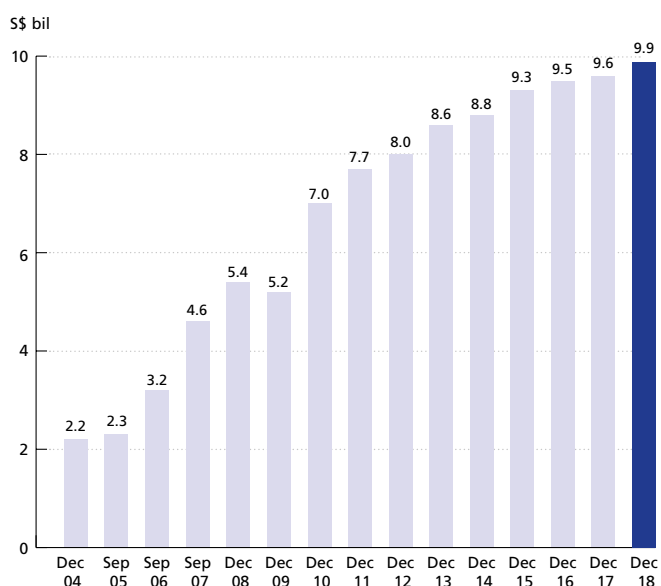
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 DEC 2018	31 DEC 2017
Investment Properties	S\$6,494.0m	S\$6,387.3m
Interest In Joint Ventures ^{2,3}	S\$2,855.2m	S\$2,660.2m
Total Assets	S\$9,512.4m	S\$9,241.6m
Debt at Amortised Cost	S\$3,491.8m	S\$3,230.9m
Total Liabilities	S\$3,744.3m	S\$3,474.6m
Unitholders' Funds	S\$5,636.5m	S\$5,639.1m
Net Asset Value Per Unit	S\$2.103	S\$2.119
Aggregate Leverage Ratio ⁴	38.1%	36.4%

Notes:

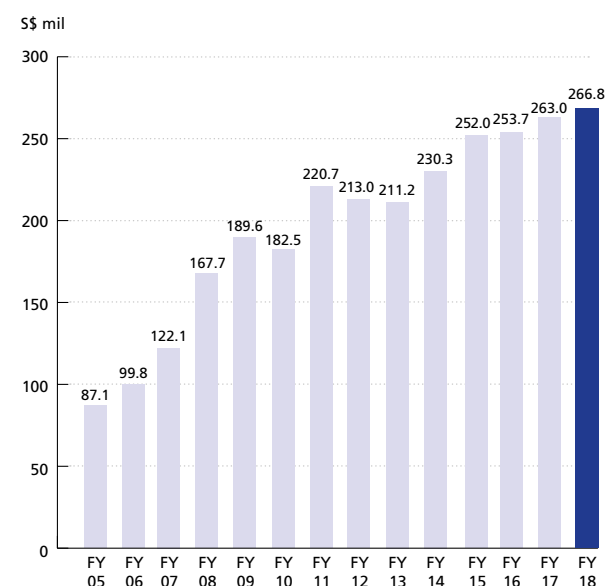
- 1 Refers to the one-third interest in One Raffles Quay and one-third interest in the Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.
- 2 Reflects 25.0% interest in Southgate Complex in 2017 and 50.0% interest with effect from 31 May 2018.
- 3 Refers to the one-third interest in One Raffles Quay, one-third interest in the Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, 30.0% interest in 9 Penang Road (formerly known as Park Mall) and 50.0% interest in Olderfleet, 477 Collins Street.
- 4 Refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of joint ventures and deferred payments (if any)) to the value of the Deposited Property in accordance with Appendix 6 on the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "Property Funds Appendix").

STRONG GROWTH AND PERFORMANCE TRACK RECORD SINCE LISTING

Assets Under Management



Distributable Income



UNIT PERFORMANCE

UNIT PERFORMANCE AS AT ¹	2018	2017	2016	2015	2014
Last Done Unit Price	S\$1.780	S\$2.150	S\$1.650	S\$1.550	S\$1.960
Highest Unit Price	S\$2.250	S\$2.190	S\$1.800	S\$2.000	S\$1.975
Lowest Unit Price	S\$1.670	S\$1.650	S\$1.505	S\$1.470	S\$1.535
Market Capitalisation ² (m)	S\$4,754	S\$5,703	S\$4,185	S\$3,908	S\$4,904
Traded Volume for the Financial Year (m)	1,823	1,421	1,329	1,582	2,282

Notes:

- 1 Unit performance statistics as at 31 December are for the respective financial years.
- 2 Based on 2,502 million units, 2,521 million units, 2,537 million units, 2,652 million units and 2,671 million units in issue as at 31 December 2014, 2015, 2016, 2017 and 2018 respectively.

UNIT PERFORMANCE AS AT ¹	2018	2017	2016	2015	2014
Traded Yield (based on DPU ¹)	5.61	4.65	6.06	6.45	4.80
Singapore Government 10-Year Bond ²	2.04	1.97	2.44	2.60	2.28

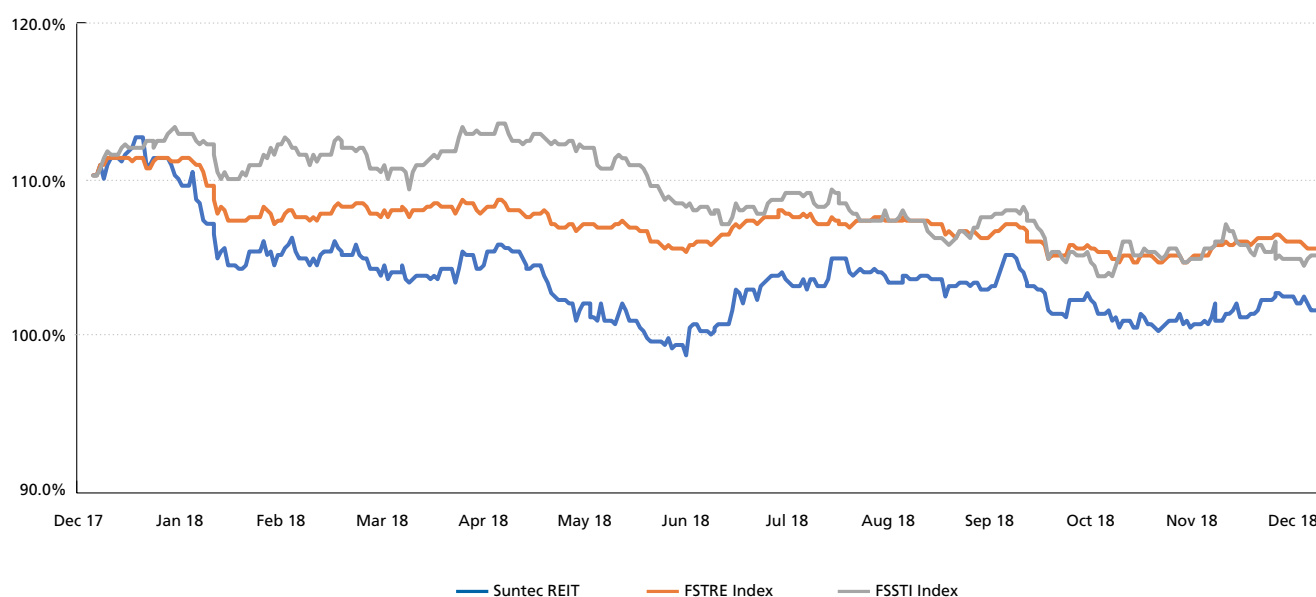
Notes:

- 1 Based on the last done unit price (as stated in the table above) and the full year DPU based on the period from 1 January to 31 December. Calculations were based on a DPU of 9.40 cents, 10.002 cents, 10.003 cents, 10.005 cents and 9.988 cents for FY 2014, FY 2015, FY 2016, FY 2017 and FY 2018 respectively.
- 2 As at 31 December for the respective financial years.

For FY 2018, Suntec REIT's unit opening price was S\$2.150 and closed at S\$1.780 with a market capitalisation of S\$4.8 billion as at 31 December 2018. Suntec REIT's FY 2018 DPU yield of 5.61% has also outperformed the Singapore Government 10-year bond yield at 2.04%. As at end FY2018, Suntec REIT unitholders would have achieved a total return of 211.5% since listing. As one of Singapore's most liquid listed REITs, the overall traded volume was 1,823 million units for the 12 months ended 31 December 2018. Suntec REIT is also a constituent member of major global indices such as the MSCI Singapore Index, FTSE NAREIT/EPRA Global Real Estate Index and the Global Property Research 250 Index series. It is also a constituent of the FTSE Straits Times Mid Cap Index and FTSE Straits Times Real Estate Index in Singapore.

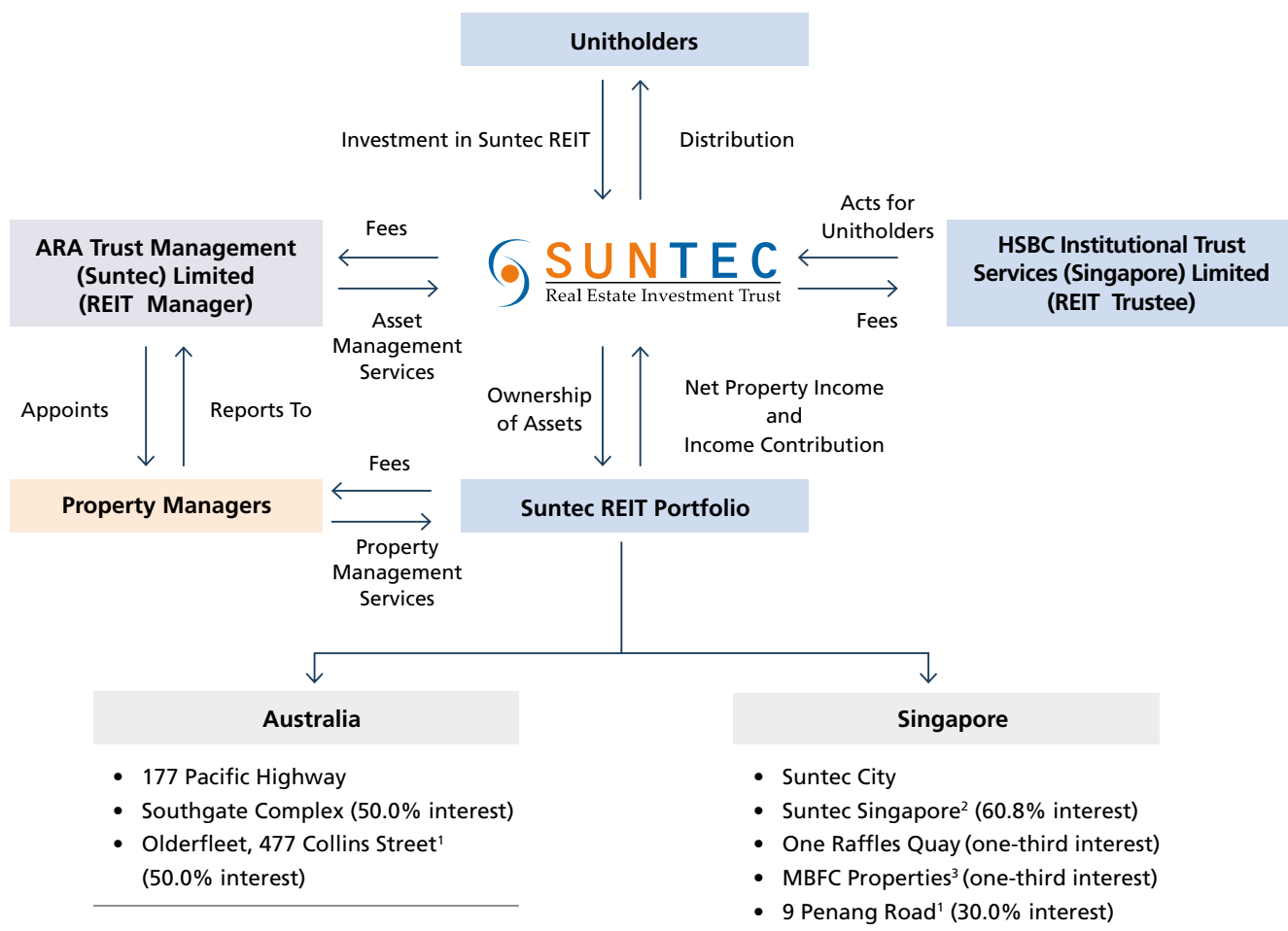
RELATIVE PERFORMANCE INDICES FOR THE FINANCIAL YEAR 2018

Index Value (base 100%)

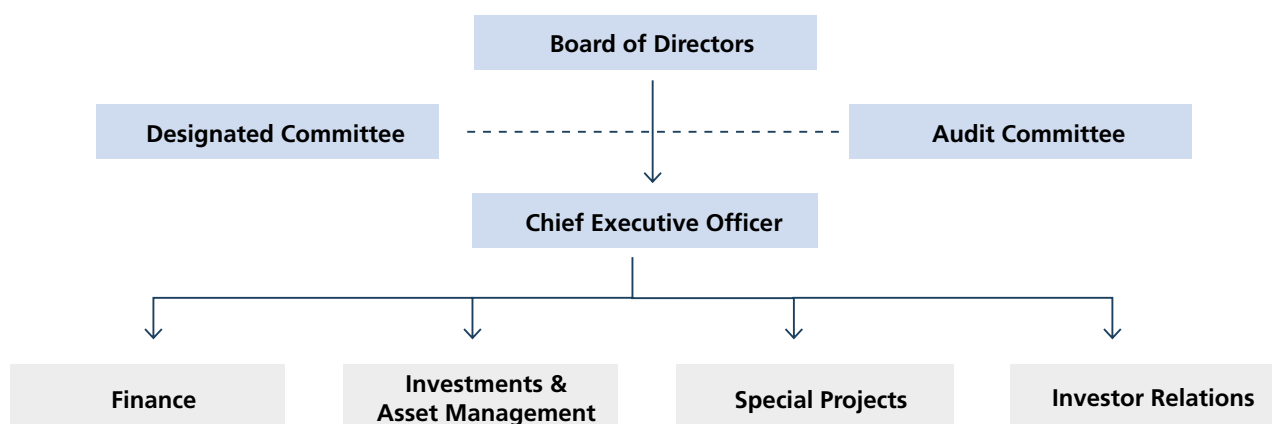


TRUST STRUCTURE AND ORGANISATION CHART

TRUST STRUCTURE



ORGANISATION STRUCTURE – ARA TRUST MANAGEMENT (SUNTEC) LIMITED



Notes:

- 1 Currently under development.
- 2 Refers to Suntec Singapore Convention & Exhibition Centre.
- 3 Refers to Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.

BOARD OF DIRECTORS



01



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- 01 MS CHEW GEK KHIM PJG**
Chairman and Non-Executive Director
- 02 MR LIM HWEI CHIANG, JOHN**
Non-Executive Director
- 03 MR CHEN WEI CHING, VINCENT**
Lead Independent Non-Executive Director
- 04 MR CHAN PEE TECK, PETER**
Independent Non-Executive Director
- 05 MRS YU-FOO YEE SHOON**
Independent Non-Executive Director
- 06 MR LOCK WAI HAN**
Independent Non-Executive Director
- 07 MR CHOW WAI WAI, JOHN**
Non-Executive Director
- 08 MR CHONG KEE HIONG**
Chief Executive Officer and Executive Director

BOARD OF DIRECTORS

MS CHEW GEK KHIM PJG

Chairman and Non-Executive Director

Ms Chew Gek Khim joined the Board on 21 January 2014 and was appointed Chairman on 17 April 2014. She has been the Chairman of The Straits Trading Company Limited since 24 April 2008.

Ms Chew is also Executive Chairman of Tecity Group. She is Chairman of Malaysia Smelting Corporation Berhad and sits on the boards of ARA Asset Management Holdings Pte. Ltd. and Singapore Exchange Limited.

Ms Chew is also Deputy Chairman of the Tan Chin Tuan Foundation. She is a member of the Securities Industry Council of Singapore and Board of Governors of S. Rajaratnam School of International Studies.

Ms Chew graduated from the National University of Singapore in 1984 and is a lawyer by training. She was awarded the *Chevalier de l'Ordre National du Mérite* in 2010, the Singapore Businessman of The Year 2014 in 2015, and the Meritorious Service Medal at the National Day Award in 2016.

MR LIM HWEE CHIANG, JOHN

Non-Executive Director

Mr Lim Hwee Chiang, John joined the Board on 30 August 2004. Mr Lim is Co-Founder, Group Chief Executive Officer and Executive Director of ARA Asset Management Limited. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of APM Property Management Pte. Ltd. and Suntec Singapore International Convention & Exhibition Services Pte. Ltd.

Mr Lim is Chairman of the Asia Pacific Real Estate Association ("APREA"), the Consultative Committee to the Department of Real Estate, National University of Singapore, Straits Real Estate and Lim Hoon Foundation. He is a Patron of Jurong Spring Citizens' Consultative Committee and the Securities Investors Association of Singapore ("SIAS"). He is also a Council Member of Singapore Chinese Chamber of Commerce and Industry and an Independent Director and Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited.

Mr Lim has more than 30 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur Of the Year Singapore 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM)

by the President of Singapore in recognition of his contributions to the community.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

MR CHEN WEI CHING, VINCENT

Lead Independent Non-Executive Director

Mr Chen Wei Ching, Vincent is the Lead Independent Director, Chairman of the audit committee and member of the designated committee of the Manager. He joined the Board on 1 October 2010 and was appointed Lead Independent Director and Chairman of the audit committee on 17 April 2014.

Mr Chen has more than 20 years of experience in the banking and finance industry, having spent 17 years with the First National Bank of Chicago, Bank of America, and Banque Francaise du Commerce Extérieur, and subsequently co-founded a financial consulting firm in 1988. Since 1993, he has been managing his personal and family investments. He has also served as an independent director on the boards of a number of public listed companies.

Mr Chen holds a Bachelor of Science degree in Industrial Engineering from Cornell University, and a Master of Business Administration degree from the University of Pennsylvania.

MR CHAN PEE TECK, PETER

Independent Non-Executive Director

Mr Chan Pee Teck, Peter is an Independent Director and member of the audit committee. He joined the Board on 1 January 2017. Mr Chan is the founder and Managing Partner of Crest Capital Asia, a regional private equity practice investing in Singapore, Australia and Indonesia specializing in designing and customizing alternative direct investment programmes for clients and managing the assets under these programmes.

Mr Chan started his private equity career in 1987 with one of the earliest US private equity firms in Asia. He then joined a division of ING Barings Asia Private Equity as Managing Director in 1996 to start ING's investment programme in Asia and setting up offices in Singapore, Indonesia, India, China, Taiwan and South Korea. He then acquired the platform to set up Crest Capital Asia in 2004. Mr Chan is responsible for the general management of the funds under management, conceptualizing and innovating new fund strategies as well as investor communication.

Mr Chan graduated with a Bachelor of Accountancy (Hons) Degree from the National University of

Singapore and is a Fellow Member of both the Institute of Singapore Chartered Accountants as well as the Certified Public Accountants of Australia. In addition to being board member of Teckwah Industrial Corporation Ltd, he is also board member of Clarity, a not-for-profit organization which mission is to provide healing and support for people with mental conditions to help them regain self-confidence and re-discover their abilities and beauty in life.

MRS YU-FOO YEE SHOON

Independent Non-Executive Director

Mrs Yu-Foo Yee Shoon is an Independent Director and member of the audit committee. She joined the Board on 1 January 2017. Mrs Yu-Foo is currently the Justice of the Peace, Chairman of Traditional Chinese Medicine Practitioners Board, Ministry of Health and also an Independent Director of KOP Limited and Singapura Finance Ltd. She is also Advisor of Nuri Holdings (S) Pte Ltd, and Senior Advisor, International Advisory Panel of Hyflux Ltd.

Mrs Yu-Foo was the Former Minister of State, retired after 27 years in politics. Before she became Minister of State, she was the first woman Mayor in Singapore and she started her career with National Trades Union Congress (NTUC) and she was the Deputy Secretary-General of NTUC.

Mrs Yu-Foo graduated from Nanyang University with a Bachelor of Commerce and a Masters Degree in Business from Nanyang Technology University. She was awarded the Honorary Doctorate of Education by Wheelock College of Boston, United States in 2008.

MR LOCK WAI HAN

Independent Non-Executive Director

Mr Lock Wai Han is an Independent Director and member of the audit committee. He joined the Board on 1 August 2018. Currently, Mr Lock is the Executive Director and Chief Executive Officer of OKH Global Limited and is responsible for all the Group's business activities, which is the construction and development of industrial real estate.

Prior to joining OKH Group Limited, Mr Lock was the Executive Director and Group CEO of Rowsley Ltd and before that he was based in Beijing as the China CEO of CapitaMalls Asia ("CMA"), where he had oversight of a retail mall portfolio that included Raffles City projects and CMA mixed developments.

Up until he joined CMA in March 2010, Mr Lock had served in the Singapore public sector for more than 20 years during which he held various leadership roles including Commissioner of the Immigration & Checkpoints Authority; Director of the Criminal Investigations Department and Deputy Secretary of the Ministry of Information, Communications & the Arts, as well as directorships in various statutory boards.

Mr Lock holds a Bachelor and Master of Arts (Engineering) from the University of Cambridge, UK, and a Master of Science (Management) from Leland Stanford Junior University, USA.

MR CHOW WAI WAI, JOHN

Non-Executive Director

Mr Chow Wai Wai, John is a Non-Executive Director and the Chairman of the designated committee of the Manager. He joined the Board on 1 July 2007. Currently, Mr Chow is also the Managing Director of Winsor Industrial Corporation Limited, which has international operations, spanning countries in the US, Europe and Asia, and he holds directorships in the various subsidiaries and associated companies of the Winsor companies. He is an Executive Director of Hong Kong-listed Wing Tai Properties Limited and is also a Non-executive Director of Hong Kong-listed Dah Sing Financial Holdings Limited.

Mr Chow has more than 30 years of experience in property investment and management, textile and clothing businesses. He serves as an Honorary Chairman of the Hong Kong Garment Manufacturers Association.

Mr Chow received his Bachelor of Arts (Economics) degree from the University of British Columbia.

MR CHONG KEE HIONG

Chief Executive Officer and Executive Director

Mr Chong Kee Hiong was appointed as Chief Executive Officer and Executive Director on 1 January 2019. He is also a Director of One Raffles Quay Pte. Ltd., Harmony Convention Holding Limited and Park Mall Pte. Ltd. Mr Chong is also a Partners' Representative of BFC Development LLP.

Mr Chong began his career in audit with KPMG Peat Marwick in 1990 and has close to 30 years of financial and management experience. Prior to joining the Manager, Mr Chong was the Chief Executive Officer of OUE Hospitality REIT Management Pte Ltd from June 2013 to July 2018. He was Chief Executive Officer of The Ascott Limited ("Ascott") from February 2012 to May 2013 and Chief Executive Officer of Ascott Residence Trust Management Limited from 2005 to 2012. From May 2001 to September 2004, Mr Chong was with Raffles Holdings Limited as their Chief Financial Officer.

Mr Chong is currently the president of the Orchid Country Club General Committee and Chairman and Non-Executive Director of NTUC Foodfare Co-operative Ltd. Mr Chong is also an elected Member of Parliament for Bishan-Toa Payoh GRC.

Mr Chong holds a Bachelor of Accountancy with National University of Singapore and completed Harvard Business School's Advanced Management Program in 2008. He is a member of the Institute of Singapore Chartered Accountants.

MANAGEMENT TEAM



From left to right
Raymond Ong, Dawn Lai, Chong Kee Hiong, Ng Ee San, Melissa Chow

MR CHONG KEE HIONG

Chief Executive Officer and Executive Director

Please refer to description under the section on 'Board of Directors'.

MS DAWN LAI

Chief Operating Officer

Ms Dawn Lai assists the Chief Executive Officer on all operational matters; including asset management, investment, finance, investor relations and strategic planning.

Ms Lai has more than 30 years of experience in the real estate sector. She was with CapitaLand Ltd for the last 19 years. Her last appointment with the company was as the Head of Global Marketing & Leasing at CapitaLand Commercial Management Private Limited, the manager for CapitaLand's portfolio of commercial assets (REIT and non-REIT) in Singapore. In this capacity, she was responsible for the marketing and leasing of more than four million square feet of commercial properties with a total asset value of more than S\$10 billion. The commercial portfolio under her responsibility included prime Grade A offices such as CapitaGreen, Asia Square Tower 2, Six Battery Road, Raffles City Singapore and Capital Tower.

Ms Lai holds a Bachelor of Science in Estate Management (Hons) degree from the National University of Singapore.

MS NG EE SAN

Finance Director

Ms Ng Ee San heads the Finance team and assists the Chief Executive Officer on the finance, treasury and capital management functions of Suntec REIT.

Ms Ng has more than 15 years of experience in accounting and finance. Prior to joining the Manager, she was the Finance Manager at Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust. She was also previously an Accountant at Wing Tai Holdings Limited and The Hour Glass Limited, and has held various positions with PSA Corporation Limited and Deloitte & Touche LLP.

Ms Ng holds a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore, and is a member of Institute of Singapore Chartered Accountants.

MR RAYMOND ONG

Director, Special Projects

Mr Raymond Ong assists the Chief Executive Officer on acquisitions, projects, operational and asset management matters and oversees Suntec REIT's project developments.

Prior to his appointment, Mr Ong was the Director, Project of APM Property Management Pte Ltd (a 100% subsidiary of ARA Asset Management Limited) since 2012 where he led the project team in the remaking of Suntec City which was successfully completed in 2015.

Mr Ong has more than 30 years of experience in real estate development, project and property management. Prior to joining the group, he worked with public listed property companies Centropoint Properties Ltd, Parkway Holdings Ltd and Wing Tai Property Management Pte Ltd, and with private property companies Kallang Development Pte Ltd and SK Land Pte Ltd. He had held positions as Executive Director and General Manager taking charge of development and property management.

Mr Ong holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

MS MELISSA CHOW

Manager, Investor Relations

Ms Melissa Chow oversees the Investor Relations function of Suntec REIT. Her responsibilities include the timely communication of quality information to unitholders, potential investors, key stakeholders and providing the Manager with key market updates.

Ms Chow has close to 10 years of experience in the field of investor relations. Prior to joining the Manager, she was an investor relations associate at a private equity firm where she managed the communication channels between the company and the investment community. She was previously with a boutique public and investor relations agency.

Ms Chow holds a Bachelor of Business Management (Finance and Corporate Communications) from Singapore Management University.

MANAGEMENT TEAM



Asset Management and Investments

From left to right

Lee Xin Rui, Assistant Director, Investments & Asset Management

Candy Zhang, Senior Analyst

Edwin Lim, Assistant Director, Retail

Chan Chuey Leng, Assistant Director, Asset Management

Lim Kim Loon, Assistant Director, Asset Management

Sia Ching Ling, Assistant Director, Asset Management

Matthew Choo, Analyst, Investments & Asset Management



Finance and Special Projects

From left to right

Ong Chia Ling, Accountant

Tan Cheng Cheng, Finance Manager

Eunice Ong, Assistant Finance Manager

Lynn Lee, Assistant Finance Director

Kenny Tan, Manager, Special Projects

MANAGER'S REPORT

YEAR IN REVIEW

Suntec REIT achieved a distributable income of S\$266.8 million and distribution per unit ("DPU") of 9.988 cents for the financial year ended 31 December 2018 ("FY 2018"). In May 2018, Suntec REIT completed the acquisition of an additional 25.0% interest in Southgate Complex in Melbourne, raising its interest in the development to 50.0%.

As at end FY 2018, Suntec REIT's assets under management ("AUM") has grown to approximately S\$9.9 billion¹, underpinned by a 3.1 million sq ft of prime office portfolio and 1.0 million sq ft of retail portfolio strategically-located in the prime districts of Singapore and Australia.

FINANCIAL PERFORMANCE

Suntec REIT achieved gross revenue of S\$363.5 million in FY 2018 which was 2.6% higher compared to the corresponding period in 2017 ("FY 2017"). This was mainly due to higher contribution from Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore") and Suntec City Mall, partially offset by lower revenue from Suntec City Office.

Office revenue in FY 2018 was S\$170.0 million, 3.2% lower year-on-year mainly due to the transitory downtime from replacement leases at Suntec City Office.

The retail revenue of S\$123.6 million was 4.0% higher than in FY 2017 mainly due to the positive rental reversions at Suntec City.

Convention revenue of S\$69.9 million was 17.1% higher year-on-year due to higher exhibition revenue attained in FY 2018.

Net property income in FY 2018 was S\$241.0 million, a decrease of 1.4% year-on-year. This was due to the sinking fund contribution for Suntec City Office upgrading works. Excluding the sinking fund contribution of S\$11.2 million which has no impact on distributable income, the net property income for FY 2018 of S\$252.2 million was S\$7.8 million or 3.2% higher year-on-year.

The income contribution from the joint ventures for FY 2018 was S\$91.2 million. This comprised the income contribution of S\$24.8 million from the one-third interest in One Raffles Quay, S\$53.6 million from the one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (the "MBFC Properties") and S\$12.9 million from the 50.0% interest² in Southgate Complex. The total income contribution for FY 2018 1.7% higher than FY 2017 of S\$89.7 million.

Suntec REIT achieved a total distributable income of S\$266.8 million in FY 2018, an increase of 1.4% year-on-year. This was on the back of higher contribution from Southgate Complex, Suntec City Mall, Suntec Singapore and increased capital distribution which was partially offset by higher financing costs and lower income from Suntec City Office. The DPU achieved for FY 2018 amounted to 9.988 cents, which translated to an annual yield of 5.61%³ for the year.

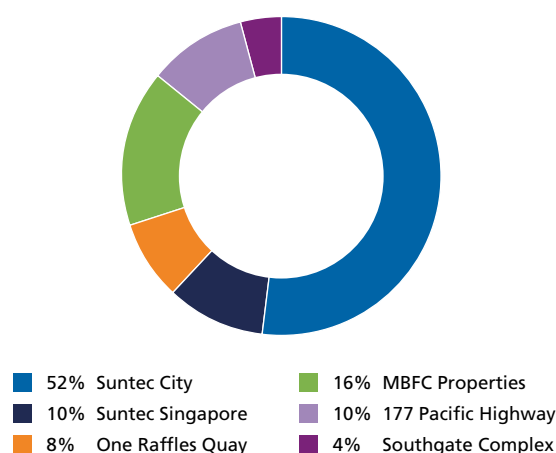
There were no income support payments in FY 2018.

Cents	FY 2018	FY 2017
Distribution Per Unit	9.988	10.005
- from operations	8.529	8.907
- from capital	1.459	1.098

NET PROPERTY INCOME & INCOME CONTRIBUTION FROM JOINT VENTURES

Contribution by Asset

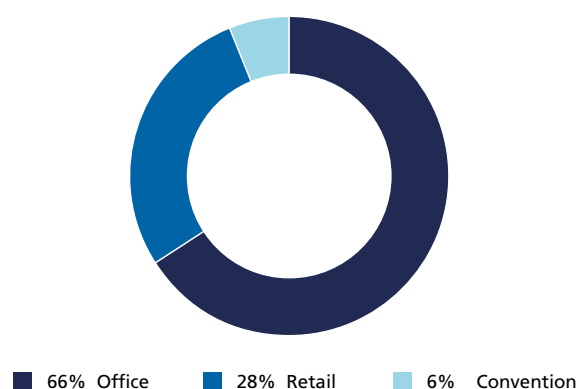
FY 2018



NET PROPERTY INCOME & INCOME CONTRIBUTION FROM JOINT VENTURES

Contribution by Segment⁴

FY 2018



Notes:

- Includes the carrying values of S\$191.0 million and S\$111.4 million for 9 Penang Road and Oldfleet, 477 Collins Street respectively.
- Suntec REIT completed the acquisition of the additional interest in Southgate Complex in May 2018, raising the effective interest from 25.0% to 50.0%.
- Based on the market closing price of S\$1.78 as at 31 December 2018.
- Total income contribution from MBFC Properties was apportioned based on approximately 93.0% office and 7.0% retail. Total income contribution from Southgate Complex was apportioned based on approximately 84.0% office and 16.0% retail.

MANAGER'S REPORT

CAPITAL STRUCTURE

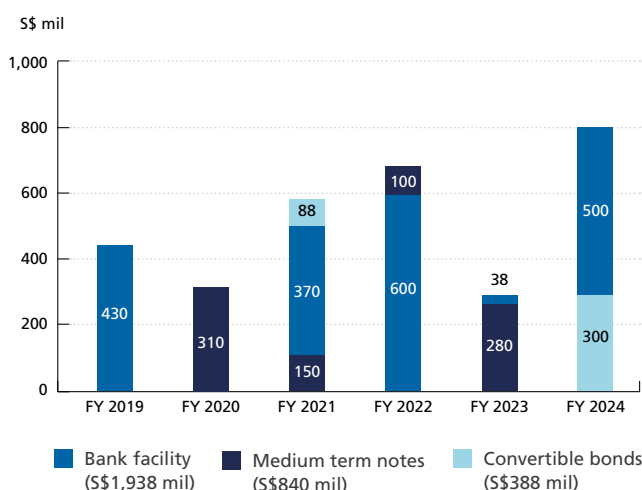
Suntec REIT's total consolidated debt stood at S\$3,531 million, with aggregate leverage ratio of 38.1% as at 31 December 2018. The all-in financing-cost of Suntec REIT's debt portfolio for FY 2018 was 2.82% per annum.

In FY 2018, Suntec REIT secured S\$1.2 billion in financing. This comprised S\$400 million 5-year unsecured loan facility, S\$180 million 5-year medium term notes, S\$150 million 3-year medium term notes and S\$500 million 5.5-year unsecured loan facility.

Suntec REIT's exposure to derivatives is elaborated in the Statements of Financial Position. The fair value derivative for FY 2018, which is reflected on the Statements of Financial Position as "Derivative Assets" and "Derivative Liabilities", was S\$1.5 million and S\$30.8 million respectively. The net fair value derivative represented 0.5% of the net assets of Suntec REIT as at 31 December 2018.

DEBT MATURITY PROFILE (REIT LEVEL)

As at 31 December 2018



PROPERTY PORTFOLIO

On 31 May 2018, Suntec REIT completed the acquisition of the additional 25.0% interest in Southgate Complex, Melbourne, raising its interest in the development from 25.0% to 50.0%. Through active asset management, the committed occupancy of the property had increased by 9.7% to 97.7% since the acquisition of the initial interest in November 2016.

To cater to the evolving needs of the office tenants, upgrading works for Suntec City Office will progressively take place on the five office towers and will be fully completed by end of 2021. Tenants can look forward to an enhanced sense of arrival at the upgraded lift lobbies, new lift interior finishes, a state-of-the-art visitor management system and new washrooms.

Development works for 9 Penang Road in Singapore and Olderfleet, 477 Collins Street in Melbourne, Australia, is in progress and is scheduled to complete at the end of 2019 and mid 2020 respectively.

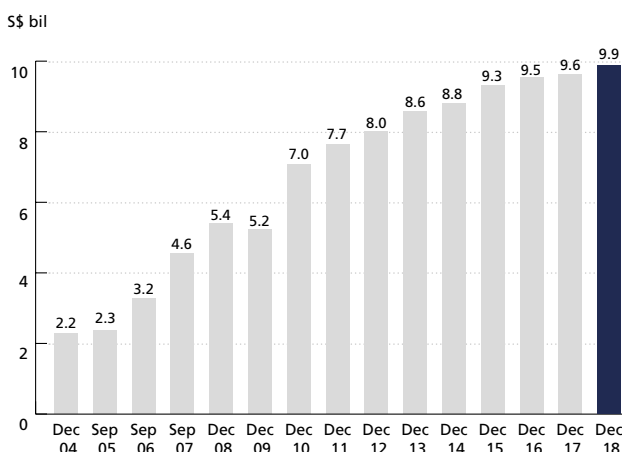
Suntec REIT's property portfolio comprising of approximately 3.1 million sq ft of attributable office space and more than 1.0 million sq ft of retail and convention space was valued at S\$9.7 billion and together with cash and other assets, the total AUM was S\$9.9 billion as at 31 December 2018, 3.1% higher than the preceding year. The net asset value of Suntec REIT and its subsidiaries stood at S\$2.103 per unit as at 31 December 2018.

Property Valuation (\$\$ Millions)	31 Dec 2018	31 Dec 2017
Suntec City ¹	5,110.0	5,011.0
Suntec Singapore ²	432.3	425.6
One Raffles Quay ³	1,275.6	1,273.0
MBFC Properties ³	1,695.3	1,693.0
9 Penang Road ⁴	191.0	173.4
177 Pacific Highway ⁵	561.5	605.6
Southgate Complex ⁶	349.9	173.9
Olderfleet, 477 Collins Street ⁷	111.4	70.8
Total	9,727.0	9,426.3

Notes:

- Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.
- Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, reflecting the value of Suntec REIT's 60.8% interest in Suntec Singapore.
- Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, reflecting the value of Suntec REIT's one-third interests in One Raffles Quay and the MBFC Properties.
- Reflecting Suntec REIT's 30.0% interest of the carrying value at cost.
- Based on the valuation by Jones Lang LaSalle Advisory Services Pty Ltd.
- Based on the valuation by CIVAS (VIC) Pty Limited, reflecting the value of Suntec REIT's 50.0% and 25.0% interest in Southgate Complex as at 31 December 2018 and 31 December 2017 respectively.
- Based on the valuation by CIVAS (VIC) Pty Limited, reflecting Suntec REIT's 50.0% interest of the carrying value of Olderfleet, 477 Collins Street.

ASSETS UNDER MANAGEMENT



STRONG OCCUPANCY FOR ASSET PORTFOLIO

Suntec REIT's asset portfolio performance continued to remain strong. In particular, the Singapore office portfolio has consistently maintained occupancy rates at above market levels. As at 31 December 2018, the Singapore office portfolio achieved an overall committed occupancy of 98.5%, 5.6% higher than the overall Central Business District ("CBD") Grade A occupancy of 92.9%¹. The committed occupancies for Suntec City Office, One Raffles Quay and Marina Bay Financial Centre ("MBFC") Towers 1 and 2 were 98.6%, 96.1% and 100.0% respectively. In Australia, the committed occupancy for 177 Pacific Highway maintained at 100.0% while the committed occupancy for Southgate Complex (Office) improved to 98.8% as at 31 December 2018.

For the Singapore retail portfolio, the overall committed occupancy as at 31 December 2018 was 99.6%. The committed occupancy for Suntec City Mall strengthened further to 99.6%², while the committed occupancy for Marina Bay Link Mall was 99.2%. In Australia, the committed occupancy for Southgate Complex (Retail) stood at 90.9% as at 31 December 2018.

Suntec REIT's overall committed occupancy for the office and retail portfolio stood at 98.7% and 99.1% respectively as at 31 December 2018.

Committed Office Occupancy as at	31 Dec 2018	31 Dec 2017
Suntec City Office	98.6%	99.5%
One Raffles Quay	96.1%	100.0%
MBFC Towers 1 & 2	100.0%	99.8%
Singapore Office Portfolio	98.5%	99.7%
177 Pacific Highway	100.0%	100.0%
Southgate Complex	98.8%	90.7%
Australia Office Portfolio	99.4%	97.3%
Overall Office Portfolio	98.7%	99.2%

Committed Retail Occupancy as at	31 Dec 2018	31 Dec 2017
Suntec City Mall	99.6%	99.0%
Marina Bay Link Mall	99.2%	99.5%
Singapore Retail Portfolio	99.6%	99.0%
Southgate Complex	90.9%	91.7%
Australia Retail Portfolio	90.9%	91.7%
Overall Retail Portfolio	99.1%	98.8%

Note:

1 Source: JLL

2 Includes 60.8% interest in Suntec Singapore (Retail).



LEASING ACHIEVEMENTS IN FY 2018

For the office portfolio, a total of 708,785 square feet ("sq ft") of new and renewal leases were secured in FY 2018. The tenant retention ratio for FY 2018 was 65.0%. The average rent secured for FY 2018 for the Singapore and Australia office portfolios were S\$9.55 per square foot per month ("psf/mth") and S\$4.95 psf/mth respectively.

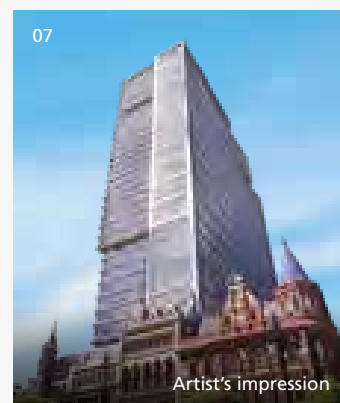
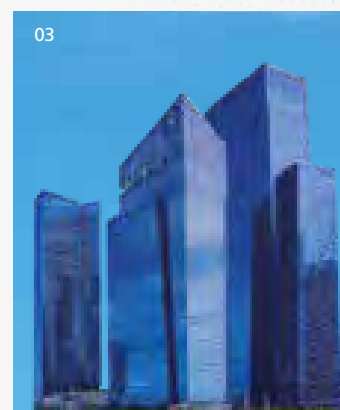
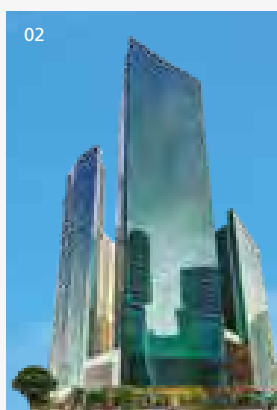
Office Leasing Activities	Tenants	NLA (sq ft)
Renewal leases	93	305,399
New leases	74	403,386
Total	167	708,785

For the retail portfolio, a total of 371,459 sq ft of new and renewal leases were secured in FY 2018. The tenant retention ratio for FY 2018 was 55.0%.



Retail Leasing Activities	Tenants	NLA (sq ft)
Renewal leases	124	204,176
New leases	108	167,283
Total	232	371,459

PROPERTY PORTFOLIO



01 Suntec City, 02 One Raffles Quay, 03 MBFC Properties, 04 177 Pacific Highway, 05 Southgate Complex, 06 9 Penang Road, 07 Olderfleet, 477 Collins Street

HIGH QUALITY COMMERCIAL ASSETS STRATEGICALLY LOCATED IN SINGAPORE'S & AUSTRALIA'S PRIME DISTRICTS

Suntec REIT's portfolio comprises prime commercial properties in Suntec City, 60.8% interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), one-third interest in One Raffles Quay, Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (the "MBFC Properties") and 30.0% interest in 9 Penang Road. These properties are located within Singapore's Central Business District, Marina Bay and the Civic and Cultural District. In Australia, Suntec REIT holds a 100.0% interest in 177 Pacific Highway located in Sydney, a 50.0% interest in the iconic Southgate Complex, Melbourne and a 50.0% interest in Olderfleet, 477 Collins Street, Melbourne.

Spanning a total net lettable area ("NLA") of about 4.1 million square feet ("sq ft"), the properties provide a steady stream of income from a well-diversified pool of strong office and retail tenants. The committed occupancy of Suntec REIT's office and retail portfolios stood at 98.7% and 99.1% respectively as at 31 December 2018.

Property Statistics

As at 31 December 2018

Total Net Lettable Area	4,092,733 ^{1,2} sq ft
• Office	3,108,621 sq ft
• Retail	984,152 sq ft
Number of tenants	876
• Office	418
• Retail	458
Valuation	S\$9,727.0 million ³
Committed Occupancy	
• Office	98.7% ⁴
• Retail	99.1% ⁵

Notes:

- 1 Reflects the net lettable area of Suntec City Office, Suntec City Mall and 177 Pacific Highway.
- 2 Reflects 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay and MBFC Properties and 50.0% interest in Southgate Complex.
- 3 Includes the valuation of Suntec REIT's 60.8% interest in Suntec Singapore, the valuation of Suntec REIT's one-third interests in One Raffles Quay and MBFC Properties, the valuation of Suntec REIT's 50.0% interest in Southgate Complex, the carrying values of Suntec REIT's 30.0% interest in 9 Penang Road and 50.0% interest in Olderfleet, 477 Collins Street.
- 4 Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 50.0% interest in Southgate Complex (Office).
- 5 Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in Marina Bay Link Mall and 50.0% interest in Southgate Complex (Retail).

VIBRANT TENANT MIX

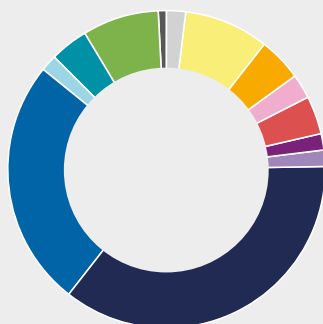
Suntec REIT's office portfolio leases are well diversified across 13 business sectors. 60.7% of the total gross office revenue for the month of December 2018 was attributable to the major business sectors of Banking, Insurance and Financial Services, and Technology, Media and Telecommunications. The top 10 tenants of the office portfolio contributed 21.3% of Suntec REIT's total gross revenue for the month of December 2018 and occupied an area representing 31.2% of the REIT's total office portfolio NLA.



OFFICE PORTFOLIO BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2018



2.1%	Legal
8.5%	Real Estate and Property Services
4.6%	Trading and Investments
2.4%	Manufacturing
3.7%	Shipping and Freight Forwarding
1.7%	Others
1.9%	Government and Government-Linked Offices
35.5%	Banking, Insurance and Financial Services
25.2%	Technology, Media and Telecommunications
1.7%	Pharmaceutical and Healthcare
4.3%	Energy and Natural Resources
7.8%	Consultancy / Services
0.6%	Hospitality / Leisure

Note:

- 1 Includes one-third interest in One Raffles Quay and one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 50.0% interest in Southgate Complex (Office).

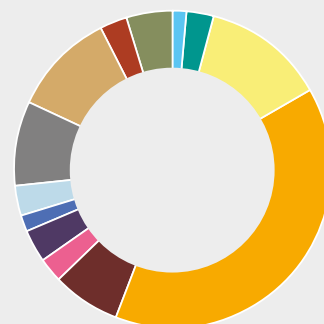
For the retail portfolio, 51.9% of the total gross retail revenue for the month of December 2018 was attributable to the major business sectors of Food and Beverage and Fashion and Accessories. The top 10 tenants of the retail portfolio contributed 5.7% of Suntec REIT's total gross revenue for the month of December 2018 and occupied an area representing 27.9% of the REIT's total retail portfolio NLA.



RETAIL PORTFOLIO BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2018



1.6%	Books, Stationery and Education
2.6%	Electronics and Technology
12.7%	Fashion and Accessories
39.2%	Food and Beverage
6.9%	Hair, Beauty and Wellness
2.5%	Homeware and Home Furnishings
3.2%	Hypermart / Supermarket
1.6%	Jewellery and Watches
3.3%	Kid's Fashion, Toys and Kid's Specialty
8.5%	Leisure, Fitness and Entertainment
10.5%	Services and Others
2.9%	Specialty and Gifts
4.5%	Sporting Goods and Apparel

Note:

- 1 Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay, one-third interest in the Marina Bay Link Mall and 50.0% interest in Southgate Complex (Retail).

PROPERTY PORTFOLIO

OFFICE PORTFOLIO – TOP 10 TENANTS

(By Gross Rental Income¹)

As at 31 December 2018

Properties ¹	Tenant	Business Sector	NLA (sq ft)	% of Total Office NLA	% of Total Monthly Gross Rental Income
MBFC	Standard Chartered Bank	Banking, Insurance and Financial Services	138,726	4.8%	3.9%
Suntec City Office, ORQ	UBS AG	Banking, Insurance and Financial Services	159,417	5.5%	3.5%
177 Pacific Highway	CIMIC Group Limited	Real Estate and Property Services	114,206	3.9%	2.2%
177 Pacific Highway	Vodafone Hutchinson Australia Pty Limited	Technology, Media and Telecommunications	107,360	3.7%	2.2%
MBFC	Barclays	Banking, Insurance and Financial Services	70,346	2.4%	2.1%
ORQ	Deutsche Bank	Banking, Insurance and Financial Services	72,495	2.5%	1.8%
Suntec City Office	Pay Pal Pte Ltd	Technology, Media and telecommunications	65,703	2.3%	1.6%
177 Pacific Highway	Jacobs Group (Australia) Pty Ltd	Consultancy / Services	73,873	2.5%	1.4%
Suntec City Office	Symantec	Technology, Media and Telecommunications	54,659	1.9%	1.4%
ORQ	Ernst & Young	Banking, Insurance and Financial Services	48,292	1.7%	1.2%
Total			905,077	31.2%	21.3%

Note:

- 1 Includes one-third interest in One Raffles Quay ("ORQ"), one-third interest in Marina Bay Financial Centre ("MBFC") Towers 1 and 2 and 50.0% interest in Southgate Complex (Office).

RETAIL PORTFOLIO – TOP 10 TENANTS

(By Gross Rental Income¹)

As at 31 December 2018

Properties ¹	Tenant	Business Sector	NLA (sq ft)	% of Total Retail NLA	% of Total Monthly Gross Rental Income
Suntec City Mall, MBLM	Cold Storage Singapore (1983) Pte Ltd	Hypermart / Supermart	46,612	5.0%	0.9%
Suntec City Mall	Golden Village Multiplex Pte Ltd	Leisure, Fitness and Entertainment	60,098	6.5%	0.8%
Suntec City Mall	SuperPark Singapore SC Pte. Ltd.	Leisure, Fitness and Entertainment	28,763	3.1%	0.8%
Suntec City Mall	Food Republic Pte. Ltd.	Food and Beverage	16,692	1.8%	0.6%
Suntec City Mall	True Fitness Pte Ltd	Leisure, Fitness and Entertainment	30,441	3.3%	0.6%
Suntec City Mall	Cotton On Singapore Pte. Ltd.	Fashion and Accessories	14,926	1.6%	0.4%
Suntec City Mall, MBLM	RE&S Enterprise Pte. Ltd.	Food and Beverage	13,301	1.4%	0.4%
Suntec City Mall	Pertama Merchandising Pte Ltd	Electronics and Technology	22,217	2.4%	0.4%
Suntec City Mall	Copitiam Pte. Ltd.	Food and Beverage	12,688	1.4%	0.4%
Suntec City Mall	Eat At Seven Pte. Ltd.	Food and Beverage	12,988	1.4%	0.4%
Total			258,726	27.9%	5.7%

Note:

- 1 Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay ("ORQ"), one-third interest in the Marina Bay Link Mall ("MBLM") and 50.0% interest in Southgate Complex (Retail).

LEASE EXPIRY PROFILE

In FY 2018, approximately 708,785 sq ft of office space was renewed and signed, including forward renewal of approximately 207,746 sq ft of office leases expiring in FY 2019. As at 31 December 2018, 8.2%, 17.6% and 25.4% of the total office NLA are due to expire in FY 2019, FY 2020 and FY 2021 respectively, whilst 47.5% is due to expire in FY 2022 and beyond.

For the retail portfolio, as at 31 December 2018, 24.7%, 32.4% and 19.1% of the total retail NLA are due to expire in FY 2019, FY 2020 and FY 2021 respectively, whilst 22.8% is due to expire in FY 2022 and beyond.

WEIGHTED AVERAGE LEASE EXPIRY PROFILE

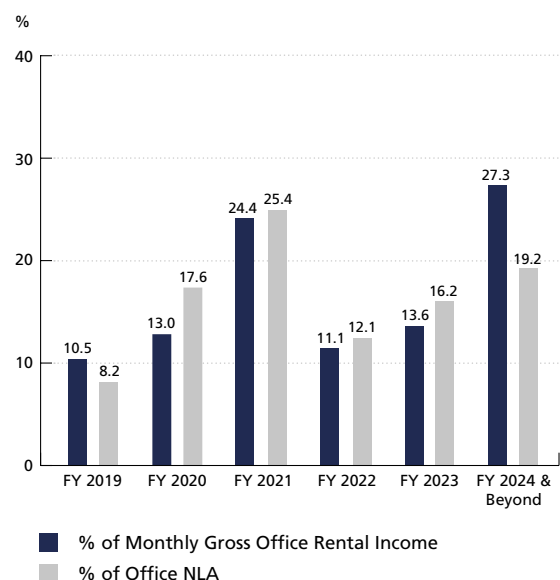
The weighted average lease expiry ("WALE") of the overall office portfolio was 3.80 years as at 31 December 2018. The Singapore and Australia office portfolios WALE was 3.10 years and 5.85 years respectively. The WALE of the office leases committed in FY 2018 was 4.63 years. These leases contribute 27.4% to the total monthly gross office rental income.



The WALE of the overall retail portfolio was 2.47 years as at 31 December 2018. The Singapore and Australia retail portfolios WALE was 2.30 years and 5.52 years respectively. The WALE of the retail leases committed in FY 2018 was 2.61 years. These leases contribute 40.8% to the total monthly gross retail rental income.

OFFICE PORTFOLIO LEASE EXPIRY PROFILE¹

As at 31 December 2018

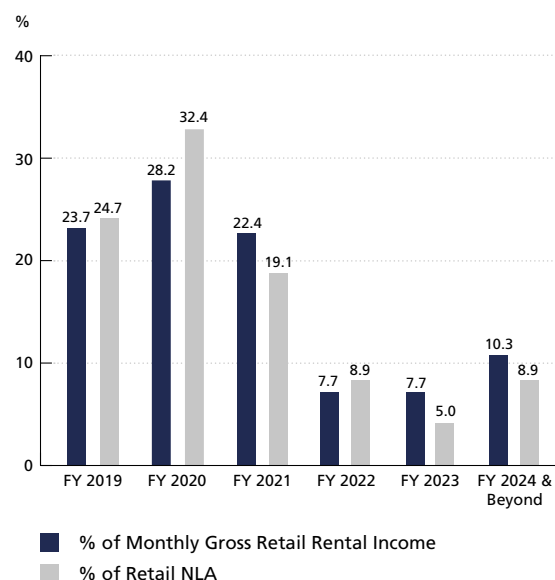


Note:

- Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 50.0% interest in Southgate Complex (Office).

RETAIL PORTFOLIO LEASE EXPIRY PROFILE¹

As at 31 December 2018



Note:

- Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in the Marina Bay Link Mall and 50.0% interest in Southgate Complex (Retail).

PROPERTY DETAILS

SUNTEC CITY (Singapore)



Suntec City is an iconic integrated commercial development located in the Marina Bay Precinct within Singapore's Central Business District.

Developed by a consortium of successful business leaders from Hong Kong with a vision of making the complex "The Business Capital of Asia", Suntec City is a landmark development which comprises five Grade A office towers, a world-class convention and exhibition centre, and one of Singapore's largest shopping mall, all of which are interlinked by street level plazas and underground walkways. The world-famous Fountain of Wealth, which sits in the heart of Suntec City, embodies an abundance of life and an endless variety of bustling activity.

The remaking of Suntec City was completed in June 2015 and the rejuvenated Suntec City is now transformed into a premier MICE¹, business, shopping and lifestyle destination.

Suntec REIT owns 59.0% of Suntec City Office Towers, 100.0% of Suntec City Mall, and 60.8% interest in Suntec Singapore Convention and Exhibition Centre ("Suntec Singapore"). Easily accessible by car and public transport networks, Suntec City houses a total of 3,066 carpark spaces over two basement levels. It is directly connected to the Promenade and Esplanade Mass Rapid Train ("MRT") stations and also a 5 minutes walk to City Mall MRT stations providing access to all MRT lines in Singapore.

Note:

- 1 Meetings, Incentives, Conventions and Exhibitions

The Manager's objective for Suntec City is to generate sustainable growth for the office, retail and convention businesses.



Total Net Lettable Area

2,232,403¹ sq ft

Office

1,332,560 sq ft

Retail

899,843 sq ft

Property Statistics

As at 31 December 2018



Location	3, 5, 6, 7, 8 and 9 Temasek Boulevard and 1 Raffles Boulevard, Singapore
Title	Leasehold 99 years from 1989
Number of tenants	604
Car Park Lots	3,066 ²
Purchase Price	S\$2,484.6 million ³
Market Valuation	S\$5,542.3 million ⁴ (31 December 2017: S\$5,436.6 million)
Gross Revenue	S\$323.3 million ⁵ (2017: S\$313.3 million)
Net Property Income	S\$206.3 million (2017: S\$209.1 million)
Committed Occupancy	99.0% (31 December 2017: 99.3%)

Notes:

- 1 Reflects the net lettable area of Suntec City Office, Suntec City Mall and 60.8% interest in Suntec Singapore (Retail).
- 2 Owned and managed by the Management Corporation Strata Title Plan No. 2197 ("MCST 2197").
- 3 Includes the purchase price for strata office space and the investment of a 60.8% interest in Suntec Singapore.
- 4 Includes the value of a 60.8% interest in the Suntec Singapore of S\$432.3 million.
- 5 Comprises gross rental income of S\$226.7 million, other income of S\$6.9 million, and S\$89.6 million from Suntec Singapore.



PROPERTY DETAILS
SUNTEC CITY OFFICE (Singapore)



Suntec REIT owns a NLA of approximately 1.3 million sq ft in Suntec City Office Towers, comprising strata units across Towers One, Two and Three, and all strata units in Towers Four and Five. Towers One to Four are 45-storey buildings with typical floor plates ranging from 10,000 sq ft to 14,000 sq ft, whilst Tower Five is an 18-storey building with large floor plates of about 28,000 sq ft.

With good building specifications and a strong ecosystem, Suntec City Office draws a good stream of diverse multinational firms ranging from sectors such as Technology, Media and Telecommunications, Banking, Insurance and Financial Services and Trading and Investments.

In 2018, MCST 2197 received approval for the upgrading works for Suntec City Office. Works will progressively take place on the five office towers and will be fully completed by end of 2021. Office tenants can look forward to an enhanced sense of arrival at the upgraded lift lobbies, new lift interior finishes, a state-of-the-art visitor management system and new washrooms.

DIVERSE TENANT MIX

For the month of December 2018, 32.5% of the total gross office revenue was attributable to the Technology, Media and Telecommunications sector, followed by 16.5% and 10.3% from Banking, Insurance and Financial Services sector and Trading and Investments sector respectively.

In terms of NLA, Technology, Media and Telecommunications sector, Banking, Insurance and Financial Services sector, and Trading and Investments sector, similarly constitute 32.7%, 17.5% and 9.6% of Suntec City's Office NLA respectively as at 31 December 2018.

The top 10 office tenants of Suntec City Office contributed 16.3% of Suntec City's total gross revenue for the month of December 2018, representing 31.3% of the Suntec City Office NLA owned by Suntec REIT.

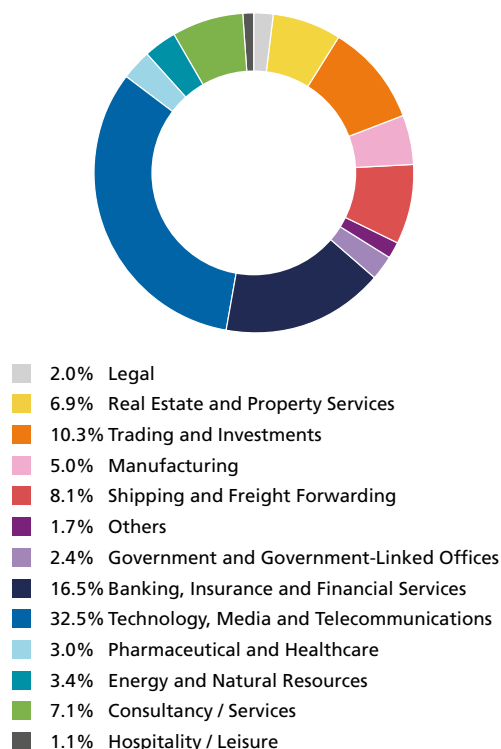
LEASE EXPIRY PROFILE

As at 31 December 2018, 14.9%, 22.1% and 43.8% of Suntec City's office NLA is due to expire in FY 2019, FY 2020 and FY 2021 respectively, whilst 17.7% is due to expire in FY 2022 and beyond.

SUNTEC CITY OFFICE BUSINESS SECTOR ANALYSIS

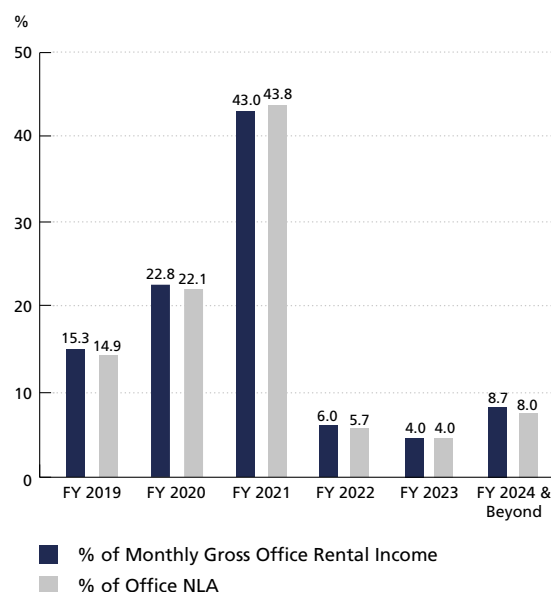
(By Gross Rental Income)

As at 31 December 2018



SUNTEC CITY OFFICE LEASE EXPIRY PROFILE

As at 31 December 2018



PROPERTY DETAILS

SUNTEC CITY MALL (Singapore)



Suntec City Mall is one of Singapore's largest malls and a leading shopping destination, offering a unique one-stop shopping, dining, recreation and entertainment experience for many. It caters to the needs of the working population from the office towers within Suntec City, and in the vicinity, the daily flow of tourists and locals, as well as the vast network of local and international delegates who convene at Suntec Singapore for exhibitions, seminars and conferences.

With the completion of the asset enhancement works in Suntec City Mall in 2015, Suntec City has become an exciting, lifestyle destination with a wide range of specialty retail stores, food and beverages options

and entertainment concepts. Suntec City now houses approximately 370 retail establishments with 12 new-to-market brands or concept stores. These include Bolon Eyewear, HLA, Fat Chap, Funsiamo, Hooga, Ichikokudo Ramen, Opatra, Oscar Wylee, Pasta Supremo, Smigy, SuperPark and The Thai Spa.

EVENTS AT SUNTEC CITY

In 2018, Suntec City hosted a myriad of activities and events to encourage communities to hub at the city. Themed promotions held in conjunction with key events such as Chinese New Year, Valentine's Day, Mother's Day, Hari Raya, Great Singapore Sale, Father's Day, National Day, Formula 1 - Singapore Grand Prix,

Mid-Autumn Festival, Deepavali and Christmas were well-received. Specially curated live shows featuring characters from the Dinosaur Train during the Great Singapore Sale and Sesame Street during the Christmas festive season were hugely popular with the children. K-pop fans also gathered at Suntec City to catch Korean celebrities during promotional events.

In 2018, Suntec City hosted the Purple Parade for the third consecutive year where approximately 10,000 members of the public came together to lend their support and celebrate the abilities of the special needs community.

VIBRANT TENANT MIX

For the month of December 2018, 35.3% of the total gross retail revenue was attributable to the Food and Beverage sector, followed by 13.9% and 10.0% from Fashion and Accessories sector and Services and Others sector respectively.

In terms of NLA, as at 31 December 2018, 28.0% of Suntec City retail NLA was attributable to the Food and Beverage sector, followed by 16.5% and 12.9% from the Leisure, Fitness and Entertainment sector and Fashion and Accessories sector respectively.

The top 10 retail tenants of Suntec City contributed 9.7% of Suntec City's total gross revenue for the month of December 2018, representing 29.8% of the mall's total NLA.

LEASE EXPIRY PROFILE

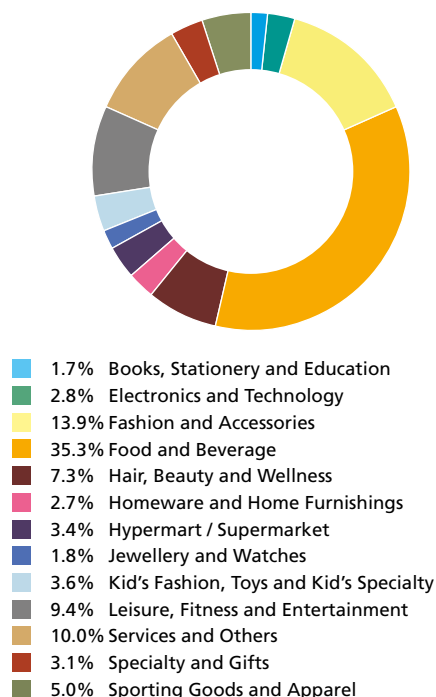
As at 31 December 2018, 25.3%, 34.3% and 19.4% of Suntec City's total retail NLA is due to expire in FY 2019, FY 2020 and FY 2021 respectively, whilst 20.6% is due to expire in FY 2022 and beyond.



SUNTEC CITY RETAIL BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2018

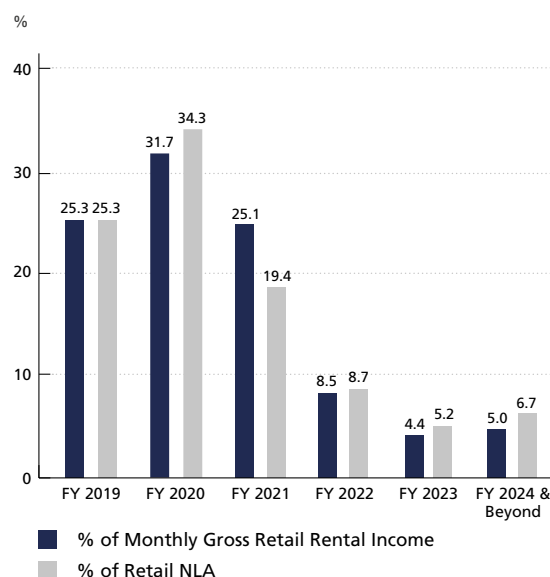


Note:

1 Includes 60.8% interest in Suntec Singapore (Retail).

SUNTEC CITY RETAIL LEASE EXPIRY PROFILE¹

As at 31 December 2018



Note:

1 Includes 60.8% interest in Suntec Singapore (Retail).

PROPERTY DETAILS

SUNTEC SINGAPORE CONVENTION & EXHIBITION CENTRE (Singapore)



Suntec Singapore Convention & Exhibition Centre ("SuntecSingapore"), is a world-class meeting, convention and exhibition venue. The award-winning facility can cater to events from 10 to 10,000 persons, offering direct access to approximately 5,800 hotel rooms, 1,000 retail outlets, 300 restaurants within close proximity to Singapore's entertainment and cultural attractions.

Since 1995, Suntec Singapore has hosted many key notable events such as the World Trade Organization Ministerial Meetings in 1996, the Annual Meetings of

the Board of Governors of the International Monetary Fund and World Bank Group in 2006 and the APEC Leaders Week in 2009. It served as one of the largest sporting venues for the inaugural Youth Olympic Games in 2010. Suntec Singapore also hosted the 33rd ASEAN Summit Meetings in 2018.

On 18 August 2011, Suntec REIT secured strategic majority control of Suntec Singapore through the acquisition of an additional 40.8% equity stake, raising the effective stake from 20.0% to 60.8%.



Following the completion of the asset enhancement works in June 2013, conference delegates at the transformed Suntec Singapore now enjoy new facilities which incorporate enhanced flexibility, functionality and convertibility. Another highlight is the impressive three-storey high definition digital wall comprising 664 full HD LED screens which was awarded the Guinness World Records title for "Largest High Definition Video Wall".

In 2018, Suntec Singapore hosted more than 1,600 events. It also received numerous international,

regional and local accolades and awards in recognition of its high standards of service excellence, dedication and passion. The awards received include "Meetings & Conference Venue of the Year 2018" at the APAC Insider Singapore Business Awards, "Best Homegrown Event" at The Marketing Events Awards 2018, "Digital Innovation Award 2018" at The Global Association of the Exhibition Industry (UFI) Awards 2018, as well as "World's Leading Meetings & Conference Centre" and the 13th consecutive award for "Asia's Leading Meetings & Conference Centre" at the World Travel Awards 2018.

PROPERTY DETAILS

ONE RAFFLES QUAY (Singapore)



One Raffles Quay is a prime landmark commercial development located in Singapore's Central Business District comprising a 50-storey office tower (the "North Tower"), a 29-storey office tower (the "South Tower"), an underground link to the Raffles Place MRT station with excellent connectivity and accessibility along the Downtown, North-South and East-West MRT lines, a sheltered plaza serving as a drop-off point and a hub car park with 713 car park lots.

Designed by internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, its state-of-the-art building services and management systems cater to the needs of global financial tenants.

One Raffles Quay was accorded the top award in the Office category at the FIABCI Prix d'Excellence Awards 2008, which recognises the world's outstanding real estate developments.

One Raffles Quay has a large and diversified tenant base comprising 53 office tenants and five retail tenants. The major office tenants include ABN AMRO Bank N.V., Capital International Research and Management, Inc., Deutsche Bank, Ernst & Young, and UBS AG.

In equal partnership with Hongkong Land and Keppel REIT, Suntec REIT holds a one-third interest in One Raffles Quay.

A prestigious iconic prime Grade 'A' office development, One Raffles Quay is well-positioned to capitalise on the future growth of the Marina Bay area, given its proximity to Marina Bay.

Strong Tenant Mix

For the month of December 2018, 80.3% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

Lease Expiry Profile

As at 31 December 2018, 74.5% of the total NLA of the One Raffles Quay is due to expire during the period from FY 2019 to FY 2023, whilst 21.6% is due to expire in FY 2024 and beyond.

The Manager's objective for One Raffles Quay is to generate sustainable growth from its interest in the property for Suntec REIT unitholders.

Total Net Lettable Area

1,327,722 sq ft

Number of tenants

58

Market Valuation

S\$1,275.6 million¹

Net Income Contribution

S\$24.8 million²

Property Statistics

As at 31 December 2018

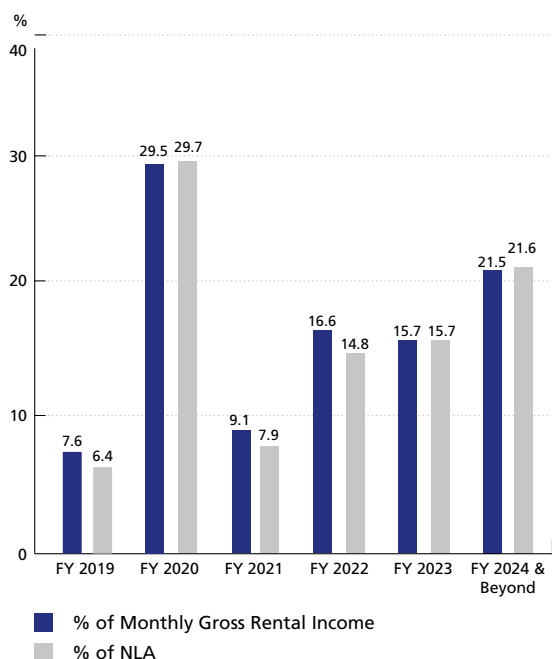
Location	One Raffles Quay, Singapore 048583
Title	Leasehold 99 years from 2001
Net Lettable Area	442,574 ¹ sq ft
Car Park Lots	713
Purchase Price	S\$941.5 million ¹
Market Valuation	S\$1,275.6 million ¹ (31 December 2017: S\$1,273.0 million)
Net Income Contribution	S\$24.8 million ² (2017: S\$28.8 million)
Committed Occupancy	96.1% (31 December 2017: 100%)

Notes:

- 1 Reflects one-third interest.
- 2 Comprises dividend income and interest income from the joint venture.

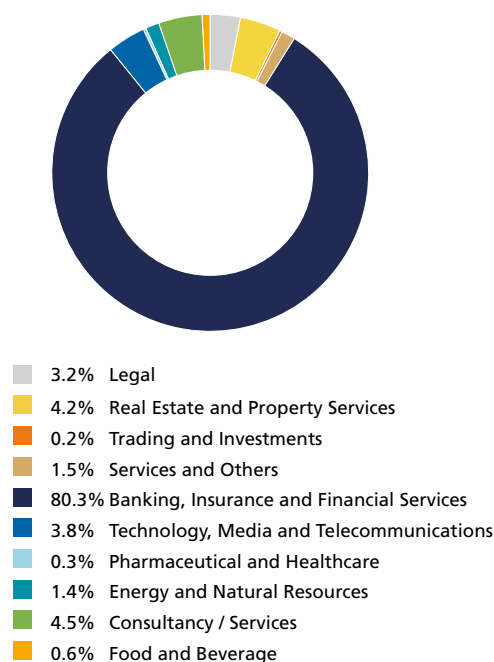
ONE RAFFLES QUAY LEASE EXPIRY PROFILE

As at 31 December 2018



ONE RAFFLES QUAY BUSINESS SECTOR ANALYSIS (By Gross Rental Income)

As at 31 December 2018



PROPERTY DETAILS

MBFC PROPERTIES¹ (Singapore)



The Marina Bay Financial Centre is a prime landmark commercial development strategically located in the heart of Marina Bay.

Designed by the internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, Phase 1 of the development comprises a 33-storey office tower ("Tower 1"), a 50-storey office tower ("Tower 2"), Marina Bay Residences, the Marina Bay Link Mall which consists of approximately 94,960 sq ft of NLA for retail use including the ground levels of Tower 1 and Tower 2 and the Ground Plaza, and 697 car park lots. It is directly connected to the Downtown MRT station and there is an underground link from Marina Bay Link Mall to the Raffles Place MRT station.

In May 2013, the Marina Bay Financial Centre celebrated its grand opening in a ceremony which was officiated by the Prime Minister of Singapore, Mr Lee Hsien Loong.

The MBFC Properties was accorded the top award in the Office category at the FIABCI Prix d'Excellence Awards 2012, which recognises the world's outstanding real estate developments.

The MBFC Properties has a premier tenant base, with major office tenants including Barclays, BHP Billiton, LinkedIn, Nomura and Standard Chartered Bank.

In equal partnership with Hongkong Land and Keppel REIT, Suntec REIT holds a one-third interest in the MBFC Properties.

The Marina Bay Sands Integrated Resort, Singapore Flyer, Gardens by the Bay, Esplanade Theatres, international and boutique hotels, residential apartments and waterside food and beverage outlets are all within close proximity.

Strong Tenant Mix

For the month of December 2018, 63.6% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

Lease Expiry Profile

As at 31 December 2018, 81.9% of the total NLA of the MBFC Properties is due to expire during the period from FY 2019 to FY 2023, whilst 18.0% is due to expire in FY 2024 and beyond.

The Manager's objective for the MBFC Properties is to generate sustainable growth from its interest in the property for Suntec REIT unitholders.

Note:

1 Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall

Total Net Lettable Area

1,736,805 sq ft

Number of tenants

112

Market Valuation

S\$ 1,695.3 million¹

Net Income Contribution

S\$ 53.6 million²

Property Statistics

As at 31 December 2018

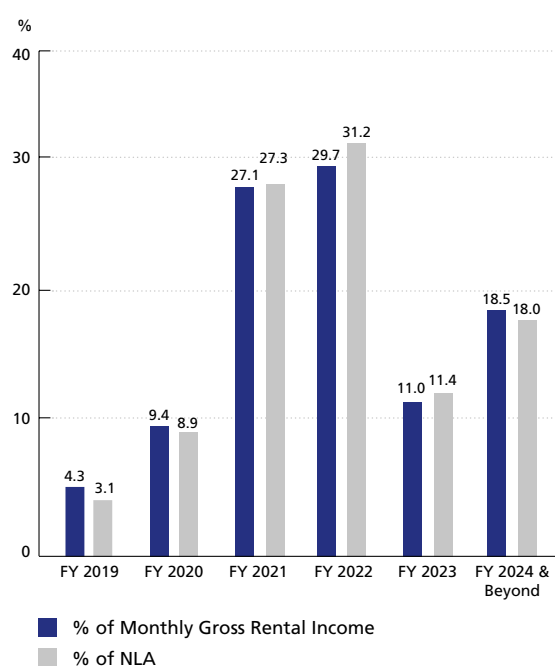
Location	8 Marina Boulevard, Singapore 018981
Title	Leasehold 99 years from 2005
Net Lettable Area	578,935 ¹ sq ft
Car Park Lots	697
Purchase Price	S\$1,495.8 million ¹
Market Valuation	S\$1,695.3 million ¹ (31 December 2017: S\$1693.0 million)
Net Income Contribution	S\$53.6 million ² (2017: S\$53.6 million)
Committed Occupancy	99.9% (31 December 2017: 99.8%)

Notes:

- 1 Reflects one-third interest.
- 2 Comprises distribution income and interest income from the joint venture.

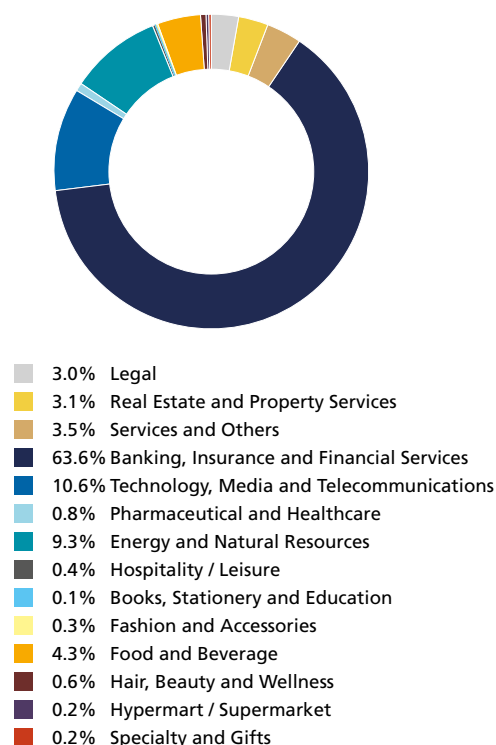
MBFC PROPERTIES LEASE EXPIRY PROFILE

As at 31 December 2018



MBFC PROPERTIES BUSINESS SECTOR ANALYSIS (By Gross Rental Income)

As at 31 December 2018



PROPERTY DETAILS

177 PACIFIC HIGHWAY (Australia)



177 Pacific Highway, the 31-storey A-grade commercial tower in North Sydney received its practical completion on 1 August 2016. The landmark building is designed by award-winning architecture firm Bates Smart and boasts state-of-the-art design and harbour views.

177 Pacific Highway is located in one of the most prominent sites in North Sydney Central Business District at the junction of Pacific Highway and Berry Street. The property's prime location enables it to enjoy direct access to a number of major surrounding roadways and is well served by public transport. The property is a 5-minute walk from North Sydney station.

177 Pacific Highway premier tenant base include CBRE, CIMIC Group Limited, Cisco Systems, Jacobs Engineering Group Inc, Objective Corporation, Pepper Group Limited and Vodafone Group Plc.

The building has a 5 Star Green Star – Office Design v3 Certified Rating, 5.5 Star NABERS Energy Rating and 4 Star NABERS Water Rating.

Strong Tenant Mix

For the month of December 2018, 40.5% of the total gross revenue was attributable to the Technology, Media and Telecommunications sector.

Lease Expiry Profile

As at 31 December 2018, 54.7% of the total NLA of 177 Pacific Highway is due to expire in FY 2023 and 45.3% is due to expire in FY 2024 and beyond.

The Manager's objective for 177 Pacific Highway is to generate sustainable growth from the property for Suntec REIT unitholders.

Total Net Lettable Area

430,915 sq ft

Number of tenants

10

Market Valuation

S\$561.5 million²

Net Income Contribution

S\$34.7 million³

Property Statistics

As at 31 December 2018

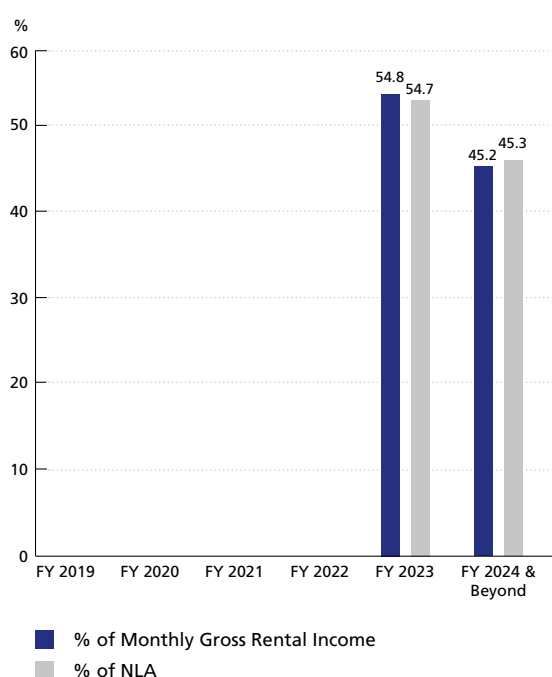
Location	177 Pacific Highway, North Sydney NSW 2060, Australia
Title	Freehold
Car Park Lots	112
Purchase Price	S\$457.5 million ¹
Market Valuation	S\$561.5 million ² (31 December 2017: S\$605.6 million ²)
Gross Revenue	S\$40.2 million ³ (2017: S\$40.9 million ⁴)
Net Income Contribution	S\$34.7 million ³ (2017: S\$35.4 million ⁴)
Committed Occupancy	100% (31 December 2017: 100%)

Notes:

- 1 Based on total actual progress payment made, at an average exchange rate of A\$1.00 = S\$1.107.
- 2 The change in valuation was due to fluctuations in the exchange rates used, which were based on A\$1.00 = S\$0.9599 and A\$1.00 = S\$1.0441 as at 31 December 2018 and 31 December 2017 respectively.
- 3 Based on exchange rate of A\$1.00 = S\$1.0017 for FY2018.
- 4 Based on exchange rate of A\$1.00 = S\$1.0201 for FY2017.

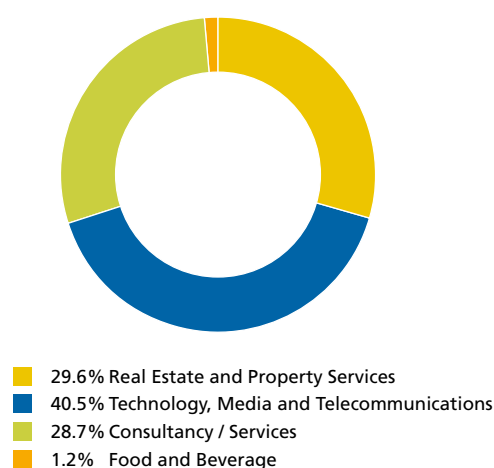
177 PACIFIC HIGHWAY LEASE EXPIRY PROFILE

As at 31 December 2018



177 PACIFIC HIGHWAY BUSINESS SECTOR ANALYSIS (By Gross Rental Income)

As at 31 December 2018



PROPERTY DETAILS

SOUTHGATE COMPLEX (Australia)



Southgate Complex is a freehold, landmark waterfront integrated development located alongside the Yarra River in the Southbank arts and leisure precinct of Melbourne, Australia.

Southgate Complex comprises two A-Grade office towers, the 30-storey “IBM Building”, the 25-storey “The Herald and Weekly Times Building”, a 3-storey retail podium and a car park with 1,026 lots.

Southgate Complex is directly opposite Flinders Street train station and within close proximity to Melbourne’s city rail loop. It is also surrounded by business, residential, recreational and retail amenities.

Southgate Complex has a premier tenant base with major office tenants including APT Management Services, City Road Melbourne, Government of Australia, IBM Australia and The Herald and Weekly Times.

On 27 February 2018, Dexs Group had exercised its option to put its 50.0% to Southgate Trust, a managed

investment trust jointly held by Suntec REIT and PIP Trust, in the proportion of 50:50. Subsequently, Suntec REIT completed the acquisition on 31 May 2018, raising its interest in the property from 25.0% to 50.0%.

Strong Tenant Mix

For the month of December 2018, 33.3% of the total gross revenue was attributable to the Technology, Media and Telecommunications sector.

Lease Expiry Profile

As at 31 December 2018, 67.3% of the total NLA of Southgate Complex is due to expire during the period from FY 2019 to FY 2023 and 30.3% is due to expire in FY 2024 and beyond.

The Manager’s objective for Southgate Complex is to generate sustainable growth from the property through the strong office market and strengthening the retail component for Suntec REIT unitholders.

Total Net Lettable Area

815,893 sq ft

Number of tenants

92

Market Valuation

S\$349.9 million⁴

Net Income Contribution

S\$12.9 million⁶

Property Statistics

As at 31 December 2018

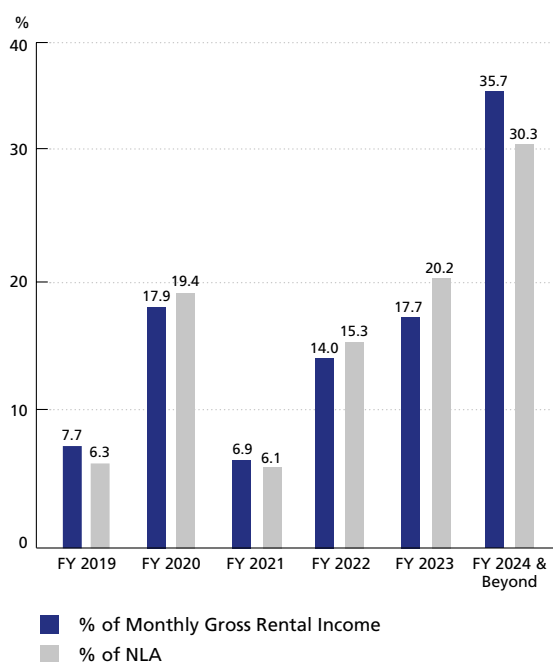
Location	40 and 60 City Road, 3 Southbank Avenue, Southbank, Melbourne, VIC 3006
Title	Freehold
Net Lettable Area	407,947 sq ft ¹ Office: 355,291 sq ft Retail: 52,656 sq ft
Car Park Lots	1,026
Purchase Price	S\$299.8 million ^{2,3}
Market Valuation	S\$349.9 million ^{1,4} (31 December 2017: S\$173.9 million ⁵)
Net Income Contribution	S\$12.9 million ⁶ (2017: S\$7.3 million ⁷)
Committed Occupancy	97.7% (31 December 2017: 90.8%)

Notes:

- 1 Reflects 50.0% interest.
- 2 The purchase price took into account an independent valuation based on the discounted cashflow method, capitalisation approach and direct comparison approach.
- 3 Based on an exchange rate of A\$1.00 = S\$1.0615 and A\$1.00 = S\$1.013 being the exchange rates at the time of acquisitions.
- 4 Based on an exchange rate of A\$1.00 = S\$0.9599 as at 31 December 2018.
- 5 Reflects 25.0% interest and based on an exchange rate of A\$1.00 = S\$1.0441 as at 31 December 2017.
- 6 Based on exchange rate of A\$1.00 = S\$1.0017.
- 7 Based on exchange rate of A\$1.00 = S\$1.0201.

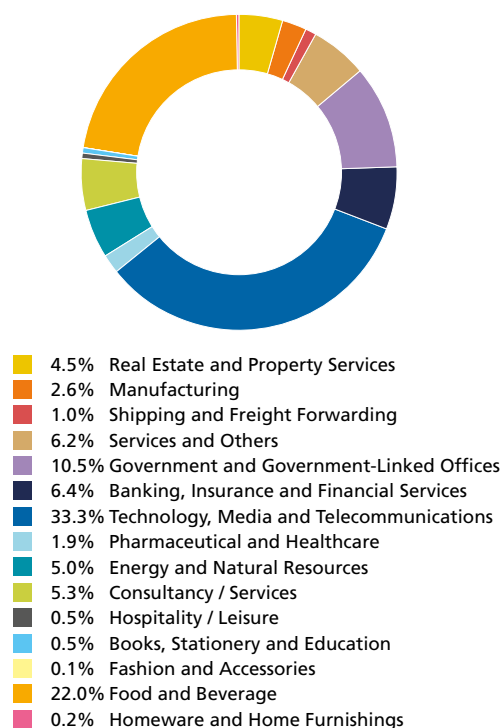
SOUTHGATE COMPLEX LEASE EXPIRY PROFILE

As at 31 December 2018



SOUTHGATE COMPLEX BUSINESS SECTOR ANALYSIS (By Gross Rental Income)

As at 31 December 2018



PROPERTY DETAILS

9 PENANG ROAD (Singapore)



9 Penang Road is a new Grade A commercial building which is undertaken through a joint venture with Haiyi Holdings Pte Ltd, Singhaiyi Group Ltd and Suntec REIT, with an interest of 35.0%, 35.0% and 30.0% respectively. Currently under construction, the new ten-storey building consists of two wings with an approximate net lettable area of 381,000 sq ft of office space across eight floors and 15,000 sq ft of retail space at the first level. In line with the Urban Redevelopment Authority's Walking and Cycling Plan, a cycling path and end-of-trip facilities will be provided in this development. The lease tenure of the land was also extended to a fresh 99 years.

The development is situated at the former Park Mall site which the Manger divested in December 2015 as part of its proactive portfolio management strategy. Redevelopment works for 9 Penang Road commenced on 1 December 2016 and as at end December 2018, the construction works was approximately 60.0% completed. The development is estimated to cost approximately S\$800 million and the building is scheduled to complete at the end of 2019.

The Manager's objective for 9 Penang Road upon its completion, is to generate sustainable growth from the property for Suntec REIT unitholders.

Property Statistics

As at 31 December 2018

Location	9 Penang Road, Singapore 238459
Title	Leasehold 99 years from 2016
Site Area	97,267 sq ft
Gross Floor Area	458,941 sq ft
Total Net Lettable Area	Approximately 396,000 sq ft
Net Lettable Area	Approximately 118,800 sq ft ¹
Car Park Lots	Approximately 121
Purchase Price	S\$245.1 million ²
Market Valuation	S\$282.0 million ^{1,3,4} (31 December 2017: S\$280.5 million ^{1,3,4})

Notes:

- 1 Reflects 30.0% interest.
- 2 Refers to the original purchase price of Park Mall acquired in 2005 and includes the purchase price for the additional land amounting to 1,316.2 sqm along Penang Road.
- 3 Based on the valuations by Knight Frank Pte Ltd, as at 10 December 2018 and 24 November 2017 respectively.
- 4 The carrying value at cost was S\$191.0 million and S\$173.4 million as at 31 December 2018 and 31 December 2017 respectively.

PROPERTY DETAILS

OLDERFLEET, 477 COLLINS STREET (Australia)



Olderfleet, 477 Collins Street is a new premium grade office building under construction and is expected to achieve practical completion by mid 2020.

In equal partnership with leading diversified Australian property group, Mirvac, Suntec REIT holds 50.0% interest in the property.

Strategically located within Melbourne's Central Business District ("CBD"), the property has a pre-committed occupancy of 65.8% as at 31 December 2018 with an additional approximate 16.2% of net lettable area with Heads of Agreement signed.

Designed by award winning Grimshaw Architects, the main entrance will incorporate facades of three heritage listed buildings. The 40-level state-of-the-art building is targeting to achieve 5 Star Green Star rating, 5 star NABERS Energy rating as well as International WELL Platinum rating for Core & Shell. The property will also provide market leading amenities including business lounge, wellness centre, childcare centre and best-in-class end-of-trip facilities.

The property is adjacent to the 5-Star Intercontinental Melbourne Hotel, and is located within the Melbourne CBD Free Tram Zone. In addition to the four tram lines serving Collins Street, the Southern Cross Station, Victoria's primary metropolitan and regional transportation hub is also a short walking distance away.

As at end 2018, the construction works was approximately 52.0% completed.

Property Statistics

As at 31 December 2018

Location	477 Collins Street, Melbourne, VIC 3000, Australia
Title	Freehold
Site Area	41,969 sq ft
Gross Floor Area	908,482 sq ft
Total Net Lettable Area	Approximately 624,000 sq ft
Net Lettable Area	Approximately 312,000 sq ft ¹
Car Park Lots	Approximately 414
Purchase Price	A\$414.2 million ¹
Market Valuation	S\$400.0 million ^{1,2,4} (31 December 2017: S\$432.4 million ^{1,3})

Notes:

- 1 Reflects 50.0% interest.
- 2 Based on an exchange rate of A\$1.00 = S\$0.9599 as at 31 December 2018 and on an "as if complete" basis. The carrying value as at 31 December 2018 was S\$111.4 million.
- 3 Based on an exchange rate of A\$1.00 = S\$1.0441 as at 31 December 2017 and on an "as if complete" basis. The carrying value as at 31 December 2017 was S\$70.8 million.
- 4 The change in valuation was due to fluctuations in the exchange rates used.

The Manager's objective for Olderfleet, 477 Collins Street upon its completion, is to generate sustainable growth from the property for Suntec REIT unitholders.

INDEPENDENT MARKET REPORT



THE SINGAPORE OFFICE PROPERTY MARKET

OVERVIEW

Based on the data from the Ministry of Trade and Industry, the Singapore economy expanded by 3.2% year-on-year ("y-o-y") in 2018. Underpinned by strong economic fundamentals, the labour market in Singapore continued to improve in 2018 with fewer retrenchments and an increase in the number of employed residents. The overall unemployment rate fell from 2.2% in 2017 to an average of 2.1% in 2018, with the net creation of more than nearly 28,000 new jobs.

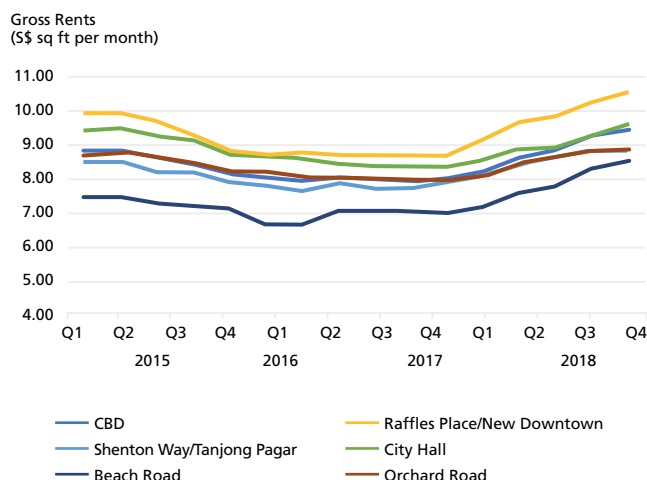
In 2018, with the completion of major office developments, such as Frasers Tower, 18 Robinson Road and ARC 380 in the city fringe, the stock of island-wide office space increased by nearly 1.7 million sq ft from a year ago. The island-wide stock rose from 85.3 million sq ft as of the end of 2017 to 87.0 million sq ft in December 2018. Underpinned by stronger economic growth, a healthy job creation in the services sector and a "flight-to-quality" - including to newly-built projects, among major corporate occupiers, the office leasing market accelerated in early 2018 and gained momentum from the second half of 2018. The overall occupancy rate stood at 87.5% in Q4 2018, a 0.1% increase relative to the same period in 2017.

From the recent Colliers Landlord Sentiment Survey 2019, the top three office tenant growth sectors in 2019 is expected to come from banking and finance, technology media and telecommunications and professional services sectors. The flexible workspace operators will continue to be one of the fastest growing tenant sectors, attracting new and incubating future tenants while maximising space optimisation within buildings. While banking and finance remains the primary driver in the Central Business District ("CBD") office market, there is heightened activity in the insurance segment, and growing expansionary demand from the legal sector.

Backed by the tightening supply and improving occupancy across all office grades in the Singapore CBD, landlords have raised their asking rents. Expansionary demand from major corporate occupiers, growing office demand from incoming international firms and limited new office supply helped improve sentiments amongst landlords and leasing professionals. In the face of strong tenant commitment levels, landlords are more optimistic about their ability to lease space at a higher rate, particularly in new best-in-class CBD properties. According to statistics from the Urban Redevelopment Authority ("URA"), the office rental index in the Central Region increased 0.5% quarter-on-quarter ("q-o-q").

As of 4Q 2018, the gross effective monthly rents of CBD Grade A offices increased by 14.9% y-o-y to S\$9.43 per sq ft. The rent growth could be attributed to tightening supply conditions, including the increase in net absorption and occupancy rates throughout the CBD and expansionary demand from major corporate occupiers.

AVERAGE GROSS EFFECTIVE RENT OF GRADE A OFFICE SPACE BY SUBMARKET



Source: Colliers International Singapore Research

Significant rental growth has been recorded in all CBD submarkets in 2018. Notably, Beach Road submarket recorded the highest increase in the average gross effective Grade A office rent, rising 18.6% y-o-y to \$8.52 psf per month in 4Q 2018. This strong performance could be attributed to rapidly rising occupancy (up 58.5% y-o-y) and the completion of DUO Tower, whose premium quality and rental rates put upward pressure on the average rental rate within the Beach Road submarket.

Shenton Way/Tanjong Pagar submarket recorded an 18.4% y-o-y increase in the average gross effective Grade A office rent, to S\$9.53 psf per month in 4Q 2018. The completion of major new developments such as Fraser Tower and Guoco Tower saw several multi-national corporations ("MNCs") relocating from older developments in Raffles Place. Occupancy rate rose by 46.2% in 2018 and higher average rental rates were recorded from the rental premium committed at these new developments.

The average gross effective Grade A office rents in the Raffles Place/New Downtown area grew by 15.6% y-o-y to S\$10.59 psf per month amid rapid improvement in occupancy and upward pressure on rent due to the completion of Marina One in 2018. Raffles Place/New Downtown continued to command a premium above other submarkets due to the newer stock and higher quality of office buildings with more space efficient layouts.

Average gross effective Grade A office rent in the City Hall submarket grew by 12.4% y-o-y to S\$9.60 psf per month in 4Q 2018 amid a 25.7% increase in the office occupancy rate. The higher average office rent recorded in the City Hall submarket as compared to the CBD average of S\$9.43 psf per month was mainly attributable to the strong leasing and rental performance achieved in some of the buildings in the City Hall submarket.

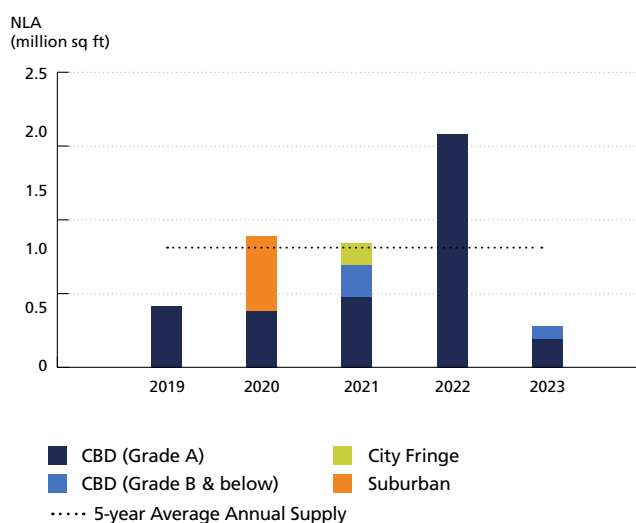
Average gross effective Grade A office rental growth in the Orchard Road submarket was less significant compared to the other CBD submarkets, rising 9.9% y-o-y to S\$8.90 psf per month in 4Q 2018. Due to limited future supply in the area, landlords raised their asking rent due to optimistic sentiments in the office rental market. The office occupancy rate remains tight at Orchard Road and continued to improve during 2018, with a 26.1% y-o-y in Q4 2018.

OUTLOOK

As at the end of 4Q 2018, a total of about 5.1 million sq ft net lettable area ("NLA") of office space is expected to be completed from 2019 to 2023, of which 4.1 million sq ft is CBD Grade A office space. About 0.7 million sq ft or 11.2% of the pipeline office supply will be completed in 2019, mainly coming from 9 Penang Road and Funan.

Between 2020 and 2023, the pipeline office space is expected to total about 4.4 million sq ft. The Guoco Midtown GLS site at Beach Road, with an expected completion in 2022, will inject 770,000 sq ft of office space in the Beach Road micro-market. According to Colliers International Singapore Research, the CBD Grade A office vacancy rate fell 2.5% since the highest point in Q2 2017 to 5.6% in Q4 2018 and should continue declining until the next supply hike in 2021. The overall outlook for 2019 is promising, as both the occupancy rate and rental rates continue to rise amid healthy economic and business fundamentals.

FUTURE SUPPLY OF ISLAND-WIDE OFFICE SPACE



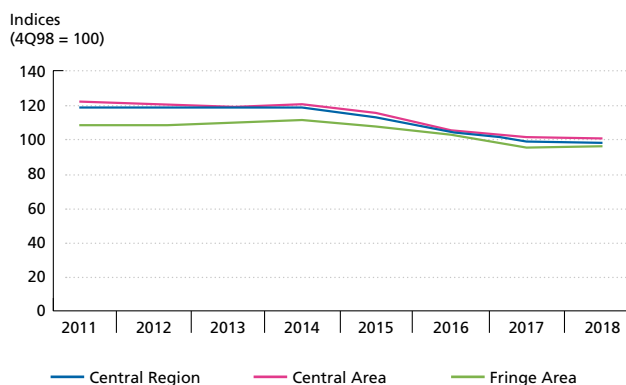
Source: Colliers International Singapore Research

ons aims to create a unique in-store experience. Recent examples include Habitat by Honestbee which incorporates technology, grocery and dining experiences. Online brands have also tapped into the soft rental market to gain a foothold in physical stores to provide a retail experience for its consumers, suggesting that brick-and-mortar stores remain relevant even for digital retailers.

According to URA's statistical releases, as of 4Q 2018, the total island-wide stock of retail space increased by 1.0 million sq ft y-o-y to 66.4 million sq ft, marking an 1.4% rise. Major retail developments completed in 2018 include Northshore Plaza in Punggol and Wisteria Mall in Yishun.

On the demand front, in 2018, the amount of occupied retail space island-wide expanded by 258,336 sq ft of NLA. Coupled with the corresponding net supply of 904,176 sq ft in the year, the occupancy rate of retail space island wide fell by 1.1% y-o-y to 91.5% as of 4Q 2018.

URA RENTAL INDEX OF RETAIL SPACE



Source: URA

The URA rental index of retail space has been on a decline since 2015 in tandem in the Central Region, Central Area and Fringe Area. The retail rental rates may have bottomed out in 2018 as it slightly increased by 1.2% q-o-q in 4Q 2018 (compared to a decline by 1.0% q-o-q in 4Q 2017), indicating possible recovery in 2019.

THE SINGAPORE RETAIL PROPERTY MARKET

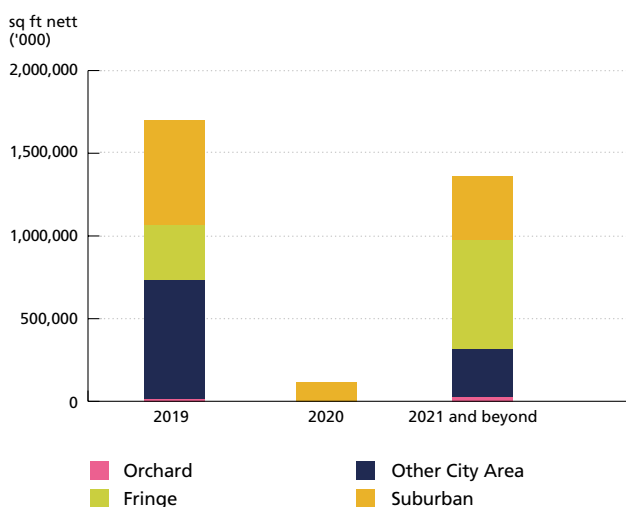
OVERVIEW

According to the latest data by the Singapore Department of Statistics, retail sales (excluding motor vehicles) declined 3.0% in y-o-y in 2018. This was mainly attributed to decline in sales of Computer & Telecommunications Equipment, and Motor Vehicles which declined by 16.8% and 20.7% respectively. The only sector of the economy that saw an improvement was Medical Goods & Toiletries which grew by 1.8%.

According to statistics from the Singapore Tourism Board, international tourism arrivals hit a record high in 3Q 2018 to reach 14 million, a 7.5% increase y-o-y. Tourism receipts grew by 3.1% y-o-y in 3Q 2018 to S\$7.2 billion. The top three countries based on tourism receipts were - China, Indonesia and India at S\$1,068 million, S\$675 million and S\$412 million respectively.

Retail has evolved to become an experiential and leisure activity. Retailers are developing new types of retail offerings to enhance the consumer experience in their outlets. The concept of 'retailtainment' which fuses traditional retail with entertainment driven and lifestyle focused add-

UPCOMING NET LETTABLE RETAIL SPACE BY YEAR AND REGION



Source: Colliers International Singapore Research

INDEPENDENT MARKET REPORT

OUTLOOK

Based on Colliers estimates, as of 4Q 2018, the total supply pipeline over the next few years amounted to approximately 3.1 million sq ft of NLA. Of this, about 53.3% is expected to be completed in 2019. Major projects in 2019 include Design Orchard (81,000 sq ft), Paya Lebar Quarter (330,000 sq ft), Funan Mall (the redevelopment of former Funan DigitalLife Mall) at North Bridge Road (456,368 sq ft) and Jewel at Changi Airport (579,000 sq ft).

Island-wide retail vacancy is forecast to rise slightly in 2019 amid the large supply influx to be completed during the year. However, occupancy should rapidly recover as major new malls, including Jewel and Paya Lebar Quarter already have healthy commitment levels of 90% and 80% respectively. Also, landlords will continue to trade off high rents for increased occupancy through a series of incentives, suggesting that retail rates will remain relatively stable in 2019. The limited new supply expected after 2020 combined with strong tourism performance and re-balancing of tenancy mixes toward F&B and experiential retail provide positive prospects for the Singapore retail sector beyond 2020.

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To the extent permissible under applicable laws, in no event shall Colliers International be liable to anyone, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

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For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets.

THE AUSTRALIA OFFICE PROPERTY MARKET

OVERVIEW

Office markets across Australia's East Coast continued to outperform across all key market indicators, boosted by a resurgence in the Australian economy overall. The Australian economy expanded at a rate of 2.8% in the 12 months to September 2018, driven by growth in the Health Care, Mining, Construction and Professional & Technical Services industries. Population growth in Australia has been notably higher than those recorded in other developed nations over the past 15 years and forecasts by the IMF's World Economic Outlook project Australia's population to grow by 14.0% over the next 5 years. In addition, Australia is in the midst of an infrastructure and development boom that is generating record number of jobs and will continue to do so over the foreseeable future.



Australian office property continued to record notable capital value growth and a continuation of the yield compression cycle in 2018. Whilst investor appetite remained strong in Sydney and Melbourne office markets, investors are focusing their attention to markets like Brisbane, Perth and Adelaide in 2018, on the back of a mining resurgence and positive population growth strengthening demand drivers in these states. We expect this trend likely to be further accentuated in 2019, especially in Adelaide and Brisbane, which will likely benefit from positive net interstate migration and government initiatives promoting residents and overseas migrants into these states.

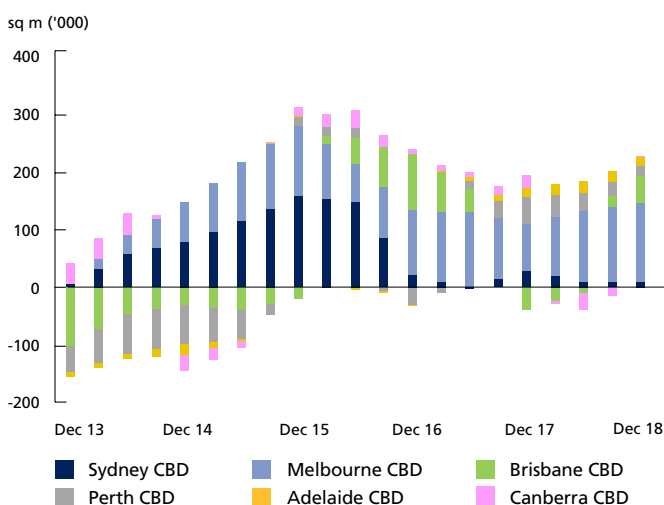
SYDNEY CBD AND NORTH SYDNEY

Sydney's office markets continued their upward trajectory in performance, with sustained growth across rents and capital values across all major office markets. Net face rents recorded further growth over the last quarter of 2018 in Sydney CBD growing by 9.0% over 2018, while average A Grade net face rents were recorded at \$1,090 per square metres in December 2018. We are seeing a continuation of the natural flow on effect to Sydney CBD's fringe markets, North Sydney in particular, has benefitted from greater levels of enquiries as a result of limited space (particularly contiguous space) in the CBD. Rental growth in North Sydney remained strong at 7.0% over 2018, with net face rents across A Grade office buildings ranging from \$775 per square metre to \$900 per square metre. Net effective rents grew by 10.2% in 2018 as incentives continued to fall over the latter half of 2018, ranging from \$600 per square metre to \$700 per square metre in December 2018.

Sydney CBD's headline vacancy rate recorded further compression over the latter half of 2018, falling 0.2% in the 6 month period to December 2018. The total vacancy rate was recorded at 4.1% at the end of 2018, its lowest since December 2007 (3.7%).

Investor demand in Sydney, Australia's global gateway city, was strong over 2018, with several major transactions pushing up total sales volumes across the office sector to the second highest level on record. In 2018, Savills Research recorded \$5.15 billion of office sales in Sydney CBD alone.

AUSTRALIAN OFFICE CBD NET ABSORPTION BY CITY



Source: Savills Research

The level of interest from both domestic and foreign investors remained strong, as they looked to capitalise on the strong fundamentals of the market. It is clear that Prime grade office assets, with strong rental covenants and attractive locational advantages will remain in high demand for the foreseeable future.

OUTLOOK FOR SYDNEY OFFICE MARKET

Close to 85,000 square metres of net new supply is expected to be added to the market in 2019. From 2019 till 2021, Savills Research project close to 400,000 square metres of office space coming online. With just under 60.0% of this upcoming stock available, rental growth is likely to moderate over the next 3 years. Whilst incentives are likely to remain stagnant over the current year, we will see only marginal increases in rents on a net face basis.

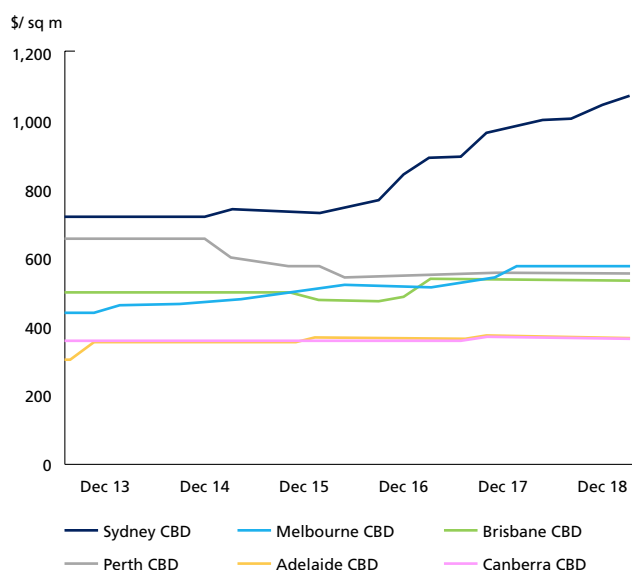
Looking forward, strong demand fundamentals in the Sydney CBD office market are evident over the next 5 years, with employment forecasts for the city (according to the Department of Employment) strong. White collar employment is set to grow by 12.3% over the next 5 years. Growing requirements across white collar employment sectors will be more evident in Sydney as we see an ongoing trend in multinational and global companies set up operations, particularly as Sydney is increasingly viewed as the gateway to Asia.

The benefits to suburban office markets in Sydney, particularly North Sydney, will become more evident as rental advantage and complementary infrastructure activity across these markets make them a more viable option for occupiers.

MELBOURNE CBD AND SOUTHBANK

Investor demand for Melbourne office assets remained exceptionally strong. In 2018, Savills Research recorded \$2.1 billion of office sales in Melbourne CBD alone. This was just below the five year average of approximately \$2.7 billion. Whilst there are concerns that credit tightening, rising wholesale funding costs and falling yields may have a dampening effect on demand for commercial assets in Victoria, strong economic fundamentals for the Victorian economy is still seeing investor demand outstripping available assets for sale.

AUSTRALIAN OFFICE AVERAGE A GRADE NET FACE RENT BY CITY



Source: Savills Research

Tenant demand in Melbourne CBD remained steady and in line with record high rates, with A Grade stock now recording its lowest vacancy rate in the past decade (2.8% as at December 2018). The CBD's current vacancy rate is at a 10-year low, with forecasts of the vacancy rate further contracting to 3.0% over the next 12 months, thereafter vacancy rates will trend upwards as a result of upcoming supply.

Low vacancy is driving further growth in average rents, with growth rates running above long-run averages. As demand for space continues to fuel new development plans, many of the new projects are reporting high or full pre-commitment rates. Net face rents across A Grade office buildings in Melbourne CBD ranged from \$500 per square metre to \$650 per square metre, whilst net effective rents ranged from \$370 per square metre to \$425 per square metre in December 2018.

A low supply profile in Melbourne's fringe markets over the past 5 years have underpinned solid gains in the Southbank precinct, with buoyant tenant demand leading to significant growth across leasing and sales metrics. This has been further accentuated by limited prime options and ongoing withdrawals associated with residential conversions. While the vacancy rate in the Southbank office market increased 0.3% over the first half of 2018, we expect this to fall considerably after a number of leases being signed across the market and anecdotal evidence suggesting the presence of a number of active prospects that will likely bring the total vacant space down over the next 6 months.

OUTLOOK FOR MELBOURNE OFFICE MARKET

The vacancy rate in Melbourne CBD as at December 2018 was recorded at 3.2% despite nearly 100,000 square metres of supply coming on the market in this period. We are likely to see further falls over 2019, in spite of a development cycle coming to completion in the current year, as over 80% of this stock had being pre-committed. Melbourne CBD is particularly notable for having one of the most diversified tenant bases of CBD office markets nationally. Growth in education providers, particularly higher education institutions, and public sector jobs will continue to boost demand for office space in the CBD over the foreseeable future.

Transaction volumes was marginally lower than the year prior owing to limited available assets for sale. Institutional and offshore investor appetite remains buoyant with increasing new interest from Europe, Japan and the United States for core opportunities. Yields are at record lows, underpinned by low vacancy rates and strong tenant demand. However, relative to bond rates, office assets in Melbourne still remain very attractive to investors.

OUTLOOK FOR AUSTRALIAN CBD MARKETS

CBD office markets in Australia look set to benefit from a normalising of economic conditions, though the drivers of growth will be largely different. Economic and property market fundamentals remain supportive of ongoing growth across the East Coast office markets, whilst an uplift across the resources sector will likely have a positive flow on effect onto tenant demand across Perth and Brisbane. Adelaide is set to benefit from greater investor interest, particularly those who are wanting to capitalise on the strong fundamentals of the Australian economy, but are still chasing yield and greater potential for capital value and rental growth.

RISK MANAGEMENT

RISK MANAGEMENT

The Manager recognises that effective and proactive risk management is an important part of Suntec Real Estate Investment Trust's ("Suntec REIT") business strategy. The Board and Audit Committee ("AC") are responsible for ensuring that the Manager establishes robust risk management policies and procedures to safeguard Suntec REIT's assets and address its strategic enterprise, operational, financial and compliance risks.

Suntec REIT's enterprise risk management framework (the "ERM Framework") is adapted from The Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Model"). The COSO Model is designed to provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

The Manager applies the ERM Framework as a structured process in making risk based strategies and decisions across respective functions, identifying potential issues and events that may affect Suntec REIT, managing risks to an acceptable level and within risk appetite as approved by the Board and AC and providing assurance to the Board that the system of risk management and internal controls are adequate and effective in mitigating the identified risks.

In its ERM framework, key risks and mitigating controls are identified and monitored in the risk profile and reviewed by the Manager and the AC on a regular basis. The risk profiles highlight the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks, within the risk appetite or tolerance approved by the Board. In addition, the internal auditors perform a review of the risk profile as part of the internal audit plan approved by the AC, providing reasonable assurance to the AC on the adequacy and effectiveness of the internal control system.

The key risks identified include but are not limited to:

STRATEGIC RISK

Strategic risks relates to sustainable long-term growth of Suntec REIT. All investment proposals are subject to a rigorous, disciplined and thorough evaluation process according to the relevant investment criteria including, but not limited to, alignment to Suntec REIT's investment objective, asset quality, location, total expected returns, growth potential and sustainability of asset performance, taking into account the existing economic and financial market conditions.

Asset enhancement, development and/or redevelopment initiatives are initiated when necessary to ensure that Suntec REIT's properties remain competitive. To mitigate against execution risks, the Manager has in place robust tender assessment and selection process as well as regular project control group meetings to monitor track development milestones, project budget and pre-leasing status.

OPERATIONAL RISK

The Manager has established and strictly adheres to a set of standard operating procedures ("SOPs") to identify, monitor and manage operational risks associated with day-to-day management and maintenance of Suntec REIT's properties. The SOPs are reviewed periodically to ensure relevance, effectiveness and in line against industry best practices. In addition, compliance is reinforced by staff training and regular checks by the internal auditors.

To mitigate against leasing risk, the Manager employs proactive leasing strategies including actively engaging

tenants for forward renewals, spreading out the portfolio lease expiry profile as well as achieving a diversified tenant base to reduce concentration risk.

Human capital risk is mitigated by maintaining a robust human resource policy which includes interview assessment of selected candidates, fair and competitive remuneration in line with industry conditions, and personal development and training opportunities to enhance staff progression and retention in a conducive workplace.

A business continuity plan is in place to mitigate the business continuity risk of interruptions or catastrophic loss to its operations. In addition, Suntec REIT's properties are also properly insured in accordance with current industry practices. The outsourced Information Technology ("IT") team from the Manager's parent group ARA Asset Management Limited ("ARA") has in place a disaster recovery plan which is reviewed and tested periodically.

FINANCIAL RISK

The Manager actively and closely monitors Suntec REIT's financial risks and capital structure under both normal and stressed conditions. The Manager ensures that funding sources are diversified and that the maturity profile of borrowings is well spread. Borrowings are refinanced early, where possible, to reduce refinancing risk and lengthen debt maturity. The Manager also adheres closely to the bank covenants in loan agreements and with Appendix 6 of the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (the "MAS").

Interest rate risk is monitored on a continuing basis with the objective of limiting Suntec REIT's exposure to changes in interest rates. The Manager manages Suntec REIT's exposure to interest rate volatility through interest rate swaps. The Manager proactively seeks to mitigate interest rate risks, as at end 2018, approximately 75% of its borrowings are either hedged or on fixed rates.

Credit risk is mitigated by conducting tenant credit assessments. For new leases, credit evaluation is performed and on an on-going basis, tenant credit and arrears are closely monitored by the Manager. Credit risks are further mitigated through the upfront collection of security deposits of an amount typically equivalent to three months' rental.

The Manager monitors Suntec REIT's foreign currency exposure regularly and manages the exposure through appropriate financial instruments such as forward currency contracts. In 2018, the Manager adopted a set of foreign currency hedging guidelines and forward-hedged the net cash requirement for the Australian assets.

COMPLIANCE RISK

Suntec REIT is subject to applicable laws and regulations of the various jurisdictions in which it operates, including the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code of Corporate Governance, the Code of Collective Investment Schemes issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore. The Manager, being a Capital Markets Services Licence holder, is required to comply with the conditions of the Capital Markets Services Licence for REIT Management issued by the MAS under the Securities and Futures Act.

The Manager has put in place policies and procedures with the necessary checklists to facilitate compliance with the applicable laws and regulations. The Manager works closely with external legal professionals and internal compliance support from the ARA Group on legal and regulatory matters. The Manager stays well informed of the latest developments in the relevant laws and regulations through training and attending relevant seminars.

INVESTOR COMMUNICATIONS

The Manager is committed towards upholding the utmost standards of accountability to Suntec REIT's unitholders. It achieves this through good corporate transparency practices, maintaining an active channel of communication for investors, analysts and other stakeholders to access accurate and timely information on Suntec REIT, and in working towards fostering good long-term relationships with its stakeholders.

The senior management team of the Manager has held regular meetings and conference calls with institutional investors throughout the year. Our participation in various key regional equity and property conferences as well as seminars and symposiums, had enabled us to remain accessible to both institutional and retail investors and given us the opportunity to provide key strategic and performance updates on Suntec REIT. The ninth annual general meeting of Suntec REIT unitholders in April 2018 was well-attended by retail investors. It was an opportune time for senior management of the Manager to actively engage retail investors in their enquiries and discussions about Suntec REIT.

The Manager conducts regular post-results briefings subsequent to the release of the quarterly financial results. There is extensive coverage on Suntec REIT, with research coverage by analysts from 21 local and foreign brokerage firms, providing a global reach to shareholders and potential investors worldwide.

The Suntec REIT website is regularly updated with current financial and corporate information on Suntec REIT, including press releases, announcements, corporate earnings results and other key information. Users can access the website at www.suntecreit.com to download these reports.

UNITHOLDER ENQUIRIES

For more information on Suntec REIT and its operations, please contact the Manager, ARA Trust Management (Suntec) Limited, via the following:

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PROPOSED SUNTEC REIT FY 2019 CALENDAR

APRIL 2019

- Annual General Meeting
- Announcement of the first quarter results

MAY 2019

- Books closure date to determine the first quarter distribution entitlement
- The first quarter distribution

JULY 2019

- Announcement of the second quarter and half-year results

AUGUST 2019

- Books closure date to determine the second quarter distribution entitlement
- The second quarter distribution

OCTOBER 2019

- Announcement of the third quarter and nine months results

NOVEMBER 2019

- Books closure date to determine the third quarter distribution entitlement
- The third quarter distribution

JANUARY 2020

- Announcement of the fourth quarter and full year results

FEBRUARY 2020

- Books closure date to determine the fourth quarter distribution entitlement
- The fourth quarter distribution

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Chairman and Non-Executive Director

Lim Hwee Chiang, John
Non-Executive Director

Chen Wei Ching, Vincent
Lead Independent Non-Executive Director

Chan Pee Teck, Peter
Independent Non-Executive Director

Yu-Foo Yee Shoon
Independent Non-Executive Director

Lock Wai Han
Independent Non-Executive Director

Chow Wai Wai, John
Non-Executive Director

Chong Kee Hiong
Chief Executive Officer and Executive Director

AUDIT COMMITTEE

Chen Wei Ching, Vincent
Chairman

Chan Pee Teck, Peter
Member

Yu-Foo Yee Shoon
Member

Lock Wai Han
Member

DESIGNATED COMMITTEE

Chow Wai Wai, John
Chairman

Chen Wei Ching, Vincent
Member

Chan Pee Teck, Peter
Member

Seow Bee Lian, Cheryl
Member

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Chiang Wai Ming

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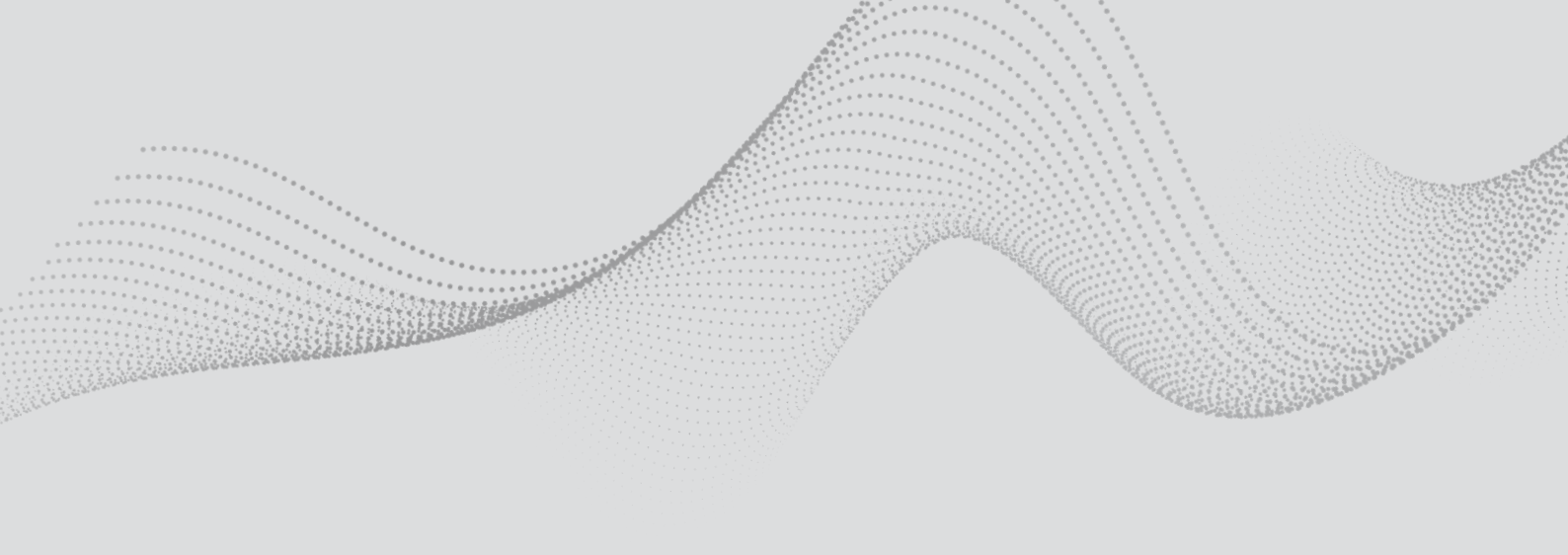
(Partner-in-charge: Eng Chin Chin)
(Appointed since Financial Year 2016)

STOCK EXCHANGE QUOTATION

BBG: SUN SP Equity
RIC: SUNT.SI

WEBSITES

www.suntecreit.com
www.ara-group.com



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CORPORATE GOVERNANCE

ARA Trust Management (Suntec) Limited, as the manager (the “Manager”) of Suntec Real Estate Investment Trust (“Suntec REIT”), adopts an overall corporate governance framework designed to meet best practices. The Manager recognises that an effective corporate governance culture is fundamental to delivering its success to Suntec REIT and the Manager has an upmost obligation to act honestly, with due care and diligence, in the best interests of unitholders of Suntec REIT (“Unitholders”).

The Manager holds a Capital Markets Services (“CMS”) Licence issued by the Monetary Authority of Singapore (the “MAS”) to carry out REIT management activities. Accordingly, the Manager shall comply with the regulations as required under the licensing regime for REIT Managers.

The Manager is committed to its corporate governance policies and practices and observes high standards of conduct in line with recommendations of the Code of Corporate Governance issued by the MAS on 2 May 2012 (“2012 CG Code”). In keeping its commitment to good corporate governance, the Manager has taken steps to align the Group’s corporate governance framework with recommendations of the revised Code of Corporate Governance issued by the MAS on 6 August 2018 (“2018 CG Code”) and the revised listing manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”, and the listing manual of the SGX-ST, the “Listing Manual”) which is effective 1 January 2019.

While the 2018 CG Code will only take effect for the annual report for the financial year beginning 1 January 2019, Suntec REIT has already complied with several of the revised guidelines, including conflict recusal, disclosure of the Board Committees’ terms of reference, Director’s training for appointees with no prior listed company experience, Non-Executive Directors comprising majority of the Board, remuneration of any employees who are Substantial Unitholders¹, Audit Committee not comprising former audit partners or directors, disclosure of Directors’ attendance at general meetings, Investor Relations engagement policy and process, and stakeholder engagement.

The following segments describe the Manager’s main corporate governance policies and practices. They encompass proactive measures for avoiding situations of conflict or potential conflicts of interest, prioritising the interests of Unitholders over that of the Manager’s, complying with applicable laws and regulations, and ensuring that the Manager’s obligations under the Trust Deed (as defined below) are properly and efficiently carried out. The Manager confirms that it has adhered to the principles and guidelines as set out in the 2012 CG Code, and has specified and explained areas of deviation relating to the formation of board committees, the maximum number of representations on the boards of listed issuers, and disclosure on executive remuneration.

THE MANAGER OF SUNTEC REIT

The Manager has general powers of management over the assets of Suntec REIT and its main responsibility is to manage Suntec REIT’s assets and liabilities in the best interest of Unitholders. The Manager’s executive officers are qualified CMS Licence representatives who fulfil the requirements under the applicable MAS regulations.

The primary role of the Manager is to set the strategic direction of Suntec REIT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, as the trustee of Suntec REIT (the “Trustee”), on the acquisition, divestment and enhancement of assets of Suntec REIT, in accordance with its stated investment strategy.

Other main functions and responsibilities of the Manager include:

1. using its best endeavours to ensure that the business of Suntec REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for Suntec REIT at arm’s length and on normal commercial terms;
2. preparing property reports on a regular basis, which may contain forecasts on the net income, capital expenditure, sales and valuations, explanations of major variances from previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these reports is to monitor and explain the performance of Suntec REIT’s assets;

¹ the term “Substantial Unitholder” refers to a person who has an interest or interests in one or more voting Units in Suntec REIT and the total votes attached to that Unit or those Units is not less than 5% of the total votes attached to all the voting Units in Suntec REIT.

CORPORATE GOVERNANCE

3. ensuring compliance with the applicable provisions of the Securities and Futures Act ("SFA"), the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB)R"), the Listing Manual, the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS, including the Property Funds Appendix contained in the CIS Code, the Singapore Code on Takeovers and Mergers, the Trust Deed (as amended), the relevant MAS Notices and Guidelines, the tax ruling dated 15 June 2004 issued by the Inland Revenue Authority of Singapore, the CMS licensing conditions and all other relevant legislation or contracts;
4. attending to all communications with Unitholders; and
5. supervising the property managers who provide property management, lease management, marketing and marketing coordination services in relation to Suntec REIT's properties pursuant to the respective property management agreements.

The Manager was appointed in accordance with the terms of the trust deed constituting Suntec REIT dated 1 November 2004 which has been amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018 and a tenth supplemental deed dated 23 July 2018 (collectively, the "Trust Deed").

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1 *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The board of directors of the Manager (the "Directors", and the board of Directors, the "Board") is entrusted with responsibility for the overall management of the Manager and its corporate governance, to establish goals for Management and monitor the achievement of these goals. All Directors must exercise objective judgement in the best interests of Suntec REIT.

The Board is also responsible for the strategic business direction and risk management of Suntec REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointment of Directors. The Board has established a framework for the Management and Suntec REIT, and the framework comprises a system of robust internal controls, risk management processes and clear policies and procedures. The Board also reviews and sets the ethical values and standards of Suntec REIT as well as considers sustainability issues relevant to its business environment and stakeholders. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter, in adherence with the 2018 CG Code.

The Board has adopted a set of prudent internal controls to safeguard Unitholders' interest and Suntec REIT's assets. A set of internal guidelines setting out the level of authorisation and financial authority limits for operating and capital expenditure, capital management, leasing and other corporate matters is adopted to facilitate operational efficiency with oversight by the Board. Apart from matters stated below that specifically require approval from the Board, the Board approves transactions which exceed established threshold limits, and delegates authority for transactions below those limits to the relevant Board Committees, where appropriate.

Matters that are specifically reserved for the Board's decision and approval include:

- corporate strategies and policies of Suntec REIT;
- financial restructuring;
- any material acquisitions and disposals;
- annual budget;
- the release of quarterly and full year results;
- audited financial statements;
- issue of new units of Suntec REIT ("Units");
- income distributions and other returns to Unitholders; and
- Interested Person Transactions (as defined below) of a material nature.

CORPORATE GOVERNANCE

BOARD COMMITTEE

The Board is supported by various Board Committees, in particular, the audit committee ("Audit Committee") and designated committee ("Designated Committee"), which assist the Board in discharging its responsibilities and enhancing its corporate governance framework. The Board has delegated specific responsibilities to these Board Committees and their composition, terms of reference and summary of its activities are described in this report.

The Board accepts that while these Board Committees have the authority to examine particular issues in their specific areas respectively, the Board Committees shall report to the Board with their decision(s) and/or recommendation(s) and the ultimate responsibility on all matters lies with the Board.

Audit Committee

The Audit Committee has its own terms of reference, operating under the authority delegated from the Board, with the Board retaining overall oversight. The Audit Committee's composition, terms of reference and delegation of authority to make decisions, summary of committee's activities are set out in page 66 of this Annual Report.

Designated Committee

The Designated Committee has its own terms of reference, which is in line with the provision of the 2018 CG Code. The Designated Committee, in accordance with its terms of reference, is tasked to assist the Board in reviewing matters relating to financing, refinancing, hedging strategies and arrangements and transactions involving derivative instruments for hedging purposes.

The Designated Committee would also assist the Board in other reviews and projects.

No Designated Committee meeting was held during the financial year ended 31 December 2018 ("FY 2018"). However, the Designated Committee reviewed matters relating to financing, refinancing and hedging arrangements through email communication with Management. The members of Designated Committee comprise:

- Mr Chow Wai Wai, John (Chairman)
- Mr Chen Wei Ching, Vincent (Member)
- Mr Chan Pee Teck, Peter (Member)
- Ms Seow Bee Lian, Cheryl (Member*)

* Ms Seow is the Assistant Group Chief Executive Officer, Group Finance of ARA Asset Management Limited ("ARA").

Board Meetings

The Board meets regularly to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary). Where necessary, additional meetings would be held to address significant transactions or issues requiring the Board's attention. The Constitution of the Manager allows for Directors to convene meetings via teleconferencing, videoconferencing or other similar means of communication.

Directors may request for briefings and discussions with Management on any aspect of Suntec REIT's operations, and may request for any additional reports and documents requiring the Board's attention. When circumstances require, Board members may exchange views outside the formal environment of Board meetings.

Four Board meetings were held in FY 2018. The attendance of the Directors at Board meetings and Board Committee meetings, as well as the frequency of such meetings, are disclosed in this report.

CORPORATE GOVERNANCE

Directors' attendance at Board and Audit Committee Meetings in FY 2018

Directors	Board Meetings		Audit Committee Meetings	
	Participation	Attendance/ Number of Meetings	Participation	Attendance/ Number of Meetings
Ms Chew Gek Khim PJG	Chairman	4/4	NA	NA
Mr Lim Hwee Chiang, John	Member	4/4	NA	NA
Mr Chen Wei Ching, Vincent	Member	4/4	Chairman	4/4
Mr Chan Pee Teck, Peter	Member	4/4	Member	4/4
Mrs Yu-Foo Yee Shoon	Member	4/4	Member	4/4
Mr Lock Wai Han [#]	Member	1/1	Member	1/1
Mr Chow Wai Wai, John	Member	4/4	NA	NA
Mr Chan Kong Leong ^{##}	Member and CEO	4/4	CEO	NA

[#] Appointed as Director on 1 August 2018.

^{##} Resigned as Director on 31 December 2018 and was succeeded by Mr Chong Kee Hiong with effect from 1 January 2019.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on Suntec REIT and its disclosure obligations, the Directors are briefed on such changes either during Board meetings, at specially convened sessions by external auditors, lawyers and professionals, or via circulation of Board papers. Relevant regulatory updates and news releases issued by SGX-ST, the MAS and the Accounting and Corporate Regulatory Authority ("ACRA") will also be circulated to the Board for information.

The Directors receive regular training and are able to participate in conferences, seminars or any training programme in connection with their duties such as those conducted by the Singapore Institute of Directors. A list of training courses and seminars which might be of interest is sent to the Directors for their consideration. The costs of arranging and funding the training of the Directors will be borne by the Manager.

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An induction programme is arranged for new Directors to be briefed on the business activities of Suntec REIT and its strategic directions and policies. The Manager notes the new requirement under the 2018 CG Code and Listing Manual on the training requirements for directors with no prior experience on listed companies. Mr Lock Wai Han was appointed as an Independent Non-Executive Director with effect from 1 August 2018 and he has prior experience acting as a director of a listed company.

BOARD COMPOSITION AND GUIDANCE

Principle 2 *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% Unitholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises eight members: one Executive Director, three Non-Executive Directors and four Independent Non-Executive Directors. Non-Executive Directors make up majority of the Board, which is in line with the 2018 CG Code (i.e. recommending a majority). Each Director is a well-respected individual from the corporate industry and/or industry circles with diverse experience and network.

The Chairman of the Board is Ms Chew Gek Khim PJG.

The composition of the Board is determined using the following principles:

1. the Chairman of the Board should be a Non-Executive Director;
2. the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry; and
3. at least half the Board should comprise Independent Directors.

CORPORATE GOVERNANCE

The Board seeks to refresh its membership and welcomed Mr Lock Wai Han who was appointed as an Independent Non-Executive Director in FY 2018. The appointment of new directors and their roles allow the Board to refresh itself in an orderly and progressive manner and comply with the applicable regulatory requirements. With the appointment of Mr Lock, the Board has since achieved at least half an independent Board, in line with the 2012 CG Code.

Independence composition

The Independent Non-Executive Directors exercise objective judgement on Suntec REIT's affairs and are independent from Management. The independence of each Independent Director is reviewed upon appointment and thereafter the Board reviews his or her independence declaration annually with reference to the principles and guidelines set out in the 2012 CG Code and applicable laws and regulations.

The assessment of a Director's independence takes into account the enhanced independence requirements and the definition of "independent director" as set out in the SF(LCB)R. Under the enhanced independence requirements set out in the SF(LCB)R, an independent director is one who: (i) is independent from any management and business relationship with the Manager and Suntec REIT; (ii) is independent from any Substantial Shareholder² of the Manager and any Substantial Unitholder of Suntec REIT; and (iii) has not served on the Board for a continuous period of nine years or longer. This is also in line with the 2018 CG Code and the revised Listing Manual.

Each Independent Non-Executive Director has declared whether there were any relationships (as defined in the enhanced independence requirements under the SF(LCB)R) or any instances that would otherwise deem him or her not to be independent. None of the Independent Directors has served for a continuous period of nine years or longer on the Board. The independence declarations have been duly reviewed by the Board. On the basis of the declarations of independence provided, the Board has determined that these Independent Non-Executive Directors are independent as defined under the relevant regulations. Each of the Independent Non-Executive Directors has recused himself or herself from reviewing his or her own independence.

The Board has noted that Mr Lock Wai Han is currently an Executive Director and CEO of OKH Global Ltd which is an associated corporation of a Substantial Unitholder, as declared by Mr Lock in his independence declaration form. Notwithstanding that Mr Lock does not satisfy such a condition, the Board has reviewed that there had not been any transactions between OKH Global Ltd (and its related corporations) and Suntec REIT or the Manager (and their respective related companies). Where Mr Lock or any of his associates, including any related or associated companies of the Substantial Unitholder, has any interest in a transaction with Suntec REIT or the Manager, Mr Lock is required to abstain from passing any related board resolutions or participating in the review and approval of such a transaction. Accordingly, the Board has determined that Mr Lock is able to discharge his responsibilities as an Independent Director and act in the best interests of all Unitholders, as a whole, and as at the last day of FY 2018. As with the same as other directors, the appointment of Mr Lock has obtained the prior approval from MAS before announcements.

All Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against Management's goals and objectives. Their views and opinions provide alternative perspectives to Suntec REIT's business and enable the Board to make informed and balanced decisions. Non-Executive Directors constructively provide inputs and enable the Board to interact and work with Management to establish strategies.

When reviewing Management's proposals or decisions, the Non-Executive Directors bring their objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors meet without presence of the Management on a needs-basis and provides updates to the Board where necessary.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of industry expertise and experience. In particular, the Board's diversity policy strives to ensure that the Board as a whole has the requisite background, and diverse experience and knowledge in business, accounting and finance and management skills critical to Suntec REIT's businesses. Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interests of Suntec REIT and its Unitholders.

² the term "Substantial Shareholder" refers to a person who has an interest or interests in one or more voting shares (excluding treasury shares) in the Manager and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares (excluding treasury shares) in the Manager.

CORPORATE GOVERNANCE

A healthy exchange of ideas and views between the Board and Management is carried out during regular meetings and updates to enhance the management of Suntec REIT. This, together with a clear separation of roles between the Chairman and Chief Executive Officer ("CEO"), establishes a healthy and professional relationship between the Board and Management.

The current composition of Independent Directors has made up half of the Board which complies with the provisions of the 2012 CG Code, as the Chairman is a non-independent director. In addition, the Board will continuously review its composition to enhance its independence, in consideration of the following factors:

- (i) There are four Independent Non-Executive Directors and three Non-Executive Directors, out of a total of eight members. Independent Non-Executive Directors make up 50% of the Board and Non-Executive Directors make up 88% of the Board;
- (ii) There is a newly appointed Independent Non-Executive Director in 2018 and two newly appointed Independent Non-Executive Directors in 2017, who bring fresh independent perspectives to the Board, out of a total of four independent members;
- (iii) The Independent Non-Executive Directors have been assessed based on the independence criteria which include (a) length of service not being more than nine years; (b) independence from management and business relationships with the Manager and Suntec REIT; (c) independence from Substantial Shareholders of the Manager and Substantial Unitholders; and (d) other factors described in Principles 2 and 4 of this report.
- (iv) A Lead Independent Director has been appointed given that the Chairman is a non-independent director. The Lead Independent Director serves in a lead capacity to co-ordinate the activities of the non-executive members in circumstances where it is inappropriate for the Chairman to direct and address matters relating to Suntec REIT and its Unitholders; and
- (vii) Interested Director(s) are required to abstain from voting when passing Board resolutions and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

Based on the above assessment, the Board is of the view that the current composition of Directors who, as a group, provide the diversity in respect of skills, experience, gender and knowledge of Suntec REIT and that the current Board size is appropriate, taking into consideration of the nature and scope of the Suntec REIT's operations. The Board believes that in spirit it has adhered to Principle 2 in terms of board composition and guidance, and the Board would continue to review its composition to ensure that it is able to exercise sound objective and independent judgement in the interests of Suntec REIT and its Unitholders. In addition, prior approval of the MAS is required for appointment of any Board member or of the CEO.

Profiles of the Directors and other relevant information are set out on pages 15 to 17 of this Annual Report. There were no Alternate Directors in FY 2018.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The roles of Chairman and CEO are separate and held by Ms Chew Gek Khim PJG and Mr Chan Kong Leong respectively. Mr Chan Kong Leong, the former CEO, has resigned on 31 December 2018 and was succeeded by Mr Chong Kee Hiong with effect from 1 January 2019. The Chairman and the CEO are not immediate family members. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability.

The Chairman leads the Board and ensures that its members work together with Management in a constructive manner to address strategies, business operations and enterprise issues. The Chairman also ensures that there is effective communication with Unitholders and promotes a culture of openness and a high standard of corporate governance. The CEO has full executive responsibilities over the business direction and day-to-day operational decisions in relation to the management of Suntec REIT in accordance with the objectives established by the Board. The CEO is a licensed representative approved by the MAS and is resident in Singapore.

CORPORATE GOVERNANCE

Separately, a Lead Independent Director is available to Unitholders when they have concerns and for which contact through the normal channels of communication with the Chairman, the CEO or the Finance Director, has failed to resolve or is inappropriate. The Lead Independent Director also co-ordinates an annual meeting, or as and when required, with other Independent Directors without the presence of Management, and provides feedback to the Chairman.

BOARD MEMBERSHIP

Principle 4 *There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The Board has not established a nominating committee as the Board, taking into account the activities of Suntec REIT and its current Board composition, considers that the objectives of a nominating committee are currently achieved by the Board. Therefore a separate committee, comprising a majority of Independent Directors, is not necessary. Accordingly, the Board has assessed its independence element under Principle 2 and is of the view that it can effectively perform the role of a nominating committee.

The Board performs the various functions of the nominating committee, including:

- tabling nominations to the Board, taking into account the succession plan and framework for the Chairman and CEO;
- reviewing the structure, size and composition of the Board;
- reviewing the overall performance and progress;
- reviewing the independence of Board members; and
- ensuring that there is training and/or professional development for the Board.

The Board believes that it can achieve orderly succession and renewal through continuously reviewing the appropriate composition of the Board. This is evident in the changes in the Board composition as described under Principle 1.

Process for appointment of new Directors

When reviewing and recommending the appointment of new Directors, the Board takes into consideration the current Board's size and mix, and the principles outlined in the subsequent part of this report. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of Suntec REIT, as well as the relevant background of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable.

Criteria for appointment and re-appointment of Directors

The Board reviews each candidate's ability to contribute to the proper guidance of the Manager in its management of Suntec REIT, including attributes such as complementary experience, time commitment, financial literacy, reputation and whether he or she is a fit and proper person in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which require the candidate to be competent, honest, to have integrity and be financially sound). The Board also determines whether its members as a whole have the skills, knowledge and experience required to achieve the objectives of Suntec REIT.

The Board unanimously approves the appointment of new Directors via Board resolution upon assessing the candidates' profiles and credentials. For re-appointment of Directors, the Board assesses the relevant Directors based on the process as above and they shall be re-elected at the Annual General Meeting ("AGM") of the Manager. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate. No Board member is involved in any decisions relating to his or her own appointment or re-appointment.

The current Board composition complies with the requirements on the 2012 CG Code and the SF(LCB)R where half the Board is independent. In this regard, the Board is satisfied that the current composition has sufficiently met its independence and governance and assessed that Unitholders are no longer required to endorse the appointment of directors at the AGM.

CORPORATE GOVERNANCE

Review of Directors' Independence

In identifying potential candidates for directorship on the Board of the Manager, the selection criteria and process of appointment were observed for the newly appointed directors.

The Board undertakes the role of determining the independence status of the Directors as described under Principle 2. The independence of each Director is reviewed prior to the appointment and thereafter annually with reference to the principles and guidelines set out in the 2012 CG Code and applicable laws and regulations.

In FY 2018, the Board has reviewed and determined that Mr Chen Wei Ching, Vincent, Mr Chan Pee Teck, Peter, Mrs Yu-Foo Yee Shoon and Mr Lock Wai Han are independent and are free from any of the relationships stated in the Guidelines of the 2012 CG Code and 2018 CG Code, and the SF(LCB)R, save for the relevant disclosure made under Principle 2 for not satisfying any independence criteria.

Annual review of Directors' time commitments

Although the Directors have other listed company board representations and principal commitments, the Board has determined that each individual Director has devoted sufficient time and attention to his or her role as a Director and to the affairs of the Manager. In FY 2018, the Directors attended Board meetings, had given feedback and participated constructively when discussing the activities of Suntec REIT. The Board has also procured written confirmations from the Directors stating that they are able to carry out their duties as Directors of the Manager and they would address any competing time commitments that may arise, despite their multiple Board representations. The Board is of the view that such external appointments do not hinder the Directors from carrying out their duties and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold.

BOARD PERFORMANCE

Principle 5 *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The Board believes that performance of the whole Board, Board Committees and individual Directors are assessed and reflected in their proper guidance, diligent oversight, able leadership, and support that it lends to Management. The Board takes the lead to steer Suntec REIT in the appropriate direction under both favourable and challenging market conditions. Ultimately, the interests of Suntec REIT are safeguarded and reflected in the maximisation of Unitholders' value in the long-term performance of Suntec REIT.

Contributions by individual Board members are assessed based on various criteria, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and the amount of time and effort committed to Suntec REIT's affairs.

The Board continuously assesses its effectiveness as a whole throughout the year and is of the view that its composition, processes, performance and attendance of the Board, Board Committees and Directors were satisfactory and had met the Board's expectations. The Board has not engaged any external consultant to conduct a formal annual assessment of the performance of the Board and each individual Director. Where relevant, the Board will consider such an engagement.

ACCESS TO INFORMATION

Principle 6 *In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Prior to Board meetings and on an on-going basis, Management provides complete, adequate and timely information to the Board on Suntec REIT's affairs and issues that require the Board's decision. Explanatory background information relating to matters brought before the Board includes quarterly results announcements, budgets, and documents related to the operational and financial performance of Suntec REIT.

CORPORATE GOVERNANCE

The CEO keeps all Board members abreast of key developments and material transactions affecting Suntec REIT so that the Board is kept fully aware of its affairs, and the business, and financial environment and risks faced by Suntec REIT and the Manager. All Directors have independent and unrestricted access to Management, the Company Secretary, as well as the internal auditors and external auditors at all times.

Board meetings for the year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. Board papers are generally circulated at least three days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Information provided to the Board includes financial results, market and business developments, and business and operational information. Management also highlights key risk issues for discussion and confers with the Audit Committee and the Board regularly. If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or the chairman of the relevant Board Committee of his or her views on the matters to be discussed and conveyed to the other Directors at the meetings. Where appropriate, Management will be requested to attend meetings of the Board and Board Committees in order to provide their input and insight into the matters being discussed, and to respond to any queries that the Directors may have.

The Company Secretary and/or her authorised designate(s) attend(s) all Board meetings and assist(s) the Board in ensuring that Board procedures and all other rules and regulations applicable to the Manager are complied with. The Company Secretary advises the Board on governance matters and works with the Chairman to ensure that information flows within the Board and the Board Committees and between Management and the Directors. The Company Secretary will also assist with professional development and training for Directors when required to do so. The appointment and the removal of the Company Secretary shall be reviewed by the Board.

The Manager has in place procedures to enable Directors, whether as a group or individually, to obtain independent professional advice as and when necessary, in furtherance of their duties, with expenses borne by the Manager. The appointment of such independent professional advisors is subject to approval by the Board.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7 *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

LEVEL AND MIX OF REMUNERATION

Principle 8 *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

The Board has assessed its independence element under Principle 2 and is of the view that the current composition of Directors provides sufficient strong independence to perform the role of a remuneration committee. Accordingly, Board has considered that a separate remuneration committee, comprising a majority of Independent Directors, would not be necessary.

The Board has assessed the remuneration policies and practices of ARA and deemed such remuneration policies and practices to be appropriate for Suntec REIT. Accordingly, the Manager has adopted the remuneration policies and practices of ARA, which has an established framework for the remuneration, compensation, benefits and succession planning for the Directors and key management executives of the Manager.

CORPORATE GOVERNANCE

Remuneration Framework

The Manager advocates a performance-based remuneration framework. In adopting the remuneration policies and practices of ARA, the Manager ensures that such remuneration policies taking into account achieving the long-term success of Suntec REIT which:

- comprise a variable component of key performance indicators (“KPIs”) that are tied to the financial performance of Suntec REIT and individual’s performance related to the organisational goals, aligning with the interests of the Unitholders;
- comprise a fixed pay component that is benchmarked against the market to maintain competitiveness; and
- attract and retain talented staff considering the prevailing market conditions within the industry.

Link between pay and performance

A comprehensive and structured performance assessment is carried out annually for the CEO and key management executives of the Manager. At the start of the year, KPIs for the CEO and key management executives are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time bound. The KPIs could be on financial and non-financial metrics related to growth of net asset value and property income and typically reflect organisational goals, translating to the increase in Unitholder value and are linked to Suntec REIT’s and the individual’s performance. A mid-year review is carried out to monitor the performance and relevance of these indicators and a year-end review is carried out to measure actual performance against the KPIs. The overall assessment is based on a rating scale where the variable year-end bonus for the CEO and key management executives are determined.

In addition to the base salary and a variable year-end bonus, designated key management executives of the Manager participate in a Performance Based Bonus Scheme (the “Scheme”). Under the Scheme, designated key management executives of the Manager may be entitled to a pool of incentive payments based on certain performance indicators linked to the growth of Suntec REIT and optimising the returns to Unitholders. The incentive payments are paid in cash and allocated amongst the designated key management executives based on various factors and conditions, including seniority, length of service, performance and contributions.

The remuneration of the CEO and key management executives is not linked to the gross revenue of Suntec REIT. The Board also has access to independent remuneration consultants as and when required.

In FY 2018, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management executives.

DISCLOSURE OF REMUNERATION

Principle 9 *Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration and the procedure for setting remuneration, in the company’s annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The remuneration of the Non-Executive Directors for FY 2018 comprises entirely Directors’ fees payable entirely in cash and the details of the Non-Executive Directors’ remuneration are set out below:

Name of Director	Salary (\$)	Bonus (\$)	Directors’ Fees (\$)	Others (\$)	Total (\$)
Ms Chew Gek Khim PJG	-	-	120,000	-	120,000
Mr Lim Hwee Chiang, John	-	-	60,000	-	60,000
Mr Chen Wei Ching, Vincent	-	-	100,000	-	100,000
Mr Chan Pee Teck, Peter	-	-	80,000	-	80,000
Mrs Yu-Foo Yee Shoon	-	-	80,000	-	80,000
Mr Lock Wai Han [#]	-	-	33,534	-	33,534
Mr Chow Wai Wai, John	-	-	60,000	-	60,000

[#] Appointed as Director on 1 August 2018.

CORPORATE GOVERNANCE

Directors' fees are established annually based on the Directors' responsibilities on the Board and Board Committees. The remuneration for Directors takes into account the industry practices and norms for Directors to provide stewardship of the Board, while commensurating with their responsibilities and time spent. Each Director is paid a fixed fee, and no Director is involved in deciding his or her own remuneration. The framework for determining the Directors' fees is shown in the table below:

Main Board	Chairman	S\$120,000 per annum
	Member	S\$60,000 per annum
Audit Committee	Chairman	S\$40,000 per annum
	Member	S\$20,000 per annum

The Manager is cognisant of the requirement to disclose (a) the remuneration of the CEO and each individual Director on a named basis; (b) the remuneration of at least the top five key management executives (who are not directors or the CEO), on a named basis, in bands of S\$250,000; and (c) the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Board has assessed and elected not to disclose the above remuneration for the following reasons:

- (i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five key management executives so as to minimise potential staff movement which would cause undue disruptions to the management team of Suntec REIT;
- (ii) it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of Suntec REIT;
- (iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top five key management executives and their performance; and
- (iv) there is no misalignment between the remuneration of the CEO and key management executives and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Suntec REIT, rather than borne by Suntec REIT.

There are no employees of the Manager who are immediate family members of a Director or the CEO and whose remuneration exceeds S\$50,000 during the year.

In alignment with the 2018 CG Code, there are also no employees of the Manager who are Substantial Unitholders, or immediate family members of a Director, the CEO or a Substantial Unitholder, whose remuneration exceeds S\$100,000 during the year.

The key management executives were remunerated wholly in cash in FY 2018.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10 *The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board strives to keep Unitholders updated on Suntec REIT's operating and financial matters through quarterly and yearly financial reports as well as announcements on developments in its businesses. Such information would enable Unitholders to make informed investment decisions. Quarterly and yearly results are released to Unitholders within 45 days and 60 days of the reporting period respectively through announcements on the SGX-ST and Suntec REIT's corporate website. In presenting the financial reports, the Board aims to provide a balanced and understandable presentation of Suntec REIT's financial performance, position and prospects.

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Management provides the Board with a continual flow of relevant information on the performance of Suntec REIT on a timely basis so that the Board may effectively discharge its duties.

In addition, Management furnishes the Board with the policies and procedures which are put in place to comply with the necessary legislative and regulatory requirements. These include the compliance risk assessment and various checklists established under the SFA, the Listing Manual, the CIS Code, and the Trust Deed.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11 *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard Unitholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

Effective risk management is a fundamental part of Suntec REIT's business strategy. Recognising and managing risks is central to the business and serves to protect Unitholders' interests and Suntec REIT's assets. Suntec REIT operates within the overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved and appropriate controls and measures are put in place before the Manager proceeds with the execution.

Key risks, process owners, risk factors, mitigating actions and risk indicators are continuously identified, assessed and monitored by Management as part of Suntec REIT's Enterprise Risk Management Framework (the "ERM Framework") and documented in the risk profile maintained by the Manager and reviewed semi-annually by the Audit Committee and the Board.

The ERM Framework lays out the governing policies and procedures ensuring that the risk management and internal control systems provide reasonable assurance on the safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

Risk Management Committee

A separate risk management committee (the "Risk Management Committee") was established to assist the Audit Committee in assessing the adequacy of internal controls. The Risk Management Committee comprises the CEO, Chief Operating Officer, Finance Director and the Head of ARA Group Risk Management & Internal Audit Division ("GRM & IA"). GRM & IA is a corporate division of ARA, the holding company of the Manager.

The Risk Management Committee meets regularly to review the risk profile of Suntec REIT. The Risk Management Committee, which is headed by the CEO, reports to the Audit Committee on overall risk management matters every six months during the Audit Committee meetings.

The Risk Management Committee identifies the material risks that Suntec REIT faces, including strategic, operational, financial, compliance and information technology risks, and sets out the appropriate mitigating actions and monitoring mechanism to respond to these risks and changes in the external business environment. The risk profile highlights the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks within the risk appetite approved by the Board. The key risks highlighted in the risk profiles include strategic, leasing, asset management, financial and compliance risk.

The CEO and his management team are primarily responsible for maintaining the internal controls and risk management systems. Risks are proactively identified and addressed. The ownership of these risks lies with the respective departmental heads with stewardship residing with the Board. The internal auditors conduct reviews of the adequacy and effectiveness of the risk profiles and material internal controls, addressing financial, operational, compliance and information technology controls, as part of the audit plan approved by the Audit Committee. In addition, the external auditors perform tests of certain controls relevant to the preparation of Suntec REIT's financial statements. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. The Audit Committee and the Board review the adequacy and effectiveness of Suntec REIT's risk management and internal control systems.

CORPORATE GOVERNANCE

Role of Board and Audit Committee

The Board and the Audit Committee believe that the internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures put in place to manage the risks are adequate and effective and the residual risks are acceptable.

For the financial year under review, the Board has received written assurance from the CEO and Finance Director that: (a) the financial records have been properly maintained and that the financial statements give a true and fair view of Suntec REIT's operations and finances; and (b) Suntec REIT's risk management and internal control systems are effective.

In addition, an Internal Assessment Checklist which captures the requirements under Rule 1207(10) of the Listing Manual ("1207(10) Checklist") had been used by Management as a guide to assess the adequacy of internal controls addressing financial, operational and compliance risks and to confirm whether there are any significant deficiencies. The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit Committee, in conjunction with the reports submitted by the internal and external auditors, as well as the letters of undertaking from the CEO and Finance Director of the Manager to give assurance on the state of internal controls. Suntec REIT has maintained proper records of the discussion and discussions of the Board and Audit Committee.

Based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the internal and external auditors, together with the Management's confirmation on the adequacy and effectiveness of the internal controls, the Board is of the opinion (with the concurrence of the Audit Committee) that, taking into account the nature, scale and complexity of the Manager's operations, the systems of risk management and internal controls addressing financial, operational, compliance and information technology control risks were adequate and effective to meet the needs of Suntec REIT in its current business environment for FY 2018, pursuant to Rule 1207(10) of the Listing Manual. In addition, the Audit Committee has reviewed and is satisfied with the adequacy of resources and qualifications of the Manager's key management executives who are performing accounting, financial reporting and compliance roles.

Whistle-Blowing Policy

Pursuant to the Whistle-Blowing Programme which has been put in place, the Audit Committee reviews arrangements by which staff of the Manager or any other persons may, in confidence, raise their concerns to the Audit Committee about possible improprieties in matters of financial reporting or such other matters in a responsible and effective manner.

The objective of the Whistle-Blowing Programme, as approved by the Audit Committee, is to ensure that arrangements are in place for independent investigation of such concerns and allow appropriate follow-up actions to be taken.

The Audit Committee is guided by the Whistle-Blowing Programme to ensure proper conduct and closure of investigations, including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the internal auditors based on instructions from the Audit Committee.

Details of the Whistle-Blowing Programme and arrangements are posted on Suntec REIT's website. The website provides a feedback channel for any complainant to raise possible improprieties directly to the Audit Committee, and copied to the Head of ARA GRM & IA, to facilitate an independent investigation of any matter raised and appropriate follow-up action as required. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are circulated to all new incoming staff and are also covered as part of the staff's annual declaration of compliance.

AUDIT COMMITTEE

Principle 12 *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The Board has established an Audit Committee to assist in discharging of its corporate governance responsibilities. The Audit Committee's role is to assist the Board in ensuring the integrity of the financial reporting and that sound internal controls are put in place. In adhering to best practices of corporate governance, all members of the Audit Committee (including the Audit Committee Chairman) are Independent Directors.

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The Audit Committee currently comprises four Independent Non-Executive Directors, namely:

- Mr Chen Wei Ching, Vincent (Chairman)
- Mr Chan Pee Teck, Peter (Member)
- Mrs Yu-Foo Yee Shoon (Member)
- Mr Lock Wai Han (Member) #

Appointed on 1 August 2018.

The members of the Audit Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit Committee Chairman and members of the Audit Committee are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr Chen Wei Ching, Vincent has more than 20 years of experience in the banking and financial management industry, while Mr Chan Pee Teck, Peter has extensive experience in financial, investment and fund management industries as managing partner of a private equity company, Crest Capital Asia Pte Ltd which previously had funds invested in retail real estate assets. Mrs Yu-Foo Yee Shoon has relevant financial and commercial experience as a Board Member of KOP Limited and adviser for reputable organisations. Mr Lock Wai Han has extensive knowledge and experience in international investment, development, leasing, marketing, operations and financing of integrated real estate.

In compliance with the 2012 CG Code and as well as the 2018 CG Code, the Audit Committee does not comprise any former partner or director of the incumbent external auditors within the previous two years or who hold any financial interest in the auditing firm.

Four Audit Committee meetings were held during FY 2018.

The Audit Committee is guided by its terms of reference which defines its duties and scope of authority, which is in line with the 2012 CG Code and the 2018 CG Code. Specifically, the duties of the Audit Committee include:

1. reviewing the annual audit plan, including the nature and scope of the internal and external audits before the commencement of these audits;
2. reviewing the adequacy of the internal audit process and effectiveness of Suntec REIT's risk management and internal controls, including financial, operational, compliance and information technology controls;
3. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;
4. reviewing the independence of the internal auditors;
5. reviewing the monitoring procedures put in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
6. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of Suntec REIT and any announcements relating to Suntec REIT's financial performance;
7. reviewing the assurance from the CEO and the Finance Director on the financial records and financial statements;
8. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
9. reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on Suntec REIT's operating results or financial position and Management's response;
10. reviewing the assistance given by the Management to the external auditors;

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11. reviewing annually the independence of the external auditors and the aggregate amount of audit and non-audit fees paid to the external auditors for the financial year, and the proposed appointment and removal of the external auditors; and
12. reviewing the monitoring procedures established to regulate Interested Person Transactions and Conflict of Interests (as defined below), including ensuring compliance with the provisions of the Listing Manual relating to transactions between the Trustee and an “interested person”, and the provisions of the Property Funds Appendix relating to transactions between the Trustee and an “interested party” (both such types of transactions constituting “Interested Person Transactions”). This includes the requirement to ensure transactions undertaken are on normal commercial terms and not prejudicial to the interests of the Unitholders and that the property manager, as an interested person, is in compliance with the property management agreement.

The Audit Committee has the authority to investigate any matters within its terms of reference. It is entitled to full access and co-operation from Management and has full discretion to invite any Director or key management executives of the Manager to attend its meetings. The Audit Committee has full access to resources and is provided with regular updates from external professionals to keep abreast of changes in accounting and regulatory standards.

In FY2018, the Audit Committee had met with the internal and external auditors without the presence of Management. The internal auditors and external auditors may request the Audit Committee to meet if they consider a meeting necessary. Both the internal and external auditors have confirmed that they had full access and had received the co-operation and support of Management, with no restrictions placed on the scope of their audits.

The Audit Committee had reviewed and approved the internal and external auditors’ audit plans to ensure that they were sufficiently comprehensive in scope and address the internal controls of Suntec REIT. All audit findings and recommendations by the internal and external auditors were forwarded to the Audit Committee for discussion at the meetings. The Audit Committee discussed with Management and the external auditors on significant financial reporting matters, in particular the key audit matter associated with valuation of investment properties. The Audit Committee concurs with the conclusion of the Management and the external auditors on the key audit matter.

During FY 2018, the Audit Committee performed an independent review of the quarterly and full year financial statements of Suntec REIT. In the process, the Audit Committee reviewed the key areas of management judgement applied for adequate provisioning and disclosure, accounting policies, key audit matters and any significant changes made which have a material impact on the financials. The external auditors also presented their salient features memorandum to the Audit Committee, covering the audit focus areas, key audit matters findings, quality and independence.

In connection with the ERM Framework under risk management, the Audit Committee had reviewed the approach taken in identifying and assessing risks and internal controls in the risk profile documented and maintained by Management.

The Audit Committee had also conducted a review of all non-audit services provided by KPMG LLP (the “External Auditors”) and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The aggregate amount of audit and non-audit fees paid/payable to the External Auditors for FY 2018 amounted to S\$479,000 and S\$91,000 respectively.

The Audit Committee is satisfied that the resources and experience of the audit partner of KPMG LLP and her team are adequate to meet their audit obligations, given the size, nature, operations and complexity of Suntec REIT and its subsidiaries. The Audit Committee had assessed the performance of the External Auditors based on factors such as performance and quality of their audit and independence. The External Auditors had also confirmed their independence in writing to the Audit Committee.

The Audit Committee, with the concurrence of the Board, has recommended the re-appointment of KPMG LLP as the external auditors of Suntec REIT at the forthcoming AGM. The Manager, on behalf of Suntec REIT, confirms that it has complied with the requirements of Rules 712 and 716 of the Listing Manual in respect of the suitability of the auditing firms of Suntec REIT and its significant associated companies and subsidiaries.

The Audit Committee had reviewed the Whistle-Blowing Policy which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee is satisfied that these arrangements are in place for concerns to be raised and investigated independently, and for appropriate follow-up actions to be taken.

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On a quarterly basis, Management reports to the Audit Committee the Interested Person Transactions. All Interested Person Transactions together with the Register of Interested Person Transactions had been reviewed by the Audit Committee.

INTERNAL AUDIT

Principle 13 *The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Manager maintains a robust system of internal controls and risk management framework to safeguard Suntec REIT's assets and Unitholders' interests and to provide reasonable assurance against misstatement of loss, ensure maintenance of reliable and proper accounting records and comply with relevant legislation.

For FY 2018, the internal audit function of the Manager was outsourced to Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited (the "Internal Auditors"). The Internal Auditors are independent of Management and report directly to the Audit Committee on audit matters and to Management on administrative matters.

The Audit Committee is satisfied that the Internal Auditors had met the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit Committee has assessed the adequacy of the Internal Auditors and is of the view that the Internal Auditors had the relevant qualifications and adequate resources to perform its functions effectively and had maintained its independence from the activities that it audits and had unfettered access to all the related documents, records and personnel. The Audit Committee approves the appointment, removal, evaluation and fees of the Internal Auditors, and conducts an assessment of the Internal Auditors' performance during re-appointments.

The Internal Auditors conduct audits to evaluate the effectiveness of the risk management and internal control systems in Suntec REIT which include financial, operational, compliance controls and information technology. The internal audit plan adopts a risk-based approach covering all business of Suntec REIT and support functions of the Manager and property managers. The audit assignments cover the design and operating effectiveness of the internal controls, as well as, compliance with the stated policies and procedures. Any material non-compliance or lapses in internal controls together with corrective measures and the status of implementation are reported to the Audit Committee. In addition to the work performed by the Internal Auditors, the External Auditors also performed tests of certain controls that are relevant to the preparation of Suntec REIT's financial statements, and reports any significant deficiencies of such internal controls to the Audit Committee.

(D) COMMUNICATION WITH UNITHOLDERS

Principle 14 *Companies should treat all Unitholders fairly and equitably, and should recognise, protect and facilitate the exercise of Unitholders' rights, and continually review and update such governance arrangements.*

Principle 15 *Companies should actively engage their Unitholders and put in place an investor relations policy to promote regular, effective and fair communication with Unitholders.*

Principle 16 *Companies should engage greater Unitholder participation at general meetings of Unitholders and allow Unitholders the opportunity to communicate their views on various matters affecting the company.*

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. In spirit of the disclosure requirements under the Listing Manual, the Manager is committed to keeping all Unitholders and stakeholders informed of the performance and changes in Suntec REIT's business, which would materially affect the price of the Units, on a timely basis. The Manager's Investor Relations and Disclosure Policy promotes regular, effective and fair communication through timely and full disclosure of material information by way of public releases or announcements on SGX-ST via SGXNET, and on Suntec REIT's website (www.suntecreit.com).

Suntec REIT's website provides Unitholders with comprehensive information required to make well-informed investment decisions. Information on Suntec REIT's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "Newsroom" link, which shows current and past announcements,

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financial results and annual reports; (2) “Investors” link which shows Suntec REIT’s distribution history, historical stock price and research coverage and (3) “Contact Us” link which includes Whistle-Blowing Policy, email alerts and contact details. As part of the Investor Relations Policy, the Manager has a dedicated Investor Relations Manager who facilitates communication with Unitholders, institutional investors, analysts and media representatives. Unitholders can post their queries and feedback to the dedicated investor relations contact via email or the phone, which is also in spirit of the 2018 CG Code.

Unitholders are notified in advance of the date of release of Suntec REIT’s financial results through an announcement via SGXNET. The Manager conducts regular briefings for analysts and media representatives, which generally coincide with the release of Suntec REIT’s half-yearly and full year results. During these briefings, Management present Suntec REIT’s most recent performance as well as discuss the business outlook for Suntec REIT. In line with the Manager’s objective of transparent communication, briefing materials are also simultaneously released on SGX-ST via SGXNet and also made available at Suntec REIT’s website.

In FY 2018, Management met with institutional investors and analysts through group presentations, one-on-one meetings and conference calls. Management strives to maintain regular dialogue with retail investors and keep them updated on developments through participations in seminars and symposiums, timely announcements on SGXNET, Suntec REIT’s website and the general media, in order to ensure a level playing field.

Unitholders are informed of meetings through notices accompanied by annual reports or circulars sent to them. All Unitholders are entitled to receive the annual reports at least 14 days prior to the AGM. The Manager ensures that Unitholders are able to participate effectively and vote at the general meeting of Unitholders (the “Unitholders’ meetings”). In this regard, the Unitholders’ meetings are generally held in central locations which are easily accessible by public transportation. Unitholders are invited at such meetings to put forth any questions they may have on the resolutions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint in advance up to two proxies to vote on his/her behalf at the meeting through proxy forms sent to the Unitholder. The Manager has not implemented absentia voting methods such as voting via email or fax due to security, integrity and other pertinent considerations. At the Unitholders’ meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the AGM in the Notice.

The Directors, Audit Committee, Management and External Auditors will be in attendance at these meetings to address questions raised by Unitholders. 6 out of 7 Directors attended the Unitholders’ meeting held on 16 April 2018.

Voting at general meetings is conducted by way of electronic poll voting for all the Unitholders/proxies present at the meeting for all resolutions proposed at the general meeting. Unitholders/proxies will be briefed on the procedures involved in conducting a poll. This allows all Unitholders present or represented at the meetings to vote on a one-unit-one-vote basis. An independent scrutineer is appointed to validate the vote tabulation procedures. The voting results of all votes cast for or against each resolution are then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting. The Company Secretary prepares the minutes of Unitholders’ meetings, which incorporate comments or queries from Unitholders and responses from the Board and Management, and these minutes are available to Unitholders upon request.

Suntec REIT’s current distribution policy is to distribute at least 90% of its annual distributable income.

(E) ADDITIONAL INFORMATION

STAKEHOLDER ENGAGEMENT

In keeping with its commitments to good corporate governance, the Manager has put in place a Sustainable Reporting Framework, which is published on Suntec REIT’s website. In the report, the Manager focuses on Suntec REIT’s Economic, Social, and Governance (“ESG”) impacts and its progress towards the goal of sustainable management of its real estate portfolio. The Board has set a strategic direction in ensuring good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources. The Manager believes in the importance of integrating sustainability into its business strategies and operations in achieving sustainable economic growth and delivering long-term Unitholder value.

The Manager has identified the following as their key stakeholders: Business Partners, Employees, Government and Authorities, Investment Community, Retail Shoppers and Tenants. The Manager ensures active engagement and frequent communication with the relevant stakeholders through the various engagement channels including meetings, forums and dialogues, general meetings and announcements, investor conferences, feedback channels and loyalty programs. This stakeholder engagement process is in line with the 2018 CG Code.

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The Manager is committed to upholding Suntec REIT's sustainability practices and creating value for its stakeholders.

Stakeholders can access Suntec REIT's Sustainability Report on Suntec REIT's website at under the "Newsroom" link.

DEALINGS IN SUNTEC REIT UNITS

The Manager has adopted the ARA Dealing in Securities Policy to guide to its Directors, key management executives and employees (collectively referred to as "the Manager's personnel") in respect of dealings in Units.

This policy encourages the Manager's personnel to hold Units (i.e. not to deal for short-term considerations), and prohibits them from dealing in such Units:

1. during the period commencing two weeks before the public announcement of Suntec REIT's quarterly results and one month before the public announcement of Suntec REIT's annual results and (where applicable) any property valuations, and ending on the date of announcement of the relevant results or property valuations; and
2. at any time whilst in possession of price-sensitive information.

The Manager's personnel are also prohibited from communicating price-sensitive information to any persons and to avoid, and be seen to avoid, actual or potential conflict between personal interest and duty to the Unitholders. The Manager had confirmed that its Directors, key management executives and employees have adhered to the policy for dealing in the Units for FY 2018.

The Manager makes announcements on SGX-ST in respect of any changes of its unitholdings interest in Suntec REIT within one business day. The Manager will not deal in Units during the period commencing two weeks and one month before the public announcement of Suntec REIT's quarterly and full year results respectively and (where applicable) any property valuations, and ending on the date of announcement of the said information. The Manager confirms that it had complied with Rule 1207(19) of the Listing Manual.

DEALING WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflict of interest issues:

1. the Manager shall be a dedicated manager to Suntec REIT and will not manage any other real estate investment trust which invests in the same type of properties as Suntec REIT;
2. all executive officers will be employed and work exclusively under the Manager and will not hold other executive positions in other firms;
3. all resolutions in writing of the Directors in relation to matters concerning Suntec REIT must be approved by all the Directors;
4. at least half of the Board shall comprise Independent Directors;
5. in respect of matters in which a Director or his associates have an interest, direct or indirect, the interested Director will abstain from voting. In such matters, the quorum must comprise a majority of Independent Directors and must exclude such interested Directors;
6. under the Trust Deed, (i) the Manager and its associates are prohibited from voting at or being part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest and (ii) for so long as ARA Trust Management (Suntec) Limited is the Manager of Suntec REIT and Mr Lim Hwee Chiang, John is a controlling shareholder (as defined in the Listing Manual of the SGX-ST) of ARA Trust Management (Suntec) Limited, Mr Lim Hwee Chiang, John and his associates are prohibited from being part of a quorum or voting at any meeting of Unitholders convened to consider a matter in respect for which Mr Lim Hwee Chiang, John and/or his associates has a material interest; and
7. it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee with an interested person of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be

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obliged to take appropriate action in relation to such agreement. The Directors have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an interested person of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an interested person of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such interested person.

The Directors owe a fiduciary duty to Suntec REIT to act in the best interests of Suntec REIT, in relation to decisions affecting Suntec REIT when they are voting as a member of the Board. In addition, the Directors and executive officers of the Manager are expected to act with integrity at all times. The Manager has established a conflict of interests policy for its employees and major service providers to ensure that any conflict of interests or potential conflict of interests are disclosed and approvals are sought where required.

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

The Manager has established internal control procedures to ensure that all Interested Person Transactions ("IPT") will be undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of Suntec REIT and its Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from independent parties not related to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all IPTs which are entered into by Suntec REIT and the basis thereof, including any quotations from unrelated parties and independent valuations on which they are entered into. The Manager incorporates into its internal audit plan a review of all IPTs entered into by Suntec REIT.

In addition, the following procedures will be undertaken:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of Suntec REIT's latest audited net tangible assets will be subject to review by the Audit Committee at regular intervals;
2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Suntec REIT's latest audited net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager.

The Manager will, in compliance with Rule 905 of the Listing Manual, announce any IPT if such transaction, either individually or when aggregated with other IPTs entered into with the same interested person during the same financial year, is 3.0% or more of Suntec REIT's latest audited net tangible assets; and

3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the value of Suntec REIT's latest audited net tangible assets will be subject to review and approval prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

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Where matters concerning Suntec REIT relate to transactions entered into or to be entered into by the Trustee with an interested person of the Manager and its associates or Suntec REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interest of Suntec REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested person of the Manager or Suntec REIT. If the Trustee is to enter into any agreement with an interested person of the Manager or Suntec REIT, the Trustee will review the terms of such agreement to ensure that compliance with the requirements relating to IPTs in the Property Funds Appendix and/or the Listing Manual (in each case, as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and SGX-ST to apply to real estate investment trusts.

Suntec REIT will announce any IPT in accordance with the Listing Manual if such transactions, by itself or when aggregated with other IPTs entered into with the same interested person during the same financial year, is 3.0% or more of Suntec REIT's latest audited net tangible assets. The aggregate value of all IPTs which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Suntec REIT's annual report for that financial year.

Role of the Audit Committee for Interested Person Transactions and Internal Control Procedures

All IPTs will be subject to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that IPTs are conducted on an arm's length basis and under normal commercial terms and are not prejudicial to Unitholders. Where an interested party is engaged as property management agent or marketing agent for the Trust's properties, the Audit Committee will satisfy itself at least once every two (2) to five (5) years, that the Manager has (i) periodically reviewed the compliance of the agent with the terms of the agreement; and (ii) taken remedial actions where necessary and has documented the reasons for its conclusion.

The Manager maintains a register to record all IPTs (and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into), which are entered into by Suntec REIT. The Manager will incorporate into its internal audit plan a review of all IPTs entered into by Suntec REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix and the Listing Manual have been complied with. The Audit Committee will periodically review all IPTs to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and the Listing Manual. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager will disclose in Suntec REIT's annual reports the aggregate value of IPTs conducted during the relevant financial year.

Material Contracts

There are no material contracts entered into by Suntec REIT or any of its subsidiaries that involve the interests of the CEO, any Director or any controlling Unitholder, except as disclosed in this Annual Report.

REPORT OF THE **TRUSTEE**

HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Suntec Real Estate Investment Trust (the “Trust”) and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA Trust Management (Suntec) Limited (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018 and a tenth supplemental deed dated 23 July 2018) (collectively the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 79 to 147 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited**

Authorised Signatory

Singapore
18 March 2019

STATEMENT BY THE **MANAGER**

In the opinion of the directors of ARA Trust Management (Suntec) Limited, the accompanying financial statements set out on pages 79 to 147, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statements, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") as at 31 December 2018, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

**For and on behalf of the Manager,
ARA Trust Management (Suntec) Limited**

Lim Hwee Chiang, John
Director

Chong Kee Hiong
Director and Chief Executive Officer

Singapore
18 March 2019

INDEPENDENT AUDITORS' REPORT

Unitholders of Suntec Real Estate Investment Trust
(Constituted under a Trust Deed dated 1 November 2004 (as amended) in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries ("the Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2018, and the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 79 to 147.

In our opinion, the accompanying consolidated financial statements of the Group and the Statement of Financial Position, Portfolio Statement, Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2018 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Note 5 to the financial statements)

Risk:

As at 31 December 2018, the Group has interests in six investment properties, including four properties held through interests in joint arrangements (collectively "investment properties").

The Group has engaged independent external valuers to perform independent valuations for each of the investment properties. The valuation process involves significant judgement in determining the appropriate valuation methodology and in estimating the underlying assumptions to be applied. Key underlying assumptions include price per square foot, projected cash flows, growth rates, discount rates, terminal yield and capitalisation rates.

Our response:

We evaluated the qualification and competence of the external valuers and held discussions with the valuers to understand their valuation methods and assumption used, where appropriate.

We compared the valuation methodologies used against those used in the past and those applied by other valuers for similar property types.

INDEPENDENT AUDITORS' REPORT

Unitholders of Suntec Real Estate Investment Trust
(Constituted under a Trust Deed dated 1 November 2004 (as amended) in the Republic of Singapore)

For the underlying assumptions, we tested the integrity of the projected cash flows used in the valuation to supporting leases and other documents. When a growth rate is assumed in the projected cash flows, we assessed the reasonableness by comparing against historical trend and available industry data. We also assessed the price per square foot, discount rates, terminal yields and capitalisation rates, against historical trends and available industry data, taking into consideration comparability and market factors.

Our findings:

The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used are comparable to methods used in the prior years and those used for similar property types. The key assumptions used are comparable to the historical trends and within the range of available industry data.

Other information

ARA Trust Management (Suntec) Limited, the Manager of the Trust (the "Manager") is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report. We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITORS' REPORT

Unitholders of Suntec Real Estate Investment Trust

(Constituted under a Trust Deed dated 1 November 2004 (as amended) in the Republic of Singapore)

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

18 March 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current assets					
Plant and equipment	4	1,860	2,109	231	382
Investment properties	5	6,493,964	6,387,338	5,110,000	5,011,000
Interests in joint ventures	6	2,855,238	2,660,234	1,466,196	1,463,696
Interests in subsidiaries	7	–	–	1,539,802	1,367,549
Derivative assets	10	573	803	573	170
		<u>9,351,635</u>	<u>9,050,484</u>	<u>8,116,802</u>	<u>7,842,797</u>
Current assets					
Derivative assets	10	943	243	943	243
Trade and other receivables	8	23,168	18,232	16,220	13,413
Cash and cash equivalents	11	136,657	172,655	96,432	120,801
		<u>160,768</u>	<u>191,130</u>	<u>113,595</u>	<u>134,457</u>
Total assets		<u>9,512,403</u>	<u>9,241,614</u>	<u>8,230,397</u>	<u>7,977,254</u>
Current liabilities					
Interest-bearing borrowings	12	513,770	237,004	513,770	237,004
Trade and other payables	13	112,749	108,889	54,844	56,395
Derivative liabilities	10	3,408	456	3,408	456
Security deposits		19,744	25,387	17,107	23,211
		<u>649,671</u>	<u>371,736</u>	<u>589,129</u>	<u>317,066</u>
Non-current liabilities					
Interest-bearing borrowings	12	2,978,075	2,993,867	2,613,884	2,628,756
Security deposits		49,133	39,899	46,352	37,079
Derivative liabilities	10	27,397	40,141	26,474	40,141
Deferred tax liabilities	9	40,021	28,996	–	–
		<u>3,094,626</u>	<u>3,102,903</u>	<u>2,686,710</u>	<u>2,705,976</u>
Total liabilities		<u>3,744,297</u>	<u>3,474,639</u>	<u>3,275,839</u>	<u>3,023,042</u>
Net assets		<u>5,768,106</u>	<u>5,766,975</u>	<u>4,954,558</u>	<u>4,954,212</u>
Represented by:					
Unitholders' funds		5,636,523	5,639,074	4,954,558	4,954,212
Non-controlling interests	16	131,583	127,901	–	–
		<u>5,768,106</u>	<u>5,766,975</u>	<u>4,954,558</u>	<u>4,954,212</u>
Units in issue ('000)	17	2,670,633	2,652,436	2,670,633	2,652,436
Net asset value per Unit (\$)	18	2.103	2.119	1.848	1.862

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

year ended 31 December 2018

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Gross revenue	19	363,504	354,196	341,773	344,106
Property expenses	20	(121,995)	(107,826)	(61,095)	(53,187)
Impairment loss on trade receivables		(532)	(1,913)	(526)	(1,883)
Net property income		240,977	244,457	280,152	289,036
Share of profit of joint ventures	6	108,488	80,340	–	–
Finance income	21	24,929	21,084	24,788	20,072
Finance costs	21	(97,118)	(96,692)	(127,177)	(88,733)
Net finance costs		(72,189)	(75,608)	(102,389)	(68,661)
Asset management fees	22				
- base fee		(32,826)	(32,117)	(29,237)	(28,578)
- performance fee		(14,978)	(15,198)	(14,978)	(15,198)
Professional fees		(688)	(691)	(292)	(492)
Trustee's fees		(1,628)	(1,480)	(1,508)	(1,480)
Audit fees		(470)	(420)	(355)	(331)
Valuation fees		(141)	(142)	(94)	(90)
Other expenses	23	(952)	(955)	(863)	(792)
Net income		225,593	198,186	130,436	173,414
Net change in fair value of financial derivatives		5,328	(5,506)	6,251	(5,506)
Net change in fair value of investment properties	5	100,215	54,624	94,870	1,652
Total return for the year before tax		331,136	247,304	231,557	169,560
Tax expense	24	(12,973)	(18,290)	(423)	(135)
Total return for the year after tax		318,163	229,014	231,134	169,425
Attributable to:					
Unitholders of the Trust		307,177	220,298	231,134	169,425
Non-controlling interests	16	10,986	8,716	–	–
		318,163	229,014	231,134	169,425
Earnings per Unit (cents)					
Basic	25	11.522	8.444	8.670	6.494
Diluted	25	10.629	8.402	7.971	6.462

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

year ended 31 December 2018

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Amount available for distribution to Unitholders at the beginning of the year	69,036	65,911	69,036	65,911
Total return attributable to Unitholders	307,177	220,298	231,134	169,425
Net tax adjustments (Note A)	(187,498)	(95,399)	(3,323)	64,592
Taxable income	119,679	124,899	227,811	234,017
Add:				
- Tax exempt dividend income (Note B)	108,132	109,118	–	–
- Others (Note C)	39,000	29,000	39,000	29,000
Amount available for distribution to Unitholders	335,847	328,928	335,847	328,928
Distributions to Unitholders:				
Distribution of 2.604 cents per Unit for period from 1/10/2017 to 31/12/2017	(69,292)	–	(69,292)	–
Distribution of 2.433 cents per Unit for period from 1/1/2018 to 31/3/2018	(64,817)	–	(64,817)	–
Distribution of 2.474 cents per Unit for period from 1/4/2018 to 30/6/2018	(65,993)	–	(65,993)	–
Distribution of 2.491 cents per Unit for period from 1/7/2018 to 30/9/2018	(66,525)	–	(66,525)	–
Distribution of 2.596 cents per Unit for period from 1/10/2016 to 31/12/2016	–	(66,132)	–	(66,132)
Distribution of 2.425 cents per Unit for period from 1/1/2017 to 31/3/2017	–	(61,852)	–	(61,852)
Distribution of 2.493 cents per Unit for period from 1/4/2017 to 30/6/2017	–	(66,048)	–	(66,048)
Distribution of 2.483 cents per Unit for period from 1/7/2017 to 30/9/2017	–	(65,860)	–	(65,860)
	(266,627)	(259,892)	(266,627)	(259,892)
Income available for distribution to Unitholders at end of the year	69,220	69,036	69,220	69,036
Distribution per Unit (cents) *	9.988	10.005	9.988	10.005

* The distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution for the last quarter of the financial year will be paid subsequent to the reporting date.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

year ended 31 December 2018

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note A				
Net tax adjustments comprise:				
- Amortisation of transaction costs	8,394	20,276	8,394	20,276
- Asset management fees paid/payable in Units	35,371	35,022	35,371	35,022
- Net profit from subsidiaries and joint ventures	(149,975)	(120,954)	–	–
- Trustee's fees	1,628	1,480	1,508	1,480
- Net change in fair value of investment properties	(100,215)	(54,624)	(94,870)	(1,652)
- Net foreign currency exchange differences	1,312	36	39,359	1,271
- Net change in fair value of financial derivatives	(5,467)	5,404	(6,113)	5,404
- Deferred tax	11,025	15,974	–	–
- Other items (Note D)	10,429	1,987	13,028	2,791
Net tax adjustments	(187,498)	(95,399)	(3,323)	64,592

Note B

This relates to the dividend income received from Comina Investment Limited, Suntec Harmony Pte. Ltd. and Suntec REIT Capital Pte. Ltd. and distributions of profits from Suntec REIT (Australia) Trust and BFC Development LLP ("BFCDD LLP").

Note C

This relates to a portion of the sales proceeds from disposal of an investment property in December 2015.

Note D

This mainly relates to non-tax deductible expenses and rollover adjustments after finalisation of prior year adjustments.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

year ended 31 December 2018

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at the beginning of the year	5,639,074	5,468,935	4,954,212	4,835,536
Total return for the year after tax attributable to Unitholders of the Trust	307,177	220,298	231,134	169,425
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges ⁽¹⁾	1,248	861	–	–
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(80,188)	(271)	–	–
Net (loss)/gain recognised directly in Unitholders' funds	(78,940)	590	–	–
Unitholders' transactions				
Creation of Units:				
- conversion of convertible bonds	500	174,155	500	174,155
- asset management fees paid/payable in Units	17,405	17,051	17,405	17,051
Units to be issued:				
- asset management fees payable in Units	17,966	17,971	17,966	17,971
Unit issue expenses	(32)	(34)	(32)	(34)
Distributions to Unitholders	(266,627)	(259,892)	(266,627)	(259,892)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(230,788)	(50,749)	(230,788)	(50,749)
Unitholders' funds at end of the year	5,636,523	5,639,074	4,954,558	4,954,212

⁽¹⁾ 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.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

as at 31 December 2018

Group	Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate		Carrying Value		Percentage of Unitholders' funds	
							2018 %	2017 %	2018 \$'000	2017 \$'000	2018 %	2017 %
Investment properties in Singapore												
	Suntec City Mall	Leasehold	99 years	70 years	3 Temasek Boulevard	Commercial	99.6	99.0	2,060,000	2,003,000	36.5	35.5
	Suntec City Office Towers	Leasehold	99 years	70 years	5 - 9 Temasek Boulevard	Commercial	98.6	99.5	3,050,000	3,008,000	54.1	53.3
	Suntec Singapore^	Leasehold	99 years	70 years	1 Raffles Boulevard	Commercial	n/m	n/m	711,000	700,000	12.6	12.4
Investment properties in Australia												
	177 Pacific Highway	Freehold	-	-	177 – 199 Pacific Highway, North Sydney	Commercial	100.0	100.0	561,542	605,578	10.0	10.7
	Olderfleet, 477 Collins Street	Freehold	-	-	477 Collins Street, Melbourne	Under development	n/m	n/m	111,422	70,760	2.0	1.3
Investment properties, at valuation												
Interests in joint ventures (note 6)												
Other assets and liabilities (net)												
Net assets												
Non-controlling interests												
Unitholders' funds												
									6,493,964	6,387,338	115.2	113.2
									2,855,238	2,660,234	50.6	47.2
									9,349,202	9,047,572	165.8	160.4
									(3,581,096)	(3,280,597)	(63.5)	(58.2)
									5,768,106	5,766,975	102.3	102.2
									(131,583)	(127,901)	(2.3)	(2.2)
									5,636,523	5,639,074	100.0	100.0

^

denotes Suntec Singapore Convention and Exhibition Centre.

n/m

denotes not meaningful.

^ denotes Suntec Singapore Convention and Exhibition Centre.

n/m denotes not meaningful.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

as at 31 December 2018

Trust	Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate		Carrying Value		Percentage of Unitholders' funds	
							2018	2017	2018	2017	2018	2017
							%	%	\$'000	\$'000	%	%
Investment properties in Singapore												
Suntec City Mall	Leasehold	99 years	70 years	3 Temasek Boulevard	Commercial	99.6	99.0	2,060,000	2,003,000	41.6	40.4	
Suntec City Office Towers	Leasehold	99 years	70 years	5 - 9 Temasek Boulevard	Commercial	98.6	99.5	3,050,000	3,008,000	61.5	60.7	
Investment properties, at valuation												
Interests in joint ventures (note 6)												
Interests in subsidiaries (note 7)												
Other assets and liabilities (net)												
Unitholders' funds												

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

as at 31 December 2018

Note:

Suntec City Office Towers comprise 15 strata lots in Suntec City Office Tower One, 10 strata lots in Suntec City Office Tower Two, 76 strata lots in Suntec City Office Tower Three and all the strata lots in Suntec City Office Towers Four and Five.

Suntec Singapore comprises more than one million square feet of versatile floor space over six levels which includes approximately 142,000 square feet of retail space.

177 Pacific Highway is a 31-storey commercial building located in North Sydney, Australia.

Olderfleet, 477 Collins Street is a proposed 40-storey office building located in Melbourne, Australia. It is currently under development and is scheduled to be completed by mid 2020.

The carrying amounts of the investment properties as at 31 December 2018 were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Jones Lang LaSalle Advisory Services Pty Ltd and CIVAS (VIC) Pty Limited (31 December 2017: Savills Valuation and Professional Services (S) Pte Ltd, Savills Valuations Pty Ltd and Jones Lang LaSalle Advisory Services Pty Ltd). The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on the discounted cash flow method, capitalisation approach and direct comparison method.

Description of property	Valuation	
	2018 \$'000	2017 \$'000
Suntec City Mall	2,060,000	2,003,000
Suntec City Office Towers	3,050,000	3,008,000
Suntec Singapore	711,000	700,000
177 Pacific Highway	561,542	605,578
Olderfleet, 477 Collins Street*	400,038	432,436

* For Olderfleet, 477 Collins Street, the carrying amount of the investment property under development of \$111,422,000 (2017 : \$70,760,000) is derived based on valuation amount less estimated costs to complete.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

year ended 31 December 2018

	Group	
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Net income	225,593	198,186
Adjustments for:		
Impairment loss on trade receivables	532	1,913
Bad debts recovered	(11)	(12)
Asset management fees paid/payable in Units	35,371	35,022
Depreciation of plant and equipment	1,056	1,189
Loss on disposal of plant and equipment	9	15
Net finance costs	72,189	75,608
Share of profit of joint ventures	(108,488)	(80,340)
	<u>226,251</u>	<u>231,581</u>
Changes in:		
- Trade and other receivables	(5,020)	(7,887)
- Trade and other payables	(11,802)	2,434
Cash generated from operations	<u>209,429</u>	<u>226,128</u>
Tax refund/(paid)	920	(1)
Net cash from operating activities	<u>210,349</u>	<u>226,127</u>
Cash flows from investing activities		
Capital expenditure on investment properties	(5,830)	(7,986)
Acquisition of investment properties	–	(53,093)
Progress payments on construction	(41,576)	(16,292)
Dividend income received	65,123	71,781
Change in investment in joint ventures	(174,854)	(5,128)
Change in loans to joint ventures	(2,500)	(2,200)
Proceeds from disposal of plant and equipment	3	–
Interest received	23,851	20,171
Purchase of plant and equipment	(819)	(1,029)
Net cash (used in)/from investing activities	<u>(136,602)</u>	<u>6,224</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

year ended 31 December 2018

	Note	Group	
		2018 \$'000	2017 \$'000
Cash flows from financing activities			
Distributions to Unitholders		(266,636)	(257,184)
Dividends paid to non-controlling interests		(7,056)	(5,880)
Financing costs paid		(94,552)	(82,348)
Proceeds from convertible bonds		–	300,000
Repayment of convertible bonds		–	(45,500)
Proceeds from euro medium term notes		330,000	200,000
Repayment of euro medium term notes		(105,000)	–
Proceeds from interest-bearing loans		923,536	600,000
Unit issue costs paid		(32)	(34)
Repayment of interest-bearing loans		(888,342)	(951,200)
Net cash used in financing activities		(108,082)	(242,146)
Net decrease in cash and cash equivalents		(34,335)	(9,795)
Cash and cash equivalents at beginning of the year		172,655	182,450
Effects of exchange rate fluctuations on cash held		(1,663)	–
Cash and cash equivalents at the end of the year	11	136,657	172,655

Significant non-cash transactions

The Group and the Trust had issued or will be issuing a total of 19,443,129 (2017: 17,713,987) Units to the Manager, amounting to approximately \$35,371,000 (2017: \$35,022,000) at unit prices ranging from \$1.7075 to \$1.9058 (2017: \$1.7772 to \$2.1354) as satisfaction of asset management fees payable in Units in respect of the year ended 31 December 2018 (2017: 31 December 2017).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 18 March 2019.

1 GENERAL

Suntec Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018 and a tenth supplemental deed dated 23 July 2018) (collectively the "Trust Deed") between ARA Trust Management (Suntec) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of Units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 9 December 2004 and was included in the Central Provident Fund Investment Scheme ("CPFIS") on 9 December 2004.

The principal activity of the Trust and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

The financial statements of the Trust as at and for the year ended 31 December 2018 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(i) Property management fees

APM Property Management Pte Ltd ("APM"), the property manager of Suntec City Mall and Suntec City Office Towers is entitled to receive 3.0% per annum of gross revenue for provision of lease management services, marketing and marketing co-ordination services and property management services. In addition, where the aggregate of all (1) licence fees; (2) media sales; and (3) other advertising and promotion income derived from Suntec City Mall for each financial year exceeds \$5,520,000, APM is entitled to receive a commission of 10.0% of the said licence fees, media sales and other advertising and promotion income which exceeds \$5,520,000 for each financial year.

Suntec Singapore International Convention and Exhibition Services Pte Ltd, the operator of Suntec Singapore Convention and Exhibition Centre, is entitled to receive 3.0% per annum of gross revenue for operations, sales and marketing services for conventions, exhibitions, meetings and events facilities.

CBRE Pty Ltd ("CBRE"), the building manager of 177 Pacific Highway, is entitled to receive an agreed annual fee for the provision of property management, real estate accounting and technical services.

The property management fees are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(ii) Asset management fees

Pursuant to the Trust Deed, asset management fees comprise the following:

- (a) a base fee not exceeding 0.3% per annum of the value of the Deposited Property (being all the assets of the Trust (including all its Authorised Investments) as defined in the Trust Deed) of the Trust or such higher percentage as may be approved by an extraordinary resolution of a meeting of Unitholders; and
- (b) an annual performance fee equal to a rate of 4.5% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) for each financial year, or such lower percentage as may be determined by the Manager in its absolute discretion or such higher percentage as may be approved by an extraordinary resolution at a meeting of Unitholders.

Based on the current agreement between the Manager and the Trustee, the base fee is agreed to be 0.3% per annum of the value of the Deposited Property.

The asset management fees shall be paid in the form of Units and/or cash as the Manager may elect. The portion of the base fees payable in the form of Units is payable quarterly in arrears and the portion of the asset management fees payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in form of cash and/or Units.

The Manager is also entitled to receive an acquisition fee at the rate of 1.0% of the acquisition price and a divestment fee of 0.5% of the sales price on all future acquisitions and disposals of properties.

(iii) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.25% per annum of the value of the Deposited Property (subject to a minimum sum of \$9,000 per month) or such higher percentage as may be approved by an extraordinary resolution of a meeting of Unitholders.

The Trustee's fee is payable out of the Deposited Property of the Trust on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of all reasonable out-of-pocket expenses incurred in the performance of its duties under the Trust Deed.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

These financial statements are prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- note 5 – Valuation of investment properties
- note 15 – Valuation of financial instruments

2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Manager has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values; and reports directly to the Chief Executive Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations, broker quotes or pricing services, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuation should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- note 5 – Valuation of investment properties
- note 15 – Valuation of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.6 Changes in accounting policies

The Group has applied the recognition and measurement principles of the following FRSs, amendments to and interpretations of FRS for the first time for the period beginning on 1 January 2018.

- FRS 115 *Revenue from Contracts with Customers*
- FRS 109 *Financial Instruments*

The application of the above standards do not have a material effect on the financial statements.

FRS 109 Financial Instruments

(i) Classification and measurement of financial assets and financial liabilities

Under FRS 109, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 *Financial Instruments: Recognition and Measurement* categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and financial liabilities and related gains and losses under the FRS 109, see note 3.5.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 of each class of the Group's and the Trust's financial assets and financial liabilities as at 1 January 2018.

			1 January 2018	
	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 \$'000	New carrying amount under FRS 109 \$'000
Group				
Financial assets				
Forward exchange contracts	Designated as at FVTPL	Mandatorily at FVTPL	211	211
Interest rate swaps				
- Designated as hedging instrument	Fair value – hedging instrument	Fair value – hedging instrument	633	633
- At FVTPL	Designated as at FVTPL	Mandatorily at FVTPL	202	202
Trade and other receivables ¹	Loans and receivables	Amortised cost	13,618	13,618
Cash and cash equivalents	Loans and receivables	Amortised cost	172,655	172,655
Total financial assets			187,319	187,319

¹ Excludes prepayments.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.6 Changes in accounting policies (cont'd)

(i) Classification and measurement of financial assets and financial liabilities (cont'd)

			1 January 2018	
	Original	New	Original	New
	classification	classification	carrying	carrying
	under FRS 39	under FRS109	amount	amount
			under	under
			FRS 39	FRS 109
			\$'000	\$'000
Group				
Financial liabilities				
Interest-bearing borrowings	Other financial liabilities	Other financial liabilities	(3,230,871)	(3,230,871)
Trade and other payables ²	Other financial liabilities	Other financial liabilities	(79,736)	(79,736)
Derivative liabilities	Designated as at FVTPL	Mandatorily at FVTPL	(40,597)	(40,597)
Security deposit	Other financial liabilities	Other financial liabilities	(65,286)	(65,286)
Total financial liabilities			(3,416,490)	(3,416,490)
Trust				
Financial assets				
Derivative assets	Designated as at FVTPL	Mandatorily at FVTPL	413	413
Trade and other receivables ¹	Loans and receivables	Amortised cost	10,828	10,828
Cash and cash equivalents	Loans and receivables	Amortised cost	120,801	120,801
Total financial assets			132,042	132,042
Financial liabilities				
Interest-bearing borrowings	Other financial liabilities	Other financial liabilities	(2,865,760)	(2,865,760)
Trade and other payables ²	Other financial liabilities	Other financial liabilities	(47,129)	(47,129)
Derivative liabilities	Designated as at FVTPL	Mandatorily at FVTPL	(40,597)	(40,597)
Security deposit	Other financial liabilities	Other financial liabilities	(60,290)	(60,290)
Total financial liabilities			(3,013,776)	(3,013,776)

¹ Excludes prepayments.

² Excludes deferred income.

(ii) Impairment

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' model.

The Group applies the simplified approach and records lifetime expected credit loss on all trade receivables (see note 3.6). The change in the impairment loss amount was negligible.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, except as explained in note 2.6, which addresses changes in accounting policies.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests ("NCI") in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

As at 31 December 2018, the Group is a 50% partner with Mirvac Commercial Sub SPV Ltd in 477 Collins Street Joint Venture (the "477 Collins Street Joint Venture"), whose principal activity is that of a property investment and the place of business is Australia. The Group has classified the 477 Collins Street Joint Venture as a joint operation as the joint venture partners control the 477 Collins Street Joint Venture collectively, and the 477 Collins Street Joint Venture is not structured through a separate legal vehicle.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries and joint ventures are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised and presented in the foreign currency translation reserve (translation reserve) in Unitholders' funds. However, if the foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its interest in joint venture that includes a foreign operation while retaining joint control, the relevant interest in proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised and presented in the translation reserve in Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The gain or loss arising from the retirement or disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	5 years
Equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS; and
- where the Manager proposes to issue new Units for subscription or to redeem existing Units unless the investment properties have been valued not more than 6 months ago.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Property that is being constructed for future use as investment property is accounted for at fair value.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets : Classification, subsequent measurement and gains and losses – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents and trade and other receivables excluding prepayments.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified in the measured at amortised cost category and comprise interest-bearing borrowings, security deposits, and trade and other payables.

These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. The effective portion of changes in the fair value of the derivative that is recognised in the hedging reserve in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' funds until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. For all cash flow hedges, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

(vii) Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(viii) Convertible bonds

The convertible bonds comprise a liability for the principal and interest and a derivative liability. The liability component of the convertible bonds is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The derivative liability is recognised initially at the difference between the fair value of the convertible bonds as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability component and derivative liability in proportion to their initial carrying amounts.

Subsequent to initial recognition, the convertible bonds are measured at amortised cost using the effective interest method. The separated derivative liability is measured at FVTPL.

3.6 Impairment

Non-derivative financial assets – Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets – Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including interests in joint ventures, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor would enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Joint ventures

An impairment loss in respect of joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods in respect of assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against Unitholders' funds.

3.8 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Dividend income

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Expenses

Property expenses

Property expenses consist of advertising and promotion expenses, property tax, property management fees (using the applicable formula stipulated in note 1(i)), maintenance charges and other property outgoings in relation to investment properties where such expenses are the responsibility of the Group.

Asset management fees

Asset management fees are recognised on an accrual basis using the applicable formula stipulated in note 1(ii).

Trustee's fee

Trustee's fee is recognised on an accrual basis using the applicable formula stipulated in note 1(iii).

3.10 Finance income and finance costs

Finance income comprises interest income on funds invested and net foreign exchange gains that are recognised in profit or loss.

Finance costs comprise interest expense on borrowings, amortisation of transaction costs incurred on borrowings and net foreign exchange losses that are recognised in profit or loss.

Foreign exchange gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign exchange movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and for differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity; or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits, against which the temporary differences can be utilised, will be available. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Trustee will not be taxed on the portion of taxable income of the Trust that is distributed to Unitholders. Any portion of the taxable income that is not distributed to Unitholders will be taxed on the Trustee. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax (cont'd)

Although the Trust is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax from distributions of such taxable income of the Trust (i.e. which has not been taxed in the hands of the Trustee) to certain Unitholders. However, the Trustee and the Manager will not deduct tax from distributions made out of the Trust's taxable income to the extent that the beneficial Unitholder is:

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- A body of persons registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club or a trade and industry association);
- A Singapore branch of a foreign company which has been presented a letter of approval from the Comptroller of Income Tax granting waiver from tax deducted at source in respect of distributions from the Trust;
- An agent bank acting as a nominee for individuals who have purchased Units within the CPFIS and the distributions received from the Trust are returned to CPFIS; or
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

The above tax transparency ruling does not apply to gains from sale of properties. Where the gains are trading gains, the Trustee will be assessed for tax. Where the gains are capital gains, the Trustee will not be assessed for tax and may distribute the capital gains without tax being deducted at source.

3.12 Earnings per unit

Basic earning per unit is calculated by dividing the total return for the year after tax attributable to Unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to Unitholders of the Trust and the weighted average number of units outstanding, adjusted for the effects of all dilutive potential units.

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the chief operating decision maker), to make decisions about resources to be allocated to the segment and to assess the segment's performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

4 PLANT AND EQUIPMENT

Group	Furniture and fittings \$'000	Equipment \$'000	Total \$'000
Cost			
At 1 January 2017	4,853	2,056	6,909
Additions	735	294	1,029
Disposals	(25)	(33)	(58)
At 31 December 2017	5,563	2,317	7,880
Additions	605	214	819
Disposals	(147)	(130)	(277)
At 31 December 2018	6,021	2,401	8,422
Accumulated depreciation			
At 1 January 2017	3,292	1,333	4,625
Depreciation charge for the year	789	400	1,189
Disposals	(21)	(22)	(43)
At 31 December 2017	4,060	1,711	5,771
Depreciation charge for the year	706	350	1,056
Disposals	(140)	(125)	(265)
At 31 December 2018	4,626	1,936	6,562
Carrying amounts			
At 1 January 2017	1,561	723	2,284
At 31 December 2017	1,503	606	2,109
At 31 December 2018	1,395	465	1,860
Trust		Equipment \$'000	
Cost			
At 1 January 2017		1,148	
Additions		214	
At 31 December 2017		1,362	
Additions		38	
At 31 December 2018		1,400	
Accumulated depreciation			
At 1 January 2017		765	
Depreciation charge for the year		215	
At 31 December 2017		980	
Depreciation charge for the year		189	
At 31 December 2018		1,169	
Carrying amounts			
At 1 January 2017		383	
At 31 December 2017		382	
At 31 December 2018		231	

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTIES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 January	6,387,338	6,247,771	5,011,000	5,008,300
Acquisitions	–	53,093	–	–
Capital expenditure capitalised	62,808	32,893	4,130	1,048
	6,450,146	6,333,757	5,015,130	5,009,348
Changes in fair value	100,215	54,624	94,870	1,652
Effects of movements in exchange rates	(56,397)	(1,043)	–	–
At 31 December	6,493,964	6,387,338	5,110,000	5,011,000

Measurement of fair value

The fair value of investment properties is determined by external independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. Valuations of the investment properties are carried out at least once a year.

The valuers have considered valuation techniques including the discounted cash flow method, capitalisation approach and direct comparison method. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors.

Fair value hierarchy

The fair value measurement for investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate	6.25% - 6.50% (2017: 6.50%)	The estimated fair value would increase if the discount rate and terminal yield were lower.
	Terminal yield	4.15% - 6.50% (2017: 4.25% - 6.50%)	
Capitalisation approach	Capitalisation rate	3.50% - 6.25% (2017: 4.00% - 6.25%)	The estimated fair value would increase if the capitalisation rate was lower.
Direct comparison method	Price per square foot	\$461 - \$2,423 (2017: \$443 - \$2,341)	The estimated fair value would increase if the price per square foot was higher.

Security

The investment property, Suntec Singapore (2017: Suntec Singapore), with a total carrying value of \$711,000,000 (2017: \$700,000,000), has been mortgaged as security for a credit facility granted to a subsidiary (note 12).

NOTES TO THE FINANCIAL STATEMENTS

6 INTERESTS IN JOINT VENTURES

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Investment in joint ventures	2,239,616	2,047,112	850,574	850,574
Loans to joint ventures	615,622	613,122	615,622	613,122
	2,855,238	2,660,234	1,466,196	1,463,696

The loans bear interest between 3.37% to 5.16% (2017: 2.39% to 4.54%) per annum and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Effective interests held by the Group	
		2018 %	2017 %
One Raffles Quay Pte. Ltd. ("ORQPL") ⁽¹⁾	Singapore	33.33	33.33
BFC Development LLP ("BFCDLLP") ⁽¹⁾	Singapore	33.33	33.33
Park Mall Investment Limited ("PMIL") ⁽²⁾	British Virgin Islands	30.0	30.0
Southgate Trust ("SGT") ⁽³⁾	Australia	50.0	50.0
<i>Held by joint ventures</i>			
<i>Held by PMIL</i>			
Park Mall Holdings Limited ⁽²⁾	British Virgin Islands	30.0	30.0
<i>Held by Park Mall Holdings Limited</i>			
Park Mall Pte. Ltd. ⁽⁴⁾	Singapore	30.0	30.0

One Raffles Quay Pte. Ltd. owns One Raffles Quay, Singapore.

BFC Development LLP owns Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, Singapore.

Park Mall Pte. Ltd. owns a commercial property under development located at 9 Penang Road, Singapore.

Suntec REIT (Australia) Trust owns 50% interest in Southgate Trust which in turn, owns 100% (2017: 50%) in Southgate Complex, Melbourne, Australia.

(1) Audited by Ernst & Young LLP. The Manager's Board of Directors and Audit Committee are satisfied that the appointment will not compromise the standard and effectiveness of the audit.

(2) Not required to be audited under the laws of the country in which it was incorporated.

(3) For consolidation purposes, this entity has been audited by a member of KPMG International.

(4) Audited by KPMG LLP Singapore.

NOTES TO THE FINANCIAL STATEMENTS

6 INTERESTS IN JOINT VENTURES (CONT'D)

The following summarises the financial information of the Group's material joint ventures based on their financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	ORQPL \$'000	BFCDLLP \$'000	PMIL \$'000	SGT \$'000	Total \$'000
2018					
Revenue	150,500	212,866	–	48,279	411,645
Expenses	(82,767)	(115,003)	(746)	(20,852)	(219,368)
Net change in fair value of investment properties	4,000	7,000	–	72,266	83,266
Total return for the year^(a)	71,733	104,863	(746)	99,693	275,543
^(a) Includes:					
- Depreciation	(9)	(32)	–	–	(41)
- Interest income	216	270	–	108	594
- Interest expense	(33,186)	(62,857)	–	–	(96,043)
- Tax (expense)/refund	(14,012)	–	316	–	(13,696)
Non-current assets	1,693,878	5,076,554	636,322	700,083	8,106,837
Current assets ^(b)	1,502,165	7,347	7,093	22,597	1,539,202
Current liabilities ^(c)	(49,098)	(33,047)	(12,119)	(21,002)	(115,266)
Non-current liabilities ^(d)	(1,048,670)	(1,700,466)	(399,626)	–	(3,148,762)
Net assets	2,098,275	3,350,388	231,670	701,678	6,382,011
^(b) Includes cash and cash equivalents	9,352	18,755	5,587	18,883	52,577
^(c) Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	8,741	8,741
^(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,043,107	1,704,527	399,626	–	3,147,260
Group's interest in net assets of joint ventures at the beginning of the year	696,438	1,114,449	61,483	174,742	2,047,112
Share of total return	23,911	34,954	(223)	49,846	108,488
Distributions for the year	(22,552)	(32,608)	–	(13,395)	(68,555)
Gain/(Loss) recognised directly in Unitholders' funds	1,632	–	–	(23,915)	(22,283)
Capital injection	–	–	8,241	166,613	174,854
Carrying amount of interest in joint ventures at the end of the year	699,429	1,116,795	69,501	353,891	2,239,616

NOTES TO THE FINANCIAL STATEMENTS

6 INTERESTS IN JOINT VENTURES (CONT'D)

	ORQPL \$'000	BFCDLLP \$'000	PMIL \$'000	SGT \$'000	Total \$'000
2017					
Revenue	162,691	207,197	20	28,902	398,810
Expenses	(82,236)	(99,363)	(867)	(10,592)	(193,058)
Net change in fair value of investment properties	1,800	–	–	16,152	17,952
Total return for the year^(a)	82,255	107,834	(847)	34,462	223,704
^(a) Includes:					
- Depreciation	(21)	(39)	–	–	(60)
- Interest income	100	144	–	62	306
- Interest expense	(29,742)	(53,020)	–	–	(82,762)
- Tax (expense)/refund	(16,453)	–	220	–	(16,233)
Non-current assets	1,689,306	5,069,126	578,181	347,833	7,684,446
Current assets ^(b)	1,500,603	191	3,909	5,290	1,509,993
Current liabilities ^(c)	(55,360)	(25,502)	(5,600)	(6,819)	(93,281)
Non-current liabilities ^(d)	(1,045,247)	(1,700,466)	(371,555)	–	(3,117,268)
Net assets	2,089,302	3,343,349	204,935	346,304	5,983,890
^(b) Includes cash and cash equivalents	9,130	7,201	3,125	2,911	22,367
^(c) Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	273	273
^(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,039,604	1,704,527	371,555	–	3,115,686
Group's interest in net assets of joint ventures at the beginning of the year	696,128	1,114,444	18,377	161,337	1,990,286
Share of total return	27,418	35,945	(254)	17,231	80,340
Distributions for the year	(26,826)	(35,940)	–	(7,449)	(70,215)
(Loss)/Gain recognised directly in Unitholders' funds	(282)	–	–	159	(123)
Capital injection	–	–	1,664	3,464	5,128
Conversion of loan to investment	–	–	41,696	–	41,696
Carrying amount of interest in joint ventures at the end of the year	696,438	1,114,449	61,483	174,742	2,047,112

NOTES TO THE FINANCIAL STATEMENTS

7 INTERESTS IN SUBSIDIARIES

	Trust	
	2018 \$'000	2017 \$'000
Equity investment at cost	914,067	829,549
Loans to subsidiaries	625,735	538,000
	<u>1,539,802</u>	<u>1,367,549</u>

The loans are unsecured, interest-free and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interests held by the Group	
		2018 %	2017 %

Held by the Trust

Comina Investment Limited. ⁽²⁾	British Virgin Islands	100.0	100.0
Suntec Harmony Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0
Suntec REIT MTN Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0
Suntec REIT Capital Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0
Suntec REIT (Australia) Trust ⁽²⁾	Australia	100.0	100.0
Suntec (PM) Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0

Held through subsidiaries

Held by Suntec Harmony Pte. Ltd.

Harmony Partners Investments Limited ⁽²⁾	British Virgin Islands	51.0	51.0
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Held by Harmony Partners Investments Limited

Harmony Investors Group Limited ⁽²⁾	British Virgin Islands	60.8	60.8
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Held by Harmony Investors Group Limited

Harmony Investors Holding Limited ⁽²⁾	British Virgin Islands	60.8	60.8
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Held by Harmony Investors Holding Limited

Harmony Convention Holding Pte Ltd ⁽¹⁾	Singapore	60.8	60.8
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Held by Suntec REIT (Australia) Trust

Suntec REIT 177 Trust ⁽³⁾	Australia	100.0	100.0
Suntec Southgate Trust ⁽²⁾	Australia	100.0	100.0
Suntec REIT 477 Trust ⁽²⁾	Australia	100.0	100.0

Harmony Convention Holding Pte Ltd owns Suntec Singapore, Singapore.

Suntec REIT 177 Trust owns 177 – 199 Pacific Highway, North Sydney.

Suntec REIT 477 Trust owns 50% interest in Olderfleet, 477 Collins Street, Melbourne.

⁽¹⁾ Audited by KPMG LLP Singapore.

⁽²⁾ Not required to be audited under the laws of the country in which it is incorporated.

⁽³⁾ For consolidation purposes, this entity has been audited by a member of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

8 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade receivables	15,490	16,534	6,408	6,939
Impairment losses	(3,567)	(3,175)	(3,546)	(3,122)
Net receivables	11,923	13,359	2,862	3,817
Deposits	12	11	–	–
Amounts due from subsidiaries:				
- Non-trade	–	–	8,762	6,969
Other receivables	5,646	248	377	42
Prepayments	5,587	4,614	4,219	2,585
	23,168	18,232	16,220	13,413

The trade receivables in respect of Suntec Singapore (2017: Suntec Singapore), amounting to \$9,075,000 (2017: \$9,504,000) are charged or assigned by way of security for a credit facility granted to a subsidiary (note 12).

The non-trade amounts due from the subsidiaries are unsecured, interest-free and repayable on demand.

The exposure of the Group and the Trust to currency risk, credit risk and impairment losses related to trade receivables is disclosed in note 15.

9 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year

	At 1 January 2017 \$'000	Recognised in statement of total return (note 24) \$'000	At 31 December 2017 \$'000	Recognised in statement of total return (note 24) \$'000	At 31 December 2018 \$'000
Investment properties	11,032	20,336	31,368	11,742	43,110
Plant and equipment	1,990	(1,812)	178	13	191
Tax losses carry-forward	–	(2,293)	(2,293)	–	(2,293)
Others	–	(257)	(257)	(730)	(987)
	13,022	15,974	28,996	11,025	40,021

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCIAL DERIVATIVES

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Derivative assets				
- Forward exchange contracts	–	211	–	211
- Interest rate swaps				
- Designated as hedging instrument	–	633	–	–
- At FVTPL	1,516	202	1,516	202
	1,516	1,046	1,516	413
<i>Classified as:</i>				
Current	943	243	943	243
Non-current	573	803	573	170
	1,516	1,046	1,516	413
Derivative liabilities				
- Forward exchange contracts	1,305	–	1,305	–
- Embedded derivatives relating to convertible bonds	23,632	38,481	23,632	38,481
- Interest rate swaps				
- At FVTPL	5,868	2,116	4,945	2,116
	30,805	40,597	29,882	40,597
<i>Classified as:</i>				
Current	3,408	456	3,408	456
Non-current	27,397	40,141	26,474	40,141
	30,805	40,597	29,882	40,597

Interest rate swaps

The Group and the Trust use interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of these term loans from floating rates to fixed rates.

Interest rate swaps of the Group and the Trust with a total notional amount of \$1,357.5 million (2017: \$1,470.0 million) and \$1,265.5 million (2017: \$1,220.0 million) respectively, have been entered into at the reporting date to provide fixed rate funding for average terms of 3 years (2017: 3 years) at an average interest rate of 1.31% to 2.24% (2017: 1.31% to 2.20%) per annum. This includes interest rate swaps designated as hedging instruments in cash flow hedges with notional amounts of \$Nil (2017: \$250.0 million).

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on its net income denominated in Australian Dollar from its investment in Australia by using forward exchange contracts.

Forward exchange contracts with aggregate notional amounts of \$20.6 million (2017: \$8.0 million), with maturities of less than one year, have been entered into to hedge the currency risk of Australian Dollar.

Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCIAL DERIVATIVES (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2018 and 31 December 2017, the Group's derivative financial assets and liabilities do not have any amounts that are eligible for offsetting under the enforceable master netting arrangement.

11 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and in hand	96,211	161,194	55,986	109,340
Fixed deposits	40,446	11,461	40,446	11,461
	<u>136,657</u>	<u>172,655</u>	<u>96,432</u>	<u>120,801</u>

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and the Trust is 1.19% and 1.23% (2017: 0.55% and 0.33%) per annum respectively. Interest rates reprice at intervals of one month.

Cash and cash equivalents in respect of Suntec Singapore (2017: Suntec Singapore) amounting to \$30,716,000 (2017: \$29,442,000) are charged or assigned by way of security for a credit facility granted to a subsidiary (note 12).

The exposure of the Group and the Trust to interest rate and currency risks related to financial assets are disclosed in note 15.

12 INTEREST-BEARING BORROWINGS

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Term loans					
- secured		364,191	365,111	–	–
- unsecured		2,767,994	2,510,523	2,767,994	2,510,523
		<u>3,132,185</u>	<u>2,875,634</u>	<u>2,767,994</u>	<u>2,510,523</u>
Convertible bonds					
- unsecured	14	359,660	355,237	359,660	355,237
		<u>3,491,845</u>	<u>3,230,871</u>	<u>3,127,654</u>	<u>2,865,760</u>
<i>Classified as:</i>					
Current		513,770	237,004	513,770	237,004
Non-current		2,978,075	2,993,867	2,613,884	2,628,756
		<u>3,491,845</u>	<u>3,230,871</u>	<u>3,127,654</u>	<u>2,865,760</u>

The exposure of the Group and the Trust to liquidity and interest rate risks related to interest-bearing borrowings are disclosed in note 15.

NOTES TO THE FINANCIAL STATEMENTS

12 INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

	Currency	Weighted average nominal interest rate %	Year of maturity	2018 Face value \$'000	2018 Carrying amount \$'000	2017 Face value \$'000	2017 Carrying amount \$'000
Group							
Floating rate term loans	SGD	2.84%	2019 – 2024	2,303,536	2,294,006	2,268,342	2,262,262
Fixed rate term loans	SGD	3.20%	2020 – 2023	840,000	838,179	615,000	613,372
Convertible bonds	SGD	1.75%	2024	300,000	275,686	300,000	272,024
Convertible bonds	SGD	1.75%	2021	87,500	83,974	88,000	83,213
				<u>3,531,036</u>	<u>3,491,845</u>	<u>3,271,342</u>	<u>3,230,871</u>
Trust							
Floating rate term loans	SGD	2.84%	2019 – 2024	1,937,536	1,929,815	1,902,342	1,897,151
Fixed rate term loans	SGD	3.20%	2020 – 2023	840,000	838,179	615,000	613,372
Convertible bonds	SGD	1.75%	2024	300,000	275,686	300,000	272,024
Convertible bonds	SGD	1.75%	2021	87,500	83,974	88,000	83,213
				<u>3,165,036</u>	<u>3,127,654</u>	<u>2,905,342</u>	<u>2,865,760</u>

Secured term loan

As at 31 December 2018, the Group has in place a secured term loan facility and revolving credit facility amounting to \$406.0 million (2017: \$366.0 million) with a panel of banks. As at 31 December 2018, the Group has drawn down \$366.0 million (2017: \$366.0 million) of secured facilities.

The facilities are secured on the following:

- A first legal mortgage on Suntec Singapore (2017: Suntec Singapore) (the "Property");
- A first fixed charge over the central rental collection account in relation to the Property (notes 8 and 11);
- An assignment of the subsidiary's rights, title and interest in the key 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 subsidiary in relation to the Property, agreements, collateral, as required by the financial institutions granting the facility (note 5).

Unsecured term loans

Included in unsecured term loans are euro medium term notes ("EMTN") amounting to \$840.0 million (2017: \$615.0 million).

NOTES TO THE FINANCIAL STATEMENTS

12 INTEREST-BEARING BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivatives liabilities	
	Term loans	Convertible bonds	Embedded derivatives liabilities relating to convertible bonds	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	2,875,634	355,237	38,481	3,282,177
Changes from financing cash flows				
Financing costs paid	(8,022)	(10)	-	(94,552)
Proceeds from euro medium term notes	330,000	-	-	330,000
Repayment of euro medium term notes	(105,000)	-	-	(105,000)
Proceeds from interest-bearing loans	923,536	-	-	923,536
Repayment of interest-bearing loans	(888,342)	-	-	(888,342)
Total changes from financing cash flows	252,172	(10)	-	165,642
Change in fair value	-	-	(14,849)	(14,849)
Other changes				
Liability-related				
Financing costs	4,379	4,933	85,929	95,241
Capitalised borrowing costs	-	-	2,056	2,056
Total liability-related other changes	4,379	4,933	87,985	97,297
Total equity-related other changes	-	(500)	-	(500)
Balance at 31 December 2018	3,132,185	359,660	23,632	3,529,767

NOTES TO THE FINANCIAL STATEMENTS

12 INTEREST-BEARING BORROWINGS (CONT'D)

	Liabilities		Derivatives liabilities		Total \$'000
	Term loans \$'000	Convertible bonds \$'000	Interest payable \$'000	Embedded derivatives liabilities relating to convertible bonds \$'000	
Balance at 1 January 2017	3,026,209	279,590	11,463	18,103	3,335,365
Changes from financing cash flows					
Financing costs paid	(4,103)	(3,605)	(74,640)	-	(82,348)
Proceeds from convertible bonds	-	300,000	-	-	300,000
Repayment of convertible bonds	-	(45,500)	-	-	(45,500)
Proceeds from euro medium term notes	200,000	-	-	-	200,000
Proceeds from interest-bearing loan	600,000	-	-	-	600,000
Repayment of interest-bearing loans	(951,200)	-	-	-	(951,200)
Total changes from financing cash flows	(155,303)	250,895	(74,640)	-	20,952
Change in fair value	-	-	-	(4,317)	(4,317)
Other changes					
Liability-related					
Financing costs	4,805	15,947	75,940	-	96,692
Derivative component of convertible bonds	-	(24,695)	-	24,695	-
Others	(77)	-	-	-	(77)
Total liability-related other changes	4,728	(8,748)	75,940	24,695	96,615
Total equity-related other changes	-	(166,500)	62	-	(166,438)
Balance at 31 December 2017	2,875,634	355,237	12,825	38,481	3,282,177

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER PAYABLES

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,663	3,988	563	1,460
Accrued operating expenses	36,421	39,191	21,160	23,517
Amounts due to a subsidiary (trade)	–	–	2	–
Amounts due to related parties (trade):				
- Trustee	258	254	258	254
- Manager	3,727	3,624	3,514	3,624
- Related corporations of the Manager	3,472	1,992	1,223	1,056
Deferred income	25,254	29,153	9,461	9,266
Interest payable	14,290	12,825	13,414	11,979
Other payables	27,664	17,862	5,249	5,239
	112,749	108,889	54,844	56,395

As at 31 December 2018, other payables of the Group include progress payments payable of \$21.4 million (2017: \$10.3 million) for Olderfleet, 477 Collins Street.

The exposure of the Group and the Trust to liquidity and currency risks related to trade and other payables is disclosed in note 15.

14 CONVERTIBLE BONDS – DEBT COMPONENT

	Group and Trust	
	2018	2017
	\$'000	\$'000
At 1 January	355,237	279,590
Redemption of convertible bonds due 2021	–	(45,500)
Conversion of convertible bonds due 2021	(500)	(166,500)
Proceeds from issuance of convertible bonds due 2024	–	300,000
Transaction costs	(10)	(3,605)
Amount classified as derivative liabilities	–	(24,695)
Amortisation of transaction costs	764	3,010
Interest accretion	4,169	12,937
At 31 December	359,660	355,237

Convertible bonds due 2024

In 2017, the Trust issued \$300.0 million principal amounts of convertible bonds (the “2024 Bonds”) due 2024 which carry a coupon interest at 1.75% per annum. The 2024 Bonds are convertible by bondholders into Units at the conversion price of \$2.189 per new Unit at any time on or after 9.00 a.m. on 9 January 2018 up to 3.00 p.m. on 23 November 2024 or, if redeemed prior to 23 November 2024, then up to 3.00 p.m. on a date no later than 7 business days prior to the date fixed for redemption thereof.

Based on the conversion price, the 2024 Bonds are convertible into approximately 137,048,880 Units (2017: 137,048,880 Units), representing 5.1% (2017: 5.2%) of the total number of Units of the Trust in issue as at 31 December 2018 (2017: 31 December 2017). The Trust has the option to pay cash in lieu of issuing new Units on conversion of any 2024 Bonds. The 2024 Bonds may be redeemed, in whole or in part, at the option of the bondholders on 30 November 2020 at their principal amount plus interest accrued up to the date of the redemption. The 2024 Bonds may also be redeemed, in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, at the option of the Trust on or at any time after 30 November 2020 but not less than 7 business days prior to 30 November 2024 (subject to the satisfaction of certain conditions).

NOTES TO THE FINANCIAL STATEMENTS

14 CONVERTIBLE BONDS – DEBT COMPONENT (CONT'D)

Unless previously redeemed by the bondholders on 30 November 2020 or by the Trust on or at any time after 30 November 2020 but not less than 7 business days prior to 30 November 2024, the final redemption date of the 2024 Bonds is 30 November 2024.

As at 31 December 2018, the effective interest rate for the 2024 Bonds – debt component – is approximately 3.27% (2017: 3.27%) per annum.

On 23 January 2019, the Manager announced that the conversion price of the 2024 Bonds would be adjusted from \$2.189 to \$2.14 per new Unit effective as of 28 February 2019. Based on the revised conversion price, the 2024 Bonds are convertible into approximately 140,186,915 Units, representing 5.2% of the total number of Units of the Trust in issue as at 31 December 2018.

Convertible bonds due 2021

In 2016, the Trust issued \$300.0 million principal amounts of convertible bonds (the “2021 Bonds”) due 2021 which carry a coupon interest at 1.75% per annum. The 2021 Bonds are convertible by bondholders into Units at the initial conversion price of \$2.101 per new Unit at any time on or after 9.00 a.m. on 16 October 2016 up to 3.00 p.m. on 29 August 2021 or, if redeemed prior to 29 August 2021, then up to 3.00 p.m. on a date no later than 7 business days prior to the date fixed for redemption thereof. The initial conversion price of \$2.101 was adjusted to \$2.06 per new Unit on 25 January 2017, in accordance with the terms and conditions of the 2021 Bonds (the “Terms of the 2021 Bonds”) effective as of 28 February 2017.

The Trust has the option to pay cash in lieu of issuing new Units on conversion of any 2021 Bonds (“Alternative Settlement Right”). The 2021 Bonds may be redeemed, in whole or in part, at the option of the bondholders on 5 September 2019 at their principal amount plus interest accrued up to the date of the redemption. The 2021 Bonds may also be redeemed, in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, at the option of the Trust on or at any time after 5 September 2019 but not less than 7 business days prior to 5 September 2021 (subject to the satisfaction of certain conditions).

The bondholders, following the occurrence of a change of control event, which includes change of control of the Manager, as described in the Terms of the 2021 Bonds, will have the right to exercise conversion right at a conversion price determined in accordance with the specified formula set out in the Terms of the 2021 Bonds to convert the 2021 Bonds into Units, subject to the Trust’s Alternative Settlement Right. The 2021 Bonds may also be redeemed, at the option of the bondholders, in whole but not in part at their principal amount plus interest accrued to the date of redemption.

On 12 April 2017, the Trust had announced an occurrence of a change of control event within the meaning of condition 7.5(d)(ii)(A) of the Terms of the 2021 Bonds. Pursuant to condition 7.5(a) of the Terms of the 2021 Bonds, the conversion price was temporarily adjusted from \$2.06 to \$1.74 per new Unit (the “Change of Control Conversion Price”) in accordance with the Terms of the 2021 Bonds during the change of control period.

During the change of control period, (i) conversion notices for the conversion of \$166.5 million in principal amount of the 2021 Bonds were received pursuant to condition 7.5(a) of the Terms of the 2021 Bonds and (ii) redemption notices for the redemption of \$45.5 million in principal amount of the 2021 Bonds were received pursuant to condition 7.6 of the Terms of the 2021 Bonds.

Pursuant to the aforementioned conversion notices received, 95,689,646 new Units were issued on 29 May 2017 at the Change of Control Conversion Price. Accordingly, \$212.0 million in principal amount of the 2021 Bonds had been converted or redeemed as the case may be and cancelled in accordance with the Terms of the 2021 Bonds.

On 15 January 2018 and 20 February 2018, conversion notices for the conversion of \$500,000 in principal amount of 2021 Bonds were received pursuant to condition 5.2(c)(i) of the Terms of the 2021 Bonds. Pursuant to the aforementioned conversion notices received, 242,718 new Units were issued at a conversion price of \$2.06 per new Unit on 25 January 2018 and 28 February 2018. Accordingly, \$500,000 in principal amount of the 2021 Bonds had been converted and cancelled in accordance with the Terms of the 2021 Bonds.

The conversion price of \$2.06 was further adjusted to \$2.04 per new Unit on 24 October 2018, in accordance with the Terms of the 2021 Bonds, effective as of 28 November 2018.

NOTES TO THE FINANCIAL STATEMENTS

14 CONVERTIBLE BONDS – DEBT COMPONENT (CONT'D)

As at 31 December 2018, \$87.5 million (2017: \$88.0 million) remained outstanding.

Based on the adjusted conversion price of \$2.04 (2017: \$2.06), the 2021 Bonds are convertible into approximately 42,892,156 Units (2017: 42,718,446 Units), representing 1.6% (2017: 1.6%) of the total number of Units of the Trust in issue as at 31 December 2018.

As at 31 December 2018, the effective interest rate for the 2021 Bonds – debt component – is approximately 3.32% (2017: 3.33%) per annum.

On 23 January 2019, the Manager announced that the conversion price of the 2021 Bonds would be further adjusted from \$2.04 to \$2.01 per new Unit, effective as of 28 February 2019. Based on the revised conversion price, the 2021 Bonds are convertible into approximately 43,532,338 Units, representing 1.6% of the total number of Units of the Trust in issue as at 31 December 2018.

15 FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Manager monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager oversees how management of the Manager monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by the Audit Committee. The Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Credit risk

Credit risk is the potential loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Manager has established credit limits for tenants, obtained security deposits and/or bank guarantees (where applicable) and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Derivative assets					
- Forward exchange contracts	10	–	211	–	211
- Interest rate swaps					
- Designated as hedging instrument	10	–	633	–	–
- At FVTPL	10	1,516	202	1,516	202
Trade and other receivables*	8	17,581	13,618	12,001	10,828
Cash and cash equivalents	11	136,657	172,655	96,432	120,801
		155,754	187,319	109,949	132,042

* Excludes prepayments.

The maximum exposure to credit risk for trade receivables at the reporting date by type of tenant is:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Office	811	328	802	237
Retail	2,383	4,017	2,060	3,580
Convention	8,729	9,014	–	–
	11,923	13,359	2,862	3,817

The Group's tenants are engaged in a wide spectrum of business activities across many industry segments.

Impairment losses

Expected credit loss assessment for individual tenants as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the last three years.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

The ageing of trade receivables at the reporting date was:

	2018 \$'000	2017 \$'000
Group		
Not past due	9,623	7,315
Past due 31 – 60 days	1,060	3,141
Past due 61 – 90 days	526	1,742
More than 90 days	4,281	4,336
	15,490	16,534
Less: Impairment loss	(3,567)	(3,175)
	11,923	13,359
Trust		
Not past due	2,367	2,393
Past due 31 – 60 days	244	601
Past due 61 – 90 days	251	422
More than 90 days	3,546	3,523
	6,408	6,939
Less: Impairment loss	(3,546)	(3,122)
	2,862	3,817

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 January	3,175	1,490	3,122	1,365
Impairment loss recognised	2,493	2,059	2,479	1,992
Write-back of impairment loss	(1,961)	(146)	(1,953)	(109)
Allowance utilised	(140)	(228)	(102)	(126)
At 31 December	3,567	3,175	3,546	3,122

The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

The Manager believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Non-trade amounts due from subsidiaries and loans to subsidiaries

The Trust has non-trade receivables from its subsidiaries and loans to subsidiaries of \$634,497,000 (2017: \$544,969,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Loans to joint ventures

The Group and the Trust have loans to joint ventures of \$615,622,000 (2017: \$613,122,000). These balance are amounts lent to joint ventures to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A to AA-, based on Standard & Poor's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group and the Trust held cash and cash equivalents of \$136,657,000 and \$96,432,000 respectively at 31 December 2018 (2017: \$172,655,000 and \$120,801,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes limits on total borrowings according to the CIS Code issued by the MAS.

The Group has a US\$1,500.0 million (approximately \$2,044.5 million) (2017: US\$1,500.0 million (approximately \$1,967.6 million)) EMTN programme, of which \$840.0 million (2017: \$615.0 million) was utilised as at 31 December 2018 (2017: as at 31 December 2017).

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Group					
2018					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,294,006	(2,707,136)	(670,915)	(1,531,144)	(505,077)
Fixed rate term loans	838,179	(916,493)	(28,500)	(887,993)	-
Convertible bonds	359,660	(420,085)	(94,281)	(21,000)	(304,804)
Trade and other payables*	87,495	(87,495)	(87,495)	-	-
Security deposits	68,877	(68,877)	(19,744)	(45,890)	(3,243)
	3,648,217	(4,200,086)	(900,935)	(2,486,027)	(813,124)
Derivative financial instruments					
Interest rate swaps (net-settled)					
- At FVTPL ⁽¹⁾	4,352	(18,071)	(3,848)	(14,223)	-
Forward exchange contracts	1,305				
- Outflow	-	(20,578)	(20,578)	-	-
- Inflow	-	19,198	19,198	-	-
	5,657	(19,451)	(5,228)	(14,223)	-
	3,653,874	(4,219,537)	(906,163)	(2,500,250)	(813,124)
2017					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,262,262	(2,389,105)	(179,776)	(2,209,329)	-
Fixed rate term loans	613,372	(668,114)	(123,824)	(442,627)	(101,663)
Convertible bonds	355,237	(429,963)	(6,790)	(113,119)	(310,054)
Trade and other payables*	79,736	(79,736)	(79,736)	-	-
Security deposits	65,286	(65,286)	(25,387)	(37,833)	(2,066)
	3,375,893	(3,632,204)	(415,513)	(2,802,908)	(413,783)
Derivative financial instruments					
Interest rate swaps (net-settled)					
- Designated as hedging instrument ⁽¹⁾	(633)	(395)	(395)	-	-
- At FVTPL ⁽¹⁾	1,914	(6,803)	(4,312)	(2,491)	-
Forward exchange contracts	(211)				
- Outflow	-	(7,831)	(7,831)	-	-
- Inflow	-	8,027	8,027	-	-
	1,070	(7,002)	(4,511)	(2,491)	-
	3,376,963	(3,639,206)	(420,024)	(2,805,399)	(413,783)

* Excludes deferred income.

⁽¹⁾ For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 1.53% - 1.95% (2017: 0.89% - 1.17%) was used.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Trust					
2018					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	1,929,815	(2,290,471)	(660,607)	(1,124,787)	(505,077)
Fixed rate term loans	838,179	(916,493)	(28,500)	(887,993)	–
Convertible bonds	359,660	(420,085)	(94,281)	(21,000)	(304,804)
Trade and other payables*	45,383	(45,383)	(45,383)	–	–
Security deposits	63,459	(63,459)	(17,107)	(43,109)	(3,243)
	<u>3,236,496</u>	<u>(3,735,891)</u>	<u>(845,878)</u>	<u>(2,076,889)</u>	<u>(813,124)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)					
- At FVTPL ⁽¹⁾	3,429	(9,175)	(2,276)	(6,899)	–
Forward exchange contracts	1,305				
- Outflow	–	(20,578)	(20,578)	–	–
- Inflow	–	19,198	19,198	–	–
	<u>4,734</u>	<u>(10,555)</u>	<u>(3,656)</u>	<u>(6,899)</u>	<u>–</u>
	<u>3,241,230</u>	<u>(3,746,446)</u>	<u>(849,534)</u>	<u>(2,083,788)</u>	<u>(813,124)</u>
2017					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	1,897,151	(2,007,719)	(171,625)	(1,836,094)	–
Fixed rate term loans	613,372	(668,114)	(123,824)	(442,627)	(101,663)
Convertible bonds	355,237	(429,963)	(6,790)	(113,119)	(310,054)
Trade and other payables*	47,129	(47,129)	(47,129)	–	–
Security deposits	60,290	(60,290)	(23,211)	(35,013)	(2,066)
	<u>2,973,179</u>	<u>(3,213,215)</u>	<u>(372,579)</u>	<u>(2,426,853)</u>	<u>(413,783)</u>
Derivative financial instruments					
Interest rate swaps (net-settled)					
- At FVTPL ⁽¹⁾	1,914	(6,803)	(4,312)	(2,491)	–
Forward exchange contracts	(211)				
- Outflow	–	(7,831)	(7,831)	–	–
- Inflow	–	8,027	8,027	–	–
	<u>1,703</u>	<u>(6,607)</u>	<u>(4,116)</u>	<u>(2,491)</u>	<u>–</u>
	<u>2,974,882</u>	<u>(3,219,822)</u>	<u>(376,695)</u>	<u>(2,429,344)</u>	<u>(413,783)</u>

Net-settled derivative financial assets are included in the maturity analyses as they are held to 'hedge' the cash flow variability of the Group's floating rate term loans.

* Excludes deferred income.

⁽¹⁾ For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 1.53% - 1.95% (2017: 0.89% - 1.17%) was used.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The Group adopts a policy of ensuring that between 60% and 80% of its interest rate risk exposure is at a fixed-rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

As at 31 December 2018, the Group has entered into interest rate swaps with a total notional amount of \$1,357.5 million (2017: \$1,470.0 million) whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the swaps.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		Trust Nominal amount	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fixed rate instruments				
Interest-bearing borrowings	(1,227,500)	(1,003,000)	(1,227,500)	(1,003,000)
Interest rate swaps	(1,357,500)	(1,470,000)	(1,265,500)	(1,220,000)
	(2,585,000)	(2,473,000)	(2,493,000)	(2,223,000)
Variable rate instruments				
Interest-bearing borrowings	(2,303,536)	(2,268,342)	(1,937,536)	(1,902,342)
Interest rate swaps	1,357,500	1,470,000	1,265,500	1,220,000
	(946,036)	(798,342)	(672,036)	(682,342)

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the interest rate swaps and the other variable rate financial assets and liabilities, a change of 50 basis points ("bp") (2017: 50 bp) in interest rate at the reporting date would increase/(decrease) Unitholders' funds and total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return		Unitholders' funds	
	50 bp increase \$'000	50 bp decrease \$'000	50 bp increase \$'000	50 bp decrease \$'000
Group				
2018				
Variable rate instruments	(11,518)	11,518	–	–
Interest rate swaps	8,239	(8,402)	–	–
Cash flow sensitivity (net)	(3,279)	3,116	–	–
2017				
Variable rate instruments	(11,342)	11,342	–	–
Interest rate swaps	6,328	(6,369)	246	(247)
Cash flow sensitivity (net)	(5,014)	4,973	246	(247)

	Statement of total return	
	50 bp increase \$'000	50 bp decrease \$'000
Trust		
2018		
Variable rate instruments	(9,688)	9,688
Interest rate swaps	6,178	(6,277)
Cash flow sensitivity (net)	(3,510)	3,411
2017		
Variable rate instruments	(9,512)	9,512
Interest rate swaps	6,328	(6,369)
Cash flow sensitivity (net)	(3,184)	3,143

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, nor does the Group designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. In 2018, the Group entered into forward currency contracts with a total notional amount of \$20.6 million (2017: \$8.0 million) whereby the Group agreed with counterparties to exchange Australian Dollar at specified rates, on specified dates.

At the reporting date, the exposure to currency risk is as follows:

	2018 AUD \$'000	2017 AUD \$'000
Group		
Cash and cash equivalents	45,426	29,767
Trade and other receivables	8,306	6,951
Net statement of financial position exposure	53,732	36,718
Forward exchange contracts	(20,578)	(8,027)
Net exposure	33,154	28,691
	2018 AUD \$'000	2017 AUD \$'000
Trust		
Cash and cash equivalents	45,406	29,675
Trade and other receivables	8,306	6,951
Net statement of financial position exposure	53,712	36,626
Forward exchange contracts	(20,578)	(8,027)
Net exposure	33,134	28,599

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

A 10% strengthening (weakening) of the Singapore Dollar against Australian Dollar would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return	
	2018	2017
	\$'000	\$'000
Group		
10% strengthening	(3,315)	(2,869)
10% weakening	3,315	2,869
Trust		
10% strengthening	(3,313)	(2,860)
10% weakening	3,313	2,860
Capital management		

The Board of Directors of the Manager reviews the Group's capital management policy regularly so as to optimise Unitholders' return through a mix of available capital sources. The Group monitors its gearing ratio and maintains it within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's gearing stood at 36.7% (2017: 35.0%) as at 31 December 2018.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. The Group complied with the stipulated Aggregate Leverage limit.

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their level in fair value hierarchy, are as follows. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Mandatorily at fair value \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group								
2018								
Financial assets measured at fair value								
Interest rate swaps at FVTPL	10	1,516	-	-	1,516	-	1,516	-
Financial assets not measured at fair value								
Loans to joint ventures	6	-	615,622	-	615,622			
Cash and cash equivalents	11	-	136,657	-	136,657			
Trade and other receivables*	8	-	17,581	-	17,581			
		-	769,860	-	769,860			
Financial liabilities measured at fair value								
Forward exchange contracts	10	(1,305)	-	-	(1,305)	-	(1,305)	-
Interest rate swaps at FVTPL	10	(5,868)	-	-	(5,868)	-	(5,868)	-
Embedded derivatives relating to convertible bonds	10	(23,632)	-	-	(23,632)	-	-	(23,632)
		(30,805)	-	-	(30,805)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	12	-	-	(3,132,185)	(3,132,185)	-	-	(3,137,710)
Security deposits		-	-	(68,877)	(68,877)	-	-	(64,748)
Convertible bonds	14	-	-	(359,660)	(359,660)	-	-	(353,505)
Trade and other payables^	13	-	-	(87,495)	(87,495)	-	-	-
		-	-	(3,648,217)	(3,648,217)			

* Excludes prepayments.

^ Excludes deferred income.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Designated at fair value \$'000	Fair value- hedging instrument \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
							Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group 2017									
Financial assets measured at fair value									
Forward exchange contracts	10	211	-	-	-	211	-	211	-
Interest rate swaps at FVTPL	10	202	-	-	-	202	-	202	-
Interest rate swaps designated as hedging instrument	10	-	633	-	-	633	-	633	-
		413	633	-	-	1,046			
Financial assets not measured at fair value									
Trade and other receivables*	8	-	-	13,618	-	13,618			
Cash and cash equivalents	11	-	-	172,655	-	172,655			
		-	-	186,273	-	186,273			
Financial liabilities measured at fair value									
Interest rate swaps at FVTPL	10	(2,116)	-	-	-	(2,116)	-	(2,116)	-
Embedded derivatives relating to convertible bonds	10	(38,481)	-	-	-	(38,481)	-	-	(38,481)
		(40,597)	-	-	-	(40,597)			
Financial liabilities not measured at fair value									
Interest-bearing borrowings	12	-	-	-	(2,875,634)	(2,875,634)	-	-	(2,878,080)
Security deposits		-	-	-	(65,286)	(65,286)	-	-	(62,810)
Convertible bonds	14	-	-	-	(355,237)	(355,237)	-	-	(359,919)
Trade and other payables^	13	-	-	-	(79,736)	(79,736)	-	-	-
		-	-	-	(3,375,893)	(3,375,893)			

* Excludes prepayments.

^ Excludes deferred income.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Mandatorily at fair value \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Trust								
2018								
Financial assets measured at fair value								
Interest rate swaps at FVTPL	10	1,516	-	-	1,516	-	1,516	-
Financial assets not measured at fair value								
Loans to joint ventures	6	-	615,622	-	615,622			
Loans to subsidiaries	7	-	625,735	-	625,735			
Trade and other receivables*	8	-	12,001	-	12,001			
Cash and cash equivalents	11	-	96,432	-	96,432			
		-	1,349,790	-	1,349,790			
Financial liabilities measured at fair value								
Forward exchange contracts	10	(1,305)	-	-	(1,305)	-	(1,305)	-
Interest rate swaps at FVTPL	10	(4,945)	-	-	(4,945)	-	(4,945)	-
Embedded derivatives relating to convertible bonds	10	(23,632)	-	-	(23,632)	-	-	(23,632)
		(29,882)	-	-	(29,882)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	12	-	-	(2,767,994)	(2,767,994)	-	-	(2,773,518)
Security deposits		-	-	(63,459)	(63,459)	-	-	(59,516)
Convertible bonds	14	-	-	(359,660)	(359,660)	-	-	(353,505)
Trade and other payables^	13	-	-	(45,383)	(45,383)	-	-	-
		-	-	(3,236,496)	(3,236,496)			

* Excludes prepayments.

^ Excludes deferred income.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		←		Fair value		→	
		Level 1		Level 2		Level 3	
		\$'000		\$'000		\$'000	
Note	Designated at fair value \$'000	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000			
Trust							
2017							
Financial assets measured at fair value							
Forward exchange contracts	10	211	-	211	-	211	-
Interest rate swaps at FVTPL	10	202	-	202	-	202	-
		413	-	413			
Financial assets not measured at fair value							
Trade and other receivables*	8	-	10,828	-	10,828		
Cash and cash equivalents	11	-	120,801	-	120,801		
		-	131,629	-	131,629		
Financial liabilities measured at fair value							
Interest rate swaps at FVTPL	10	(2,116)	-	(2,116)	-	(2,116)	-
Embedded derivatives relating to convertible bonds	10	(38,481)	-	(38,481)	-	-	(38,481)
		(40,597)	-	(40,597)			
Financial liabilities not measured at fair value							
Interest-bearing borrowings	12	-	(2,510,523)	(2,510,523)	-	-	(2,512,969)
Security deposits		-	(60,290)	(60,290)	-	-	(57,988)
Convertible bonds	14	-	(355,237)	(355,237)	-	-	(359,919)
Trade and other payables^	13	-	(47,129)	(47,129)	-	-	-
		-	(2,973,179)	(2,973,179)			

* Excludes prepayments.

^ Excludes deferred income.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Group and Trust

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Embedded derivatives relating to convertible bonds	<i>Discounted cash flows and market comparison technique:</i> The fair value of the embedded derivative is the difference between the fair value of the convertible bonds based on broker quotes and the fair value of the liability component of the convertible bonds, determined using the discounted cash flows approach. The valuation requires management to estimate the expected cash flows over life of the convertible bonds to investors, which are not evidenced by observable market data.	Discount rate – 2.83% - 3.71% (2017: 2.99% - 3.21%)	The estimated fair value of the embedded derivatives relating to convertible bonds would increase if the discount rate was lower.
Forward exchange contracts and interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value

Group and Trust

Type	Valuation technique	Key unobservable inputs
Fixed rate borrowings	Discounted cash flows	Discount rate – 2.92% - 3.40% (2017: 2.81% - 3.27%)
Security deposits	Discounted cash flows	Discount rate – 2.80% (2017: 2.26%)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within three months) are assumed to approximate their fair values because of the short period to maturity or repricing.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values (cont'd)

(ii) Transfer between Level 1 and 2

During the financial year ended 31 December 2018, there were no transfers between Level 1 and Level 2.

(iii) Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Group and Trust	
	2018	2017
	\$'000	\$'000
Embedded derivatives relating to convertible bonds		
At 1 January	(38,481)	(18,103)
Amount classified as derivative liabilities (note 14)	–	(24,695)
Changes in fair value recognised in profit or loss	14,849	4,317
At 31 December	(23,632)	(38,481)

Sensitivity analysis

If the discount rate assumption applied by management were 5.0% favourable or unfavourable with all other variables held constant, the fair value of the embedded derivatives relating to the convertible bonds would decrease/(increase) by \$3,151,000 (2017: \$3,213,000) and (\$3,117,000) (2017: (\$3,181,000)) respectively. The analysis is performed on the same basis as 2017.

16 NON-CONTROLLING INTERESTS

The following subsidiaries have material Non-Controlling Interests ("NCI"):

Name	Principal places of business/Country of incorporation	Effective interests held by NCI	
		2018	2017
		%	%
Harmony Investors Group Limited subgroup ("Harmony")	Singapore	39.2	39.2
Harmony Partners Investment Limited ("HPIL")	British Virgin Island	49.0	49.0

The following summarises the financial information of each of the Group's subsidiaries with material NCI based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

16 NON-CONTROLLING INTERESTS (CONT'D)

	Harmony \$'000	HPIL* \$'000	Intra-group elimination \$'000	Total \$'000
2018				
Revenue	89,635	–	–	89,635
Total return for the year	28,026	14,400	(14,400)	28,026
Total return attributable to NCI for the year	10,986	7,056	(7,056)	10,986
Non-current assets	712,629	58,730		
Current assets	44,153	–		
Non-current liabilities	(380,035)	(55,200)		
Current liabilities	(36,638)	(12)		
Net assets	340,109	3,518		
Net assets attributable to NCI	133,323	1,724	(3,464)	131,583
Cash flows from operating activities	5,512	–		
Cash flows used in investing activities	(867)	–		
Cash flows used in financing activities (dividends to NCI: \$7,056,000)	(4,526)	–		
Net increase in cash and cash equivalents	119	–		
2017				
Revenue	78,339	–	–	78,339
Total return for the year	22,235	11,999	(12,000)	22,234
Total return attributable to NCI for the year	8,716	5,880	(5,880)	8,716
Non-current assets	701,727	58,730		
Current assets	44,925	–		
Non-current liabilities	(374,405)	(55,200)		
Current liabilities	(42,164)	(10)		
Net assets	330,083	3,520		
Net assets attributable to NCI	129,393	1,725	(3,217)	127,901
Cash flows from operating activities	5,818	–		
Cash flows used in investing activities	(1,996)	–		
Cash flows used in financing activities (dividends to NCI: \$5,880,000)	(3,578)	–		
Net increase in cash and cash equivalents	244	–		

* The company did not prepare a cash flow statement. All expenses and receipts of the company are paid/received by its subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

17 UNITS IN ISSUE

	Group and Trust	
	2018	2017
	'000	'000
Units in issue:		
At 1 January	2,652,436	2,536,663
Issue of Units:		
- conversion of the 2021 Bonds to Units	243*	95,690
- asset management fees paid in Units	17,954	20,083
At 31 December	2,670,633	2,652,436
Units to be issued:		
- conversion of the 2021 Bonds to Units	–	121
- asset management fees payable in Units	9,904	8,415
Total issued and issuable Units at 31 December	2,680,537	2,660,972

* On 25 January 2018 and 28 February 2018, a total of 242,718 Units were issued as a result of the receipt of the conversion notice for the conversion of \$500,000 in principal amount of the 2021 Bonds with a conversion price of \$2.06.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

NOTES TO THE FINANCIAL STATEMENTS

18 NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		5,636,523	5,639,074	4,954,558	4,954,212
		'000	'000	'000	'000
Total issued and issuable Units at 31 December	17	2,680,537	2,660,972	2,680,537	2,660,972

19 GROSS REVENUE

		Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Gross rental income		362,945	353,720	233,405	234,724
Dividend income		–	–	108,132	109,118
Others		559	476	236	264
		363,504	354,196	341,773	344,106

Included in gross rental income of the Group and the Trust are contingent rents amounting to \$4,817,000 (2017: \$3,423,000) and \$3,860,000 (2017: \$2,593,000) respectively.

20 PROPERTY EXPENSES

		Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Advertising and promotion expenses		4,562	5,868	2,655	4,199
Depreciation of plant and equipment		1,056	1,189	189	215
Loss on disposal of plant and equipment		9	15	–	–
Maintenance expenses		8,408	7,775	205	260
Contributions to sinking fund		11,235	–	9,363	–
Contributions to maintenance funds		20,144	20,144	16,781	16,781
Property management fees (including reimbursables)		23,554	22,430	7,009	7,050
Property tax		22,801	24,361	19,021	20,770
Utilities		3,221	3,257	144	–
Agency commission		4,578	3,232	4,106	2,462
Food and beverages related cost		4,517	4,137	–	–
Others		17,910	15,418	1,622	1,450
		121,995	107,826	61,095	53,187

Property expenses represent the direct operating expenses arising from rental of investment properties and sale of food and beverages.

NOTES TO THE FINANCIAL STATEMENTS

21 FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest income:				
- bank deposits	734	536	593	411
- loan to joint ventures	23,195	19,661	23,195	19,661
- interest rate swaps	1,000	–	1,000	–
Net foreign exchange gain	–	887	–	–
Finance income	24,929	21,084	24,788	20,072
Interest expense:				
- bank loans	(76,512)	(63,148)	(69,899)	(56,604)
- convertible bonds	(6,782)	(2,826)	(6,782)	(2,826)
- interest rate swaps	(2,632)	(9,966)	(2,298)	(8,000)
Amortisation of transaction costs	(9,315)	(20,752)	(8,395)	(20,276)
Net foreign exchange loss	(1,877)	–	(39,803)	(1,027)
Finance costs	(97,118)	(96,692)	(127,177)	(88,733)
Recognised in the statement of total return	(72,189)	(75,608)	(102,389)	(68,661)

22 ASSET MANAGEMENT FEES

Included in the asset management fees of the Group and the Trust is an aggregate of 19,443,129 (2017: 17,713,987) Units, amounting to \$35,371,000 (2017: \$35,022,000), that have been or will be issued to the Manager in satisfaction of the asset management fees payable in Units.

23 OTHER EXPENSES

Included in other expenses are the following items:

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-audit fees paid to auditors of the Trust	91	260	66	90

24 TAX EXPENSE

		Group		Trust	
	Note	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Current tax expense					
Adjustment for prior years		(920)	1	–	1
Withholding tax		2,868	2,315	423	134
		1,948	2,316	423	135
Deferred tax expense					
Origination and reversal of temporary differences		11,025	11,450	–	–
Adjustment for prior years		–	4,524	–	–
	9	11,025	15,974	–	–
Total tax expense		12,973	18,290	423	135

NOTES TO THE FINANCIAL STATEMENTS

24 TAX EXPENSE (CONT'D)

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Reconciliation of effective tax rate</i>				
Total return for the year before tax	331,136	247,304	231,557	169,560
Less: Share of profit of joint ventures	(108,488)	(80,340)	–	–
	222,648	166,964	231,557	169,560
Income tax using the Singapore tax rate of 17% (2017: 17%)	37,850	28,384	39,365	28,825
Non-tax deductible items	10,214	11,852	16,883	11,264
Non-taxable income	(16,623)	(7,608)	(17,448)	(361)
Withholding tax	2,868	2,315	423	134
Tax exempt income	–	–	(5,594)	(6,058)
Tax transparency	(20,416)	(21,178)	(33,206)	(33,670)
(Over)/Under provided in prior years	(920)	4,525	–	1
Total tax expense	12,973	18,290	423	135

25 EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Total return for the year after tax attributable to Unitholders	307,177	220,298	231,134	169,425
	Number of Units		Trust	
	2018	2017	2018	2017
	'000	'000	'000	'000
Weighted average number of Units:				
- outstanding during the year	2,665,847	2,609,055	2,665,847	2,609,055
- to be issued as payment of asset management fees payable in Units	27	23	27	23
	2,665,874	2,609,078	2,665,874	2,609,078

NOTES TO THE FINANCIAL STATEMENTS

25 EARNINGS PER UNIT (CONT'D)

In calculating diluted earnings per Unit, the total return for the year after tax and weighted average number of Units in issue are adjusted to take into account the effect of all dilutive potential units, as set out below:

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Total return for the year after tax attributable to Unitholders	307,177	220,298	231,134	169,425
Loss impact of conversion of the dilutive potential Units	(3,135)	–	(3,135)	–
Adjusted total return for the year after tax	304,042	220,298	227,999	169,425

	Group		Trust	
	2018	2017	2018	2017
	'000	'000	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	2,665,874	2,609,078	2,665,874	2,609,078
Weighted average number of Units to be issued assuming conversion of the asset management fees/Bonds	194,604	12,973	194,604	12,973
Weighted average number of Units used in calculation of diluted earnings per Unit	2,860,478	2,622,051	2,860,478	2,622,051

As at 31 December 2018, the Group and the Trust had Bonds which were convertible into approximately 179,941,036 (2017: 179,767,326) Units.

26 OPERATING SEGMENTS

For the purpose of making resource allocation decisions and assessing segment performance, the Group's chief operating decision maker reviews internal/management reports of its retail, office and convention business segments. The nature of the leases (lease of retail, office, convention or other space) is the factor used to determine the reportable segments. As the retail and office of each property are similar in economic characteristics, nature of services and type of customer, the retail and office segments of each property are aggregated accordingly. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessing segment performance.

Unallocated items comprise mainly other income, trust-related income and expenses, changes in fair value of investment properties and tax expense.

Segment information in respect of the Group's geographical segments is not separately presented as the Group's activities for the year ended 31 December 2018 and 31 December 2017 related mainly to properties located in Singapore, except for 177 Pacific Highway located in Australia.

NOTES TO THE FINANCIAL STATEMENTS

26 OPERATING SEGMENTS (CONT'D)

Information regarding the Group's reportable segments is presented in the table below.

Information about reportable segments

	← Office → 177		← Retail →		Convention	
	Suntec City \$'000	Pacific Highway \$'000	Suntec City \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000	Total \$'000
2018						
Gross revenue	129,763	40,228	103,878	19,694	69,941	363,504
Property expenses	(30,816)	(5,556)	(30,805)	(4,170)	(51,180)	(122,527)
Reportable segment net property income	98,947	34,672	73,073	15,524	18,761	240,977
2017						
Gross revenue	134,783	40,870	100,205	18,629	59,709	354,196
Property expenses	(26,237)	(5,506)	(28,833)	(4,241)	(44,922)	(109,739)
Reportable segment net property income	108,546	35,364	71,372	14,388	14,787	244,457

Reconciliation of reportable segment net property income

	Group	
	2018 \$'000	2017 \$'000
Total return		
Reportable segment net property income	240,977	244,457
Unallocated amounts:		
- Net finance costs	(72,189)	(75,608)
- Asset management fees	(47,804)	(47,315)
- Other trust expenses	(3,879)	(3,688)
- Net change in fair value of financial derivatives	5,328	(5,506)
- Net change in fair value of investment properties	100,215	54,624
- Share of profit of joint ventures	108,488	80,340
Consolidated total return for the year before tax	331,136	247,304

NOTES TO THE FINANCIAL STATEMENTS

27 COMMITMENTS

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
(a) Capital commitments				
Capital expenditure contracted but not provided for	355,519	414,933	–	–
Loan facilities to joint ventures	551,378	553,878	551,378	553,878
	906,897	968,811	551,378	553,878

- (b) Investment properties comprise commercial properties that are leased to external customers. The leases contain an initial non-cancellable period of between three and twelve years. Subsequent renewals are negotiated with the lessees. Non-cancellable operating lease rentals receivable are as follows:

	Group		Trust	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Receivables:				
- Within 1 year	265,287	255,710	218,601	207,689
- After 1 year but within 5 years	454,283	448,760	307,782	284,223
- More than 5 years	98,512	141,347	15,510	18,407
	818,082	845,817	541,893	510,319

28 CONTINGENT LIABILITY

Pursuant to the tax transparency ruling from IRAS, the Trustee and the Manager have provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties that may be suffered by IRAS should IRAS fail to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with IRAS. The amount of indemnity, as agreed with IRAS, is limited to the higher of \$500,000 or 1.0% of the taxable income of the Trust for the financial year. Each yearly indemnity has a validity period of the earlier of seven years from the relevant year of assessment and three years from the termination of the Trust.

29 FINANCIAL RATIOS

	Group		Trust	
	2018	2017	2018	2017
	%	%	%	%
Expenses to weighted average net assets ¹				
- including performance component of asset management fees	0.92	0.92	0.96	0.95
- excluding performance component of asset management fees	0.66	0.64	0.66	0.65
Portfolio turnover rate ²	–	–	–	–

¹ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses, interest expense and income tax expense.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

30 RELATED PARTIES

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group	
	2018	2017
	\$'000	\$'000
Acquisition fees paid to the Manager	(1,911)	(660)
Asset management fees paid/payable to a related corporation of the Manager	(3,662)	(3,629)
Agency commission paid/payable to a related corporation of the Manager	(4,578)	(3,232)
Rental income received/receivable from an associate of the Manager	2,042	1,713
Rental income received/receivable from related corporations of the Manager	1,231	1,047
Property management fees paid/payable (including reimbursable) to related corporations of the Manager	(24,490)	(22,359)
Professional services fees paid/payable to related corporations of the Manager	(1,109)	(1,080)
	Trust	
	2018	2017
	\$'000	\$'000
Acquisition fees paid to the Manager	(1,911)	(660)
Agency commission paid/payable to a related corporation of the Manager	(4,106)	(2,462)
Rental income received/receivable from an associate of the Manager	2,042	1,713
Rental income received/receivable from related corporations of the Manager	617	636
Property management fees paid/payable (including reimbursable) to a related corporation of the Manager	(7,009)	(7,050)
Professional services fees paid/payable to related corporations of the Manager	(1,109)	(1,080)

31 SUBSEQUENT EVENT

The Group has the following events subsequent to year end:

- The Manager declared distribution of 2.590 cents per unit in respect of the period from 1 October 2018 to 31 December 2018 which was paid on 28 February 2019.
- The Group issued S\$100 million notes at 3.355% per annum, maturing in 2025 through the US\$1,500,000,000 Euro Medium Term Note Programme established by its subsidiary, Suntec REIT MTN Pte. Ltd..

32 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

Applicable to 2019 financial statements

- FRS 116 *Leases*
- INT-FRS 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)

NOTES TO THE FINANCIAL STATEMENTS

32 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

The Group is still in the process of assessing the impact of the new FRS, amendments to and interpretations of FRSs on the financial statements. The Group's preliminary assessment of FRS116, which has minimal impact on the Group, is as described below.

FRS 116

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT-FRS 104 *Determining whether an Arrangement contains a Lease*, INT-FRS 15 *Operating Leases – Incentives* and INT-FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Trust plan to apply FRS 116 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of Unitholders' Funds at 1 January 2019, with no restatement of comparative information. The Group and the Trust plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116 to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17 and INT-FRS 104.

(i) *The Group as lessee*

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) *The Group as lessor*

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases, and to account for these leases using the existing operating lease accounting model. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

STATISTICS OF UNITHOLDERS

DISTRIBUTION OF UNITHOLDINGS

As at 6 March 2019

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	29	0.15	606	0.00
100 - 1,000	3,841	20.18	3,663,833	0.14
1,001 - 10,000	11,320	59.46	56,178,513	2.09
10,001 - 1,000,000	3,816	20.04	175,812,930	6.56
1,000,001 AND ABOVE	33	0.17	2,444,880,946	91.21
TOTAL	19,039	100.00	2,680,536,828	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Citibank Nominees Singapore Pte Ltd	955,817,031	35.66
2	DBS Nominees (Private) Limited	500,631,342	18.68
3	United Overseas Bank Nominees (Private) Limited	240,706,130	8.98
4	Raffles Nominees (Pte.) Limited	164,823,319	6.15
5	DBSN Services Pte. Ltd.	160,071,424	5.97
6	HSBC (Singapore) Nominees Pte Ltd	149,195,161	5.57
7	DBS Vickers Securities (Singapore) Pte Ltd	88,817,040	3.31
8	WTP Investment (Overseas) Limited	33,523,485	1.25
9	Straits Real Estate Pte Ltd	26,312,000	0.98
10	WII Pte. Ltd.	16,656,900	0.62
11	BPSS Nominees Singapore (Pte.) Ltd.	15,107,088	0.56
12	DB Nominees (Singapore) Pte Ltd	14,959,028	0.56
13	PCK Corporation	13,649,414	0.51
14	Sword Investments Private Ltd	11,914,000	0.44
15	Tecity Management Pte Ltd	6,684,000	0.25
16	BNP Paribas Nominees Singapore Pte. Ltd.	5,249,443	0.20
17	OCBC Nominees Singapore Private Limited	4,820,200	0.18
18	NTUC Fairprice Co-Operative Ltd	4,000,000	0.15
19	Phillip Securities Pte Ltd	3,560,875	0.13
20	Merrill Lynch (Singapore) Pte. Ltd.	3,474,775	0.13
TOTAL		2,419,972,655	90.28

STATISTICS OF UNITHOLDERS

HOLDER OF 1.75% CONVERTIBLE BONDS DUE 2021

Due Date:	5 September 2021
Initial Conversion Premium:	20% over reference unit price
Conversion Price:	S\$2.101 per unit [#]
Redemption Price:	100% of principal amount
Conversion Period:	At any time from 16 October 2016 until 29 August 2021, being the date falling 7 days prior to maturity date

The S\$300 million 1.75% convertible bonds due 2021 issued by HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of Suntec Real Estate Investment Trust ("Suntec REIT") on 5 September 2016 (the "2021 Bonds") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of the common depository for and holding the bonds on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream").

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of the outstanding S\$87.5 million in principal amount of the 2021 Bonds. The identity of the holders of the beneficial interests in the 2021 Bonds is not currently known.

As at the latest practicable date, 63.8 per cent and 36.2 per cent of the net proceeds from the issue had been utilised to fund the acquisition of an interest in Southgate Complex and partially refinance Suntec REIT's existing debt and fund capital expenditure in Southgate Complex respectively. Such use is in accordance with the stated use and in accordance with the percentage of the net proceeds of the issue allocated to such use as announced on 11 August 2016 and 31 May 2018.

[#] The conversion price of the 2021 Bonds was adjusted to S\$2.01 per unit with effect from 28 February 2019.

HOLDER OF 1.75% CONVERTIBLE BONDS DUE 2024

Due Date:	30 November 2024
Initial Conversion Premium:	12% over reference unit price
Conversion Price:	S\$2.189 per unit ^{##}
Redemption Price:	100% of principal amount
Conversion Period:	At any time from 9 January 2018 until 23 November 2024, being the date falling 7 days prior to maturity date

The S\$300 million 1.75% convertible bonds due 2024 issued by HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of Suntec REIT on 30 November 2017 (the "2024 Bonds") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of the common depository for and holding the bonds on behalf of Euroclear and Clearstream.

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of S\$300 million in principal amount of the 2024 Bonds. The identity of the holders of the beneficial interests in the 2024 Bonds is not currently known.

100.0 per cent of the net proceeds from the issue had been utilised to partially refinance Suntec REIT's existing debt. Such use is in accordance with the stated use and in accordance with the percentage of the net proceeds of the issue allocated to such use as announced on 8 November 2017.

^{##} The conversion price of the 2024 Bonds was adjusted to S\$2.14 per unit with effect from 28 February 2019.

STATISTICS OF UNITHOLDERS

SUBSTANTIAL UNITHOLDINGS

As at 6 March 2019

As shown in the Register of Substantial Unitholders

Name	Number of Units	
	Direct Interest	Deemed Interest
ARA Asset Management Limited ⁽¹⁾⁽²⁾	0	188,141,706
ARA RE Investment Group (Singapore) Pte. Ltd. ⁽²⁾	0	188,141,706
ARA RE Investment Group Limited ⁽²⁾	0	188,141,706
The Straits Trading Company Limited ⁽³⁾	0	255,062,038
The Cairns Pte. Ltd. ⁽⁴⁾	0	255,062,038
Raffles Investments Limited ⁽⁵⁾	0	268,367,706
Aequitas Pte. Ltd. ⁽⁶⁾	0	268,367,706
Tecity Pte. Ltd. ⁽⁷⁾	0	268,367,706
Dr. Tan Kheng Lian ⁽⁸⁾	968,000	268,367,706
Tan Chin Tuan Pte. Ltd. ⁽⁹⁾	0	268,367,706
BlackRock, Inc. ⁽¹⁰⁾	0	187,633,478
The PNC Financial Services Group, Inc. ⁽¹¹⁾	0	187,633,478
Tang Gordon @ Tang Yigang @ Tang Gordon ⁽¹²⁾	256,134,532	0
Celine Tang @ Chen Huaidan @ Celine Tang ⁽¹²⁾	214,376,666	0
ARA Investment (Cayman) Limited ⁽¹³⁾	0	188,141,706
ARA Asset Management Holdings Pte. Ltd. ⁽¹⁴⁾	0	188,141,706
AVICT Dragon Holdings Limited ⁽¹⁵⁾	0	188,141,706
AVICT Phoenix Holdings Limited ⁽¹⁶⁾	0	188,141,706
AVIC Trust Co., Ltd. ⁽¹⁷⁾	0	188,141,706
China Aviation Investment Holdings Co., Ltd. ⁽¹⁸⁾	0	188,141,706
AVIC Capital Co., Ltd. ⁽¹⁹⁾	0	188,141,706
Aviation Industry Corporation of China ⁽²⁰⁾	0	188,141,706
Alexandrite Gem Holdings Limited ⁽²¹⁾	0	188,141,706
WP Global LLC ⁽²²⁾	0	188,141,706
Warburg Pincus Partners II, L.P. ⁽²³⁾	0	188,141,706
Warburg Pincus Partners GP LLC ⁽²⁴⁾	0	188,141,706
Warburg Pincus & Co. ⁽²⁵⁾	0	188,141,706
Yang Chanzhen @ Janet Yeo ⁽²⁶⁾⁽²⁷⁾	111,189,500	57,095,100
Tang Jialin ⁽²⁶⁾⁽²⁷⁾	107,011,700	57,095,100

Notes:

- (1) ARA Asset Management Limited ("ARA") is the sole shareholder of the Manager and ARA RE Investment Group (Singapore) Pte Ltd ("ARA RIGS"). Accordingly, ARA is deemed to have an interest in the Units held by the Manager and Units that ARA RIGS has a deemed interest in.
- (2) ARA RIGS is a wholly-owned subsidiary of ARA, whereby ARA RE Investment Group Limited ("ARA RIG") is a wholly-owned subsidiary of ARA RIGS. In addition, ARA RIG's wholly-owned subsidiaries, namely ARA Investors II Limited ("ARA Investors II"), ARA Real Estate Investors XII Limited ("ARA RE XII") and ARA Real Estate Investors XIII Limited ("ARA RE XIII"), collectively hold more than 5 per cent. of the Units. Accordingly, each of ARA RIGS and ARA RIG is deemed to have an interest in the Units held by ARA Investors II, ARA RE XII and ARA RE XIII.
- (3) The Straits Trading Company Limited ("STC") holds more than 50 per cent. of the voting rights of each of Straits Real Estate Pte. Ltd. ("SRE") and Sword Investments Private Limited ("Sword") and has a deemed interest in the Units held by SRE and Sword. In addition, STC, through its wholly-owned subsidiaries, Straits Equities Holdings (One) Pte. Ltd. ("SEH One") and Straits Equities Holdings (Two) Pte. Ltd. ("SEH Two"), collectively holds not less than 20 per cent. of the voting rights in ARA. ARA holds more than 50 per cent. of the voting rights of each of the Manager, ARA Investors II, ARA RE XII and ARA RE XIII. Accordingly, STC is deemed to be interested in the Units held by the Manager, ARA Investors II, ARA RE XII and ARA RE XIII.
- (4) The Cairns Pte. Ltd. ("Cairns") holds more than 50 per cent. of the voting rights of STC. Accordingly, Cairns is deemed to have an interest in the Units that STC has a deemed interest in.
- (5) Raffles Investments Limited ("Raffles") holds more than 50 per cent. of the voting rights of Raffles Investments (1993) Pte Ltd ("Raffles 1993"). Accordingly, Raffles is deemed to have an interest in the Units which Raffles 1993 holds. In addition, Raffles also holds not less than 20 per cent. of the voting rights in Cairns. Accordingly, Raffles is deemed to have an interest in the Units that Cairns has a deemed interest in.
- (6) Aequitas Pte. Ltd. ("Aequitas") holds more than 50 per cent. of the voting rights of Raffles. Accordingly, Aequitas is deemed to have an interest in the Units that Raffles has a deemed interest in.
- (7) Tecity Pte. Ltd. ("Tecity") holds not less than 20 per cent. of the voting rights of Aequitas. Accordingly, Tecity is deemed to have an interest in the Units that Aequitas has a deemed interest in.
- (8) Dr. Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. Accordingly, Dr. Tan Kheng Lian is deemed to have an interest in the Units that Tecity has a deemed interest in.
- (9) Tan Chin Tuan Pte. Ltd. ("TCTPL") holds more than 50 per cent. of the voting rights of Aequitas. By virtue of this, through Aequitas, TCTPL has a deemed interest in the Units that Raffles has an interest in.
- (10) BlackRock, Inc. ("BlackRock") is deemed to have an interest in the Units held by the following subsidiaries through its indirect control of that subsidiaries: (1) BlackRock (Luxembourg) S.A., (2) BlackRock (Netherlands) B.V., (3) BlackRock (Singapore) Limited, (4) BlackRock Advisors (UK) Limited, (5) BlackRock Advisors, LLC, (6) BlackRock Asset Management Canada Limited, (7) BlackRock Asset Management Ireland Limited, (8) BlackRock Asset Management North Asia Limited, (9) BlackRock Asset Management Schweiz AG, (10) BlackRock Financial Management, Inc.,

STATISTICS OF UNITHOLDERS

- (11) BlackRock Fund Advisors, (12) BlackRock Fund Managers Ltd, (13) BlackRock Institutional Trust Company, N.A., (14) BlackRock International Limited, (15) BlackRock Investment Management (Australia) Limited, (16) BlackRock Investment Management (UK) Ltd, (17) BlackRock Investment Management, LLC, (18) BlackRock Japan Co Ltd, (19) BlackRock Life Limited, (20) iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen.
- (11) The PNC Financial Services Group, Inc. is deemed shareholder through its over 20 per cent. ownership of BlackRock.
- (12) Mr Tang Gordon @ Tang Yigang @ Tang Gordon is the spouse of Madam Celine Tang @ Chen Huaidan @ Celine Tang. Mr Tang Gordon together with his spouse, Madam Celine Tang holds 178,338,266 Units in their joint accounts.
- (13) ARA Investment Company (Cayman) Limited (formerly known as Athena Investment Company (Cayman) Limited) ("ARA (Cayman)") holds 100 per cent. of the issued and paid-up share capital of ARA. Accordingly, ARA (Cayman) is deemed to have an interest in the Units that ARA has a deemed interest in.
- (14) ARA Asset Management Holdings Pte. Ltd. (formerly known as Athena Investment Company (Singapore) Pte. Limited) ("ARA Asset") holds 100 per cent. of the voting rights of ARA (Cayman). Accordingly, ARA Asset is deemed to have an interest in the Units that ARA (Cayman) has a deemed interest in.
- (15) AVICT Dragon Holdings Limited ("AVICT Dragon") holds more than 20 per cent. of the voting rights of ARA Asset. Accordingly, AVICT Dragon is deemed to have an interest in the Units that ARA Asset has a deemed interest in.
- (16) AVICT Phoenix Holdings Limited ("AVICT Phoenix") holds more than 50 per cent. of the voting rights of AVICT Dragon. Accordingly, AVICT Phoenix is deemed to have an interest in the Units that AVICT Dragon has a deemed interest in.
- (17) AVIC Trust Co., Ltd. ("AVIC Trust") holds more than 50 per cent. of the voting rights of AVICT Phoenix. Accordingly, AVICT Trust is deemed to have an interest in the Units that AVICT Phoenix has a deemed interest in.
- (18) China Aviation Investment Holdings Co., Ltd ("China Aviation") holds more than 50 per cent. of the voting rights of AVIC Trust. Accordingly, China Aviation is deemed to have an interest in the Units that AVIC Trust has a deemed interest in.
- (19) AVIC Capital Co., Ltd ("AVIC Capital") holds more than 50 per cent. of the voting rights of China Aviation. Accordingly, AVIC Capital is deemed to have an interest in the Units that China Aviation has a deemed interest in.
- (20) Aviation Industry Corporation of China ("AVIC") is wholly-owned by the Central State-Owned Assets Supervision and Administration Commission of the People's Republic of China. AVIC holds more than 20 per cent. of the voting rights of AVIC Capital. Accordingly, AVIC is deemed to have an interest in the Units that AVIC Capital has a deemed interest in.
- (21) Alexandrite Gem Holdings Limited ("AGHL") is wholly-owned by certain private equity funds which are limited partnerships (the "Funds") managed by Warburg Pincus LLC ("WP LLC"), a New York limited liability company. Warburg Pincus XII, L.P., a Delaware limited partnership ("WP XII GP") and Warburg Pincus China GP, L.P., a Delaware limited partnership ("WPC GP") are the general partners of the Funds. AGHL holds more than 20 per cent. of the voting rights of ARA Asset. Accordingly, AGHL is deemed to have an interest in the Units that ARA Asset has a deemed interest in.
- (22) WP Global LLC, a Delaware limited liability company ("WP Global"), is the general partner of each of WP XII GP and WPC GP.
- (23) Warburg Pincus Partners II, L.P., a Delaware limited partnership ("WPP II"), is the managing member of WP Global.
- (24) Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WPP GP LLC") is the general partner of WPP II.
- (25) Warburg Pincus & Co., a New York general partnership ("WP"), is the managing member of WPP GP LLC.
- (26) Mr Tang Jialin and Madam Yang Chanzhen @ Janet Yeo are entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the shares held by them in Senz Holdings Limited ("Senz"). They are therefore deemed to be interested in the shares held by Senz.
- (27) Madam Yang Chanzhen @ Janet Yeo holds 107,011,700 Units in joint accounts with Mr Tang Jialin.

MANAGER'S DIRECTORS' UNITHOLDINGS

as at 21 January 2019

as shown in the Register of Directors' Unitholdings

Name of Director	Number of Units	
	Direct Interest	Deemed Interest
Ms Chew Gek Khim	0	0
Mr Lim Hwee Chiang, John	2,000,000	1,000,000 ¹
Mr Chen Wei Ching, Vincent	400,000	0
Mr Chan Pee Teck Peter	0	0
Mrs Yu-Foo Yee Shoon	0	0
Mr Lock Wai Han (Appointed on 1 August 2018)	0	0
Mr Chow Wai Wai, John	2,221,729	0
Mr Chan Kong Leong (Resigned on 31 December 2018)	176,000	0
Mr Chong Kee Hiong (Appointed on 1 January 2019)	0	0

Note:

¹ Mr Lim Hwee Chiang, John is deemed to have an interest in 1,000,000 units of Suntec REIT held by Citibank Nominees Singapore Pte. Ltd. (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim is the settlor of JL Charitable Settlement.

FREE FLOAT

Based on information made available to the Manager as at 6 March 2019, approximately 65.2% of the Units are held in public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

ADDITIONAL INFORMATION

RELATED PARTY TRANSACTIONS

The transactions entered with related parties during the financial period and which fall within the Listing Manual of the SGX-ST and the Property Funds Appendix (excluding transactions of less than \$100,000 each) are as follows:

	Aggregate value of all RPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all RPTs during the financial year under review conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
ARA Trust Management (Suntec) Limited and its associates		
Asset management fees	47,877	–
Rental income	3,273	–
Property management fees and reimbursables	24,490	–
Professional service fees	1,109	–
Leasing commission	4,578	–
Acquisition fee	1,911	–
HSBC Institutional Trust Services (Singapore) Limited		
Trustee fees	1,508	–
	84,746	–

FEES PAYABLE TO THE MANAGER

The Manager is committed to delivering value to the stakeholders of Suntec REIT, in addition to its key responsibilities of managing and maintaining the long term interests of all Unitholders.

The Manager is entitled to the following fees for the management of Suntec REIT, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management, marketing and investor relations:

- (1) a base fee of 0.3% per annum of the value of the properties of Suntec REIT (as defined under Clause 15.1.1 of the Trust Deed). Pursuant to Clause 15.1.4 of the Trust Deed, the base fee is paid monthly or quarterly, in arrears, in the form of cash and/or Units, as the Manager may elect. The Base Fee, which is based on a fixed percentage of the value of the assets of the Trust, commensurates with the complexity and efforts required of the Manager in managing the Trust.
- (2) a performance fee equal to 4.5% per annum of the Net Property Income of Suntec REIT or any special purpose vehicles for each financial year (as defined under Clause 15.1.2 in the Trust Deed). The performance fee is paid in the form of cash and/or Units, as the Manager may elect. The performance fee methodology is reflective of the alignment of interests between the Manager and the Unitholders in incentivising the Manager to drive higher income yields for Suntec REIT. The Manager is incentivised to review the growth potential of the assets in the portfolio, and improve the long-term performance of such assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive management including undertaking effective leasing strategies and asset enhancement/repositioning initiatives and achieving cost efficiencies.

In accordance with the Code on Collective Investment Schemes dated 1 January 2016 ("CIS Code"), crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from FY 2016, the Performance Fee payable in the form of Units and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

ADDITIONAL INFORMATION

In addition, the Manager is entitled to an acquisition fee¹ which is paid in the form of cash after the completion of an acquisition. The Manager is also entitled to a divestment fee¹ which is paid in cash after the completion of a divestment. Details of the fee structure of the acquisition fee and divestment fee are set out in Note 1 to the Financial Statements herein (and Clause 15.2.1 of the Trust Deed). The acquisition fee and divestment fee payable to the Manager are to recognise the Manager's efforts in actively seeking potential opportunities to acquire new properties and/or in unlocking the underlying value of existing properties within its asset portfolio through divestments to optimise returns to the Unitholders. The Manager provides these services over and above the provision of ongoing management services with an aim to generate long term benefits for the Unitholders.

Note:

¹ In the case of an interested party transaction, the fee is paid in the form of Units at the prevailing market price and such Units should not be sold within one year from their date of issuance as stipulated in the CIS Code.

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	\$'000
Total operating expenses, including all fees, charges and reimbursables paid to the Manager and interested parties ⁽¹⁾⁽²⁾	193,099
Net assets	5,768,106
Percentage of total operating expenses to Net assets.	3%

Notes:

¹ Excludes finance costs.

² Includes one-third interest in One Raffles Quay Pte Ltd, one-third interest in BFC Development LLP, 60.8% interest in Harmony Convention Holding Pte Ltd, 30.0% interest in Park Mall Pte. Ltd. and 50% interest in Southgate Trust.

SUBSCRIPTION OF SUNTEC REIT UNITS

As at 31 December 2018, an aggregate of 2,670,632,751 Units were in issue. On 23 January 2019, Suntec REIT issued 3,298,867 and 6,605,210 Units to the Manager as asset management base fees for the period from 1 October 2018 to 31 December 2018 and asset management performance fees for the period from 1 January 2018 to 31 December 2018 respectively.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the holders of units of Suntec Real Estate Investment Trust (“Suntec REIT”, and the holders of units of Suntec REIT, “Unitholders”) will be held at Level 3, Nicoll 1-3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 18 April 2019 at 2.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of Suntec REIT (the “Trustee”), the Statement by ARA Trust Management (Suntec) Limited, as manager of Suntec REIT (the “Manager”) and the Audited Financial Statements of Suntec REIT for the financial year ended 31 December 2018 and the Auditors’ Report thereon.

(Ordinary Resolution 1)

2. To re-appoint KPMG LLP as the Auditors of Suntec REIT to hold office until the conclusion of the next AGM of Suntec REIT and to authorise the Manager to fix their remuneration.

(Ordinary Resolution 2)

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions, with or without any modifications:

3. GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES

That authority be and is hereby given to the Manager to

- (a) (i) issue new units in Suntec REIT (“Units”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may, in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Ordinary Resolution was in force (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Ordinary Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed fifty percent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed twenty percent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed, after adjusting for:
 - (i) any new Units arising from the conversion or exercise of any Instruments which are outstanding as at the time this Ordinary Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Units;

NOTICE OF **ANNUAL GENERAL MEETING**

- (C) in exercising the authority conferred by this Ordinary Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Suntec REIT (as amended) (the **"Trust Deed"**) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (D) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Ordinary Resolution shall continue in force until (i) the conclusion of the next AGM of Suntec REIT or (ii) the date by which the next AGM of Suntec REIT is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Suntec REIT to give effect to the authority conferred by this Ordinary Resolution.

[Please see Explanatory Note 1]

(Ordinary Resolution 3)

4. GENERAL MANDATE FOR UNIT BUY-BACK

That:

- (a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Suntec REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or
 - (ii) off-market repurchase(s) (which are not market repurchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the **"Unit Buy-Back Mandate"**);
- (b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:
 - (i) the date on which the next annual general meeting of Suntec REIT is held;
 - (ii) the date by which the next annual general meeting of Suntec REIT is required by applicable laws and regulations or the Trust Deed to be held; or
 - (iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Ordinary Resolution:

"Average Closing Price" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

"date of the making of the offer" means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

"Market Day" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"Maximum Limit" means that number of Units representing 2.5% of the total number of issued Units as at the date of the passing of this Ordinary Resolution; and

"Maximum Price" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market repurchase of a Unit, 105.0% of the Average Closing Price of the Units; and
- (ii) in the case of an off-market repurchase of a Unit, 105.0% of the Average Closing Price of the Units; and

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Suntec REIT to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

[Please see Explanatory Note 2]

(Ordinary Resolution 4)

5. OTHER BUSINESS

To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD
ARA Trust Management (Suntec) Limited
as manager of Suntec REIT

Sharon Yeoh
Chiang Wai Ming
Company Secretaries

Singapore
29 March 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Unitholder entitled to attend and vote at the AGM who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The proxy form must be lodged at the Unit Registrar's office at Boardroom Corporate and Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 16 April 2019 at 2.30 p.m. being forty-eight (48) hours before the time fixed for the AGM.
4. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at forty-eight (48) hours before the time appointed for AGM in order for the Depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1) Ordinary Resolution 3 to be passed:

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of the AGM until (i) the conclusion of the next AGM of Suntec REIT or (ii) the date by which the next AGM of Suntec REIT is required by the applicable regulations to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units, of which up to 20% may be issued other than on a *pro rata* basis to Unitholders (in each case, excluding treasury Units, if any).

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for (i) new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Ordinary Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2) Ordinary Resolution 4 to be passed:

Ordinary Resolution 4, if passed, will empower the Manager from the date of the AGM of Suntec REIT until (i) the date on which the next annual general meeting of Suntec REIT is held, (ii) the date by which the next annual general meeting of Suntec REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of Suntec REIT not exceeding in aggregate 2.5% of the total number of Units as at the date of the passing of this Ordinary Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the appendix to the Notice of Annual General Meeting dated 29 March 2019, unless such authority is revoked or varied by the Unitholders in a general meeting.

SUNTEC REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 1 November 2004 (as amended))

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. A relevant intermediary may appoint more than one proxy to attend the Annual General Meeting and vote (please see Note 5 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2019.

I/We, _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a unitholder/unitholders of Suntec Real Estate Investment Trust ("Suntec REIT"), hereby appoint:

Name	NRIC / Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC / Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or both of whom failing, the Chairman of the Annual General Meeting ("AGM") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of Suntec REIT to be held at Level 3, Nicoll 1-3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 18 April 2019 at 2.30 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/ proxies will vote or abstain from voting at *his/their discretion, as they will on any other matter arising at the AGM.

Note: The Chairman of the AGM will be exercising his/her right under paragraph 11 of Schedule 1 of the trust deed dated 1 November 2004 (as amended) to demand a poll in respect of the resolutions described below to be put to the vote of the Unitholders at the AGM and at any adjournment thereof. Accordingly, such resolutions at the AGM will be voted on by way of poll.

(Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.)

No.	Ordinary/ Extraordinary Resolution	Resolutions relating to:	No. of votes For**	No. of votes Against**
ORDINARY BUSINESS				
1	Ordinary	To receive and adopt the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements of Suntec REIT for the year ended 31 December 2018.		
2	Ordinary	To re-appoint KPMG LLP as Auditors of Suntec REIT and authorise the Manager to fix the Auditors' remuneration.		
SPECIAL BUSINESS				
3	Ordinary	To authorise the Manager to issue Units and to make or grant convertible instruments.		
4	Ordinary	To approve the General Mandate for Unit Buy-Back.		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

Signature of Unitholder(s)/and, Common Seal of Corporate Unitholder

Total number of Units held



Affix
Postage
Stamp

ARA TRUST MANAGEMENT (SUNTEC) LIMITED
(as manager of Suntec Real Estate Investment Trust)
c/o
Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01, Singapore Land Tower
Singapore 048623

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes To Proxy Form

1. A unitholder of Suntec REIT ("Unitholder") entitled to attend and vote at the Annual General Meeting ("AGM") who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Suntec REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 6 below) will be deemed to relate to all the Units held by the Unitholder.
5. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
- (c) The Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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6. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 16 April 2019 at 2.30 p.m., being forty-eight (48) hours before the time set for the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person and in such event, the Manager reserves the right of refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
7. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM.
8. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
9. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/ she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.



ARA Trust Management (Suntec) Limited
(As Manager of Suntec REIT)

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