

Annual Report 2016

BUILDING ON STRONG FOUNDATIONS



Suntec Real Estate Investment Trust

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 REIT in Singapore, owning income-producing real estate that is primarily used for retail and/or office purposes.

As at 31 December 2016, Suntec REIT's portfolio comprises office and retail properties in Suntec City, a 60.8 percent interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall and a 30.0 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. In Australia, Suntec REIT holds a 100.0 per cent interest in 177 Pacific Highway and a 25.0 per cent interest in Southgate Complex which are located in Sydney and Melbourne respectively.

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"), an integrated real estate fund manager in Asia which is listed on the Main Board of the SGX-ST since November 2007.

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

Established in 2002, to date it has close to 1,300 professionals in 18 cities managing total assets of approximately S\$36 billion.

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.

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Building on Strong Foundations

Listed on 9 December 2004, Suntec Real Estate Investment Trust ("Suntec REIT") is one of the pioneer real estate investment trusts in Singapore. Over the last 12 years, we have navigated through numerous storms and have emerged stronger and affirmed our position as one of the leading real estate investment trusts ("REITs") in Singapore.

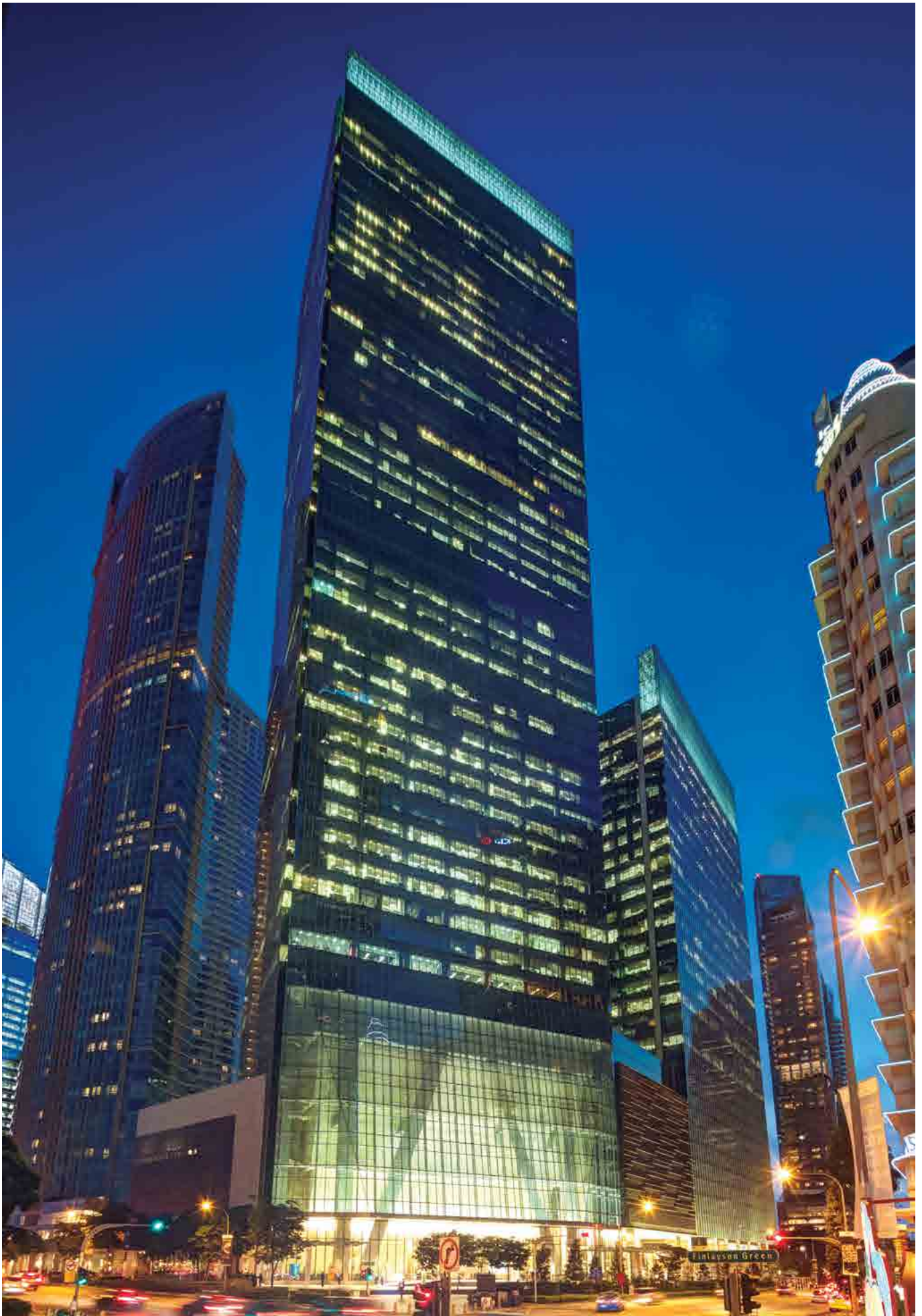
Suntec REIT's assets under management ("AUM") have grown significantly from its first flagship property, Suntec City, to six high quality assets spanning across Singapore and Australia. From an initial AUM of S\$2.2 billion, we have grown to S\$9.5 billion making us the third largest REIT in Singapore.

Through proactive asset management, prudent capital management and strategic acquisitions, we have laid the groundwork in building the strong foundations. We remain disciplined and steadfast in delivering our mission which will propel us to our next phase of growth.

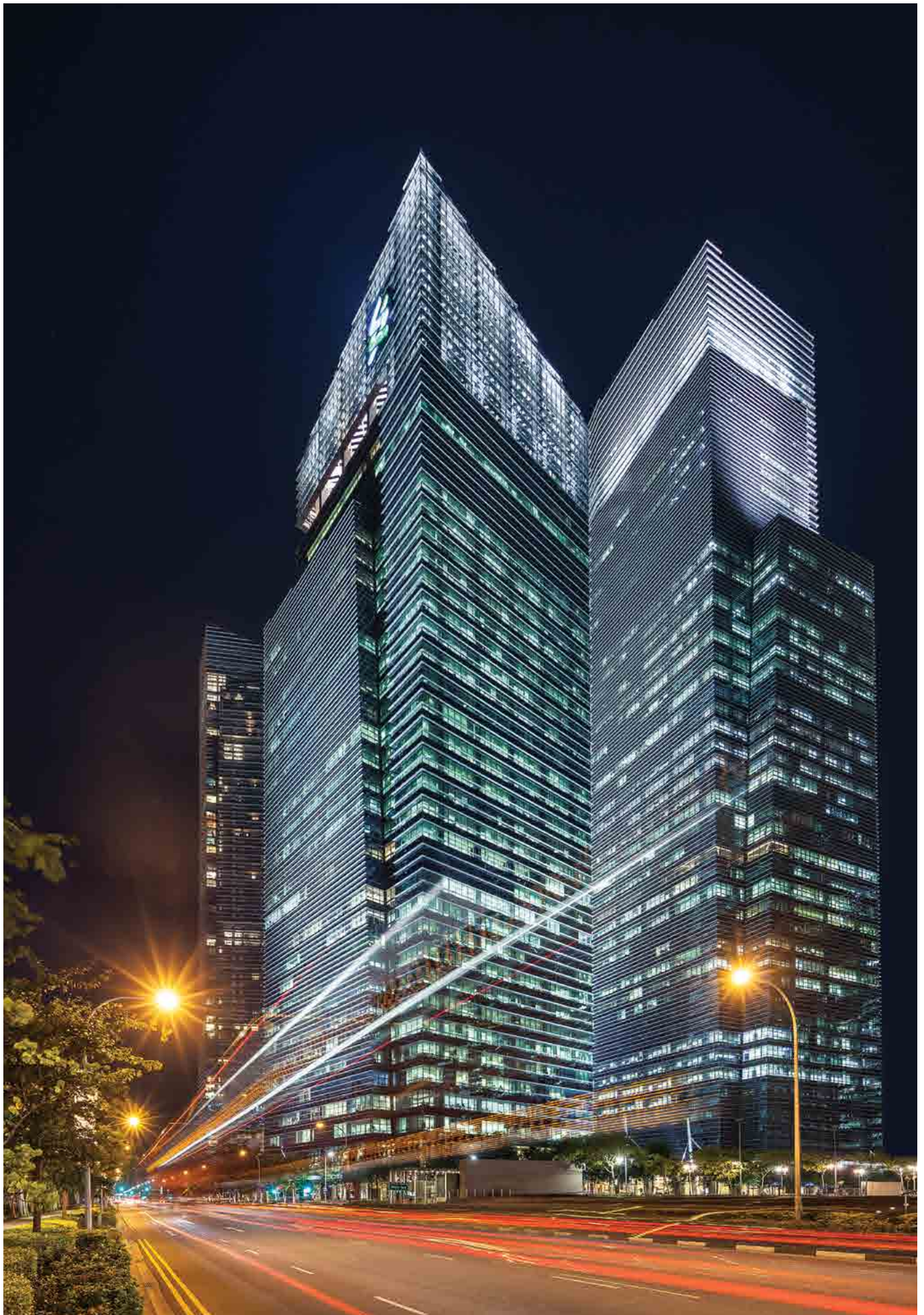


Suntec City Office and Suntec City Mall, Singapore



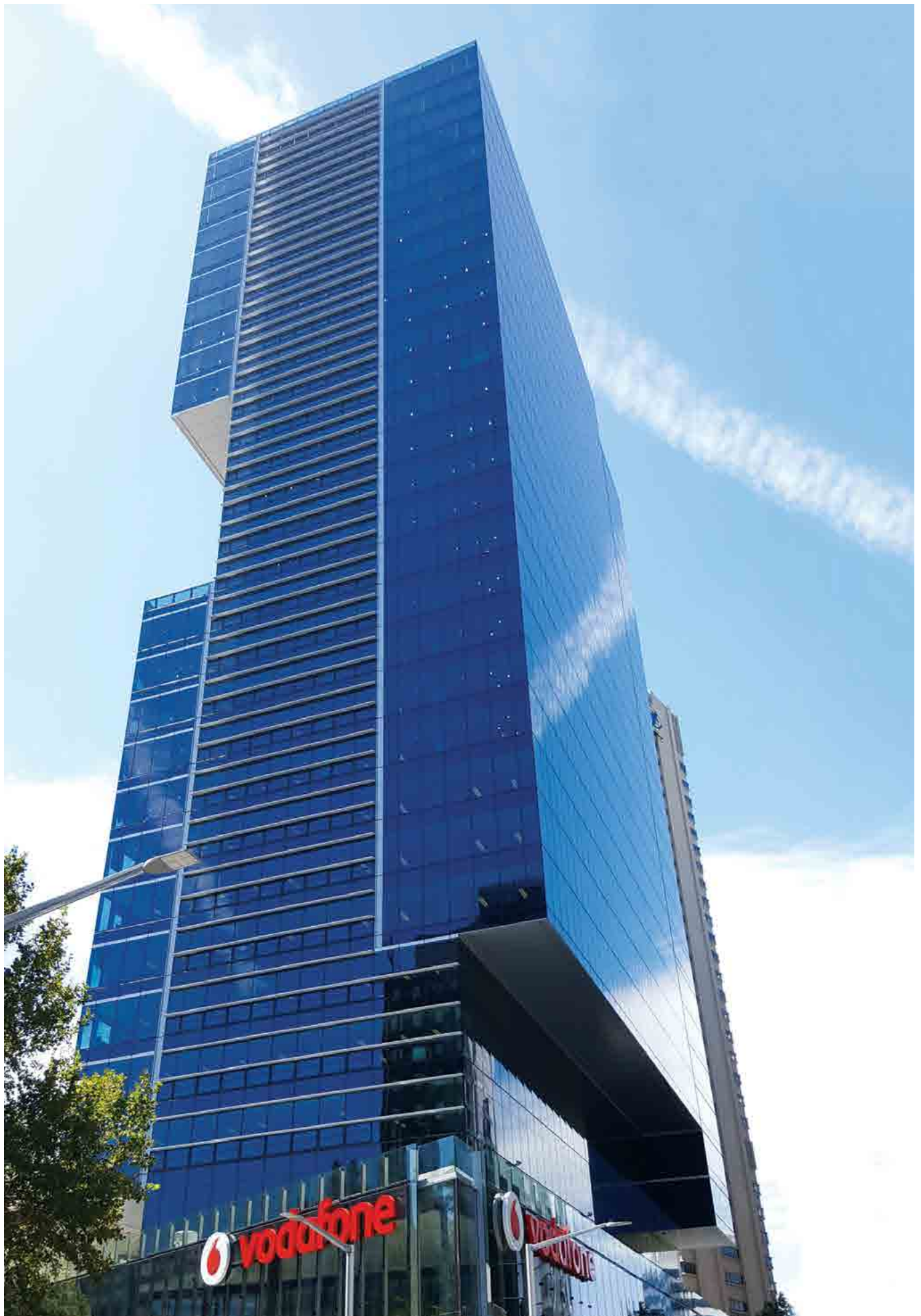


One Raffles Quay, Singapore





Artist's impression





Southgate Complex, Melbourne

Key Figures for 2016

ASSETS UNDER MANAGEMENT

S\$9.5 BILLION

Grew from S\$9.3 billion in 2015 due to the acquisition of an initial 25.0% interest in Southgate Complex in Melbourne and practical completion of 177 Pacific Highway in Sydney.

DISTRIBUTION INCOME

S\$253.7 MILLION

Increased 0.7% year-on-year ("y-o-y") mainly due to higher contribution from Suntec City mall, 177 Pacific Highway and capital distribution.

NET PROPERTY INCOME

S\$224.6 MILLION

Notwithstanding the divestment of Park Mall in December 2015, the net property income achieved for FY 2016 was a slight decline of 2.0% y-o-y.

DISTRIBUTION PER UNIT

10.003 CENTS

In-line with 2015 DPU of 10.002 cents

PORTFOLIO OCCUPANCY

98.6%
(OFFICE)

97.7%
(RETAIL)

INCOME CONTRIBUTION FROM JOINT VENTURES

S\$89.7 MILLION

Declined 6.6% y-o-y mainly due to the cessation of income support for MBFC Properties¹.

AGGREGATE LEVERAGE RATIO

37.7%

Gearing ratio stood at 36.4% as at 31 December 2016.

NET ASSET VALUE PER UNIT

S\$2.147

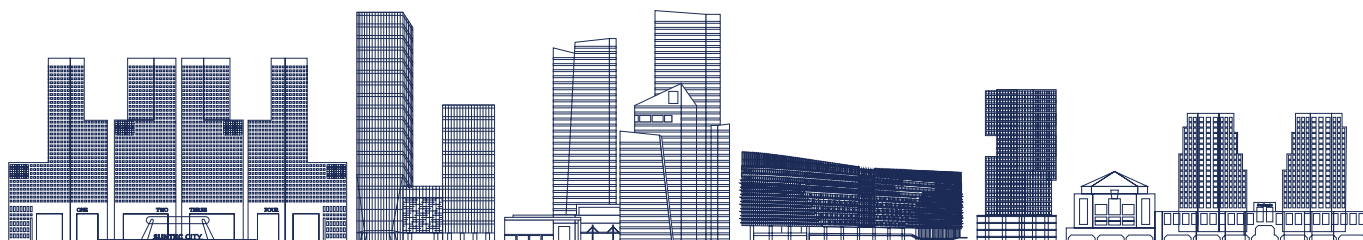
Marginal decline of 0.3% y-o-y due to the increase in Suntec REIT units issued.

ALL-IN FINANCING COST

2.56% PER ANNUM

Note:

1 Refers to Marina Bay Financial Centre Towers 1 and 2 and Marina Bay Link Mall.



Year In Review

2016 JANUARY

- Entered into a S\$120 million 5-year unsecured facility agreement.
- Achieved distributable income of S\$69.5 million for the period 1 October 2015 to 31 December 2015. Distribution per unit ("DPU") for the quarter amounted to 2.750 cents.

2016 MARCH

- Redemption of S\$280 million convertible bonds.

2016 APRIL

- Unitholders approved all resolutions tabled at Suntec REIT's annual general meeting held on 14 April 2016.
- Achieved distributable income of S\$60.0 million for the period 1 January 2016 to 31 March 2016. DPU for the quarter amounted to 2.371 cents.

2016 MAY

- Announced the appointment of Mr Chan Kong Leong as Chief Operating Officer of the Manager.
- Entered into a S\$250 million 5-year unsecured facility agreement.

2016 JULY

- Achieved distributable income of S\$63.3 million for the period 1 April 2016 to 30 June 2016. DPU for the quarter amounted to 2.501 cents.

2016 AUGUST

- Received practical completion for 177 Pacific Highway.
- Formed 50:50 joint venture to acquire an initial 50.0% interest in the iconic Southgate Complex located in Melbourne, Australia.
- Issued S\$300 million 5-year convertible bonds at 1.75% fixed coupon.

2016 SEPTEMBER

- Refinanced S\$100 million loan facility with the convertible bonds issued in August.

2016 OCTOBER

- Achieved distributable income of S\$64.3 million for the period 1 July 2016 to 30 September 2016. DPU for the quarter amounted to 2.535 cents.

2016 NOVEMBER

- Completed the acquisition of the 25.0% effective interest in Southgate Complex.

2016 DECEMBER

- Commenced the development works at 9 Penang Road (formerly known as Park Mall) into a new Grade A commercial building.
- Announced the retirement of Mr Yeo See Kiat as Chief Executive Officer and Executive Director of the Manager after 10 years of service.
- Announced the appointment of Mr Chan Kong Leong as Chief Executive Officer and Executive Director of the Manager.
- Mr Lim Lee Meng and Mr Tan Kian Chew stepped down as Independent Non-Executive Directors and members of the audit committee after serving on the board for 12 years.
- Announced the appointment of Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon as new Independent Non-Executive Directors and members of the audit committee of the Manager.

Chairman's Report

Building on our strong foundations, we will continue to proactively manage our assets, embark on new asset enhancement initiatives and expand our AUM with prudent capital management, to fulfill our mission of creating value and delivering stable, sustainable returns to our unitholders.



DEAR UNITHOLDERS,

On behalf of the Board of ARA Trust Management (Suntec) Limited, 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 2016 ("FY 2016").

2016 marked another significant year for Suntec REIT. During the year, we deepened our presence in Australia with the acquisition of an initial 25.0% interest in the iconic Southgate Complex in Melbourne. We also demonstrated our execution and development capabilities with the practical completion of 177 Pacific Highway. In Singapore, our office and retail portfolios continued to perform well. Development works at 9 Penang Road (formerly known as Park Mall), commenced on 1 December 2016 and we look forward to unveiling the new Grade A commercial building by end 2019.

ROBUST FINANCIAL AND OPERATING PERFORMANCE FOR FY2016

Despite the challenges in the operating environment, Suntec REIT delivered a stable performance in FY 2016. The distributable income from operations of S\$229.7 million was a slight 1.4% decline year-on-year mainly due to the divestment of Park Mall and cessation of income support for MBFC Properties which was offset by higher contribution from Suntec City mall and 177 Pacific Highway. Including the capital distribution of S\$24.0 million, the total distributable income of S\$253.7 million was 0.7% higher year-on-year. The distribution per unit ("DPU") attained for FY 2016 was 10.003 cents, similar to FY 2015 DPU of 10.002 cents. This translated to a distribution yield of 6.1% based on Suntec REIT's closing price of S\$1.650 per unit on 31 December 2016. Since Suntec REIT's public listing on 9 December 2004, we have delivered a total DPU of 113.5 cents and a total return of 178.5%.

Our assets under management ("AUM") have further grown from S\$9.3 billion in 2015 to S\$9.5 billion as at end December 2016.

I am also pleased to report that the committed occupancy of our office and retail portfolios stood at 98.6% and 97.7% respectively as at 31 December 2016.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

Suntec REIT remains focused on our key strategies of prudent and proactive capital management. Our balance sheet remains healthy, with total debt at approximately S\$3.3 billion. The all-in financing cost for FY 2016 was 2.56% and our aggregate leverage ratio stood at 37.7% as at 31 December 2016. Having secured S\$670 million in financing for FY 2016 our re-financing needs for 2017 have been reduced to only S\$100 million or 3.4% of our total borrowings.

DEEPENED PRESENCE IN AUSTRALIA

In November 2016, we completed the acquisition of an initial 25.0% interest in Southgate Complex, located alongside the Yarra River in Melbourne. While we remain Singapore-centric, we have deepened our presence in Australia and further enhanced Suntec REIT's income and geographical diversification. The landmark waterfront integrated development with two A Grade office towers and a 3-storey retail podium offers organic growth potential from the strengthening office market in the Central Business District ("CBD") of Melbourne and repositioning of its retail component.

PROACTIVE ASSET MANAGEMENT

Our office and retail portfolios continued to perform well despite the challenging operating environment.

Our strategy of proactive asset management has enabled us to consistently maintain our Singapore office portfolio occupancy rate at above market occupancy level. This is a testament to the resiliency of our assets. As at 31 December 2016, the occupancy of our Singapore office portfolio was 99.3% as compared to the overall CBD Grade A occupancy of 93.3%. Through proactive forward renewal strategy, we have reduced the 2017 office lease expiry to 9.3% of net lettable area, thus mitigating the leasing risks in 2017 when the Singapore office market is expected to remain under pressure given the impending new supply. The committed occupancy of our Australian office portfolio stood at 95.9% as at 31 December 2016. We expect 177 Pacific Highway to continue to maintain 100% occupancy and Southgate Complex occupancy to improve given the strengthening office market in Melbourne.

Despite the soft retail market, Suntec City mall's annual footfall improved 16.1% year-on-year to close to 40 million shoppers whilst the committed occupancy of the mall remained healthy at 97.9% as at December 2016. During the year, we refreshed our tenancy mix with new-to-market concepts and flagship shops. As we continue to delight shoppers through the best of retail and lifestyle offerings and exciting engagement programmes, Suntec City mall will continue to benefit from the completed asset enhancement works, excellent connectivity with direct connections to two MRT stations and ample parking facilities with over 3,000 lots.

Suntec Rewards, Suntec City's digital platform which brings together the community of retailers, shoppers, professionals, managers, executives, businessmen ("PMEBs"), tourists and Meetings, Incentives, Conferences and Exhibitions ("MICE") delegates, has gained further traction with over 70,000 members since its launch. It was also awarded the Loyalty Programme of the Year (Silver) and Best Loyalty Programme – Retailer (Bronze) at the Loyalty & Engagement Awards 2016.

9 PENANG ROAD

I am also pleased to report that development works for the new Grade A commercial building at 9 Penang Road in which we have a 30.0% interest, commenced in December 2016. In addition, we have maximised the full potential of the former Park Mall site with the extension of the land tenure to 99 years. The ten-storey building consists of two wings and is scheduled to complete by end 2019 when the new office supply in Singapore is expected to be limited.

LOOKING AHEAD

The Singapore economy is expected to grow modestly in 2017, with the Ministry of Trade estimating GDP growth to be between 1% to 3%. In Australia, the Reserve Bank of Australia expects the GDP growth to be around the 3% per annum mark over the next few years.

Building on our strong foundations, we will continue to proactively manage our assets, embark on new asset enhancement initiatives and expand our AUM with prudent capital management, to fulfill our mission of creating value and delivering stable, sustainable returns to our unitholders.

BOARD AND MANAGEMENT RENEWAL

On behalf of the Manager and the Board, I would like to express my sincere appreciation to Mr Yeo See Kiat, who retired as Chief Executive Officer at the end of 2016, for his outstanding service and invaluable contribution to Suntec REIT. Despite the Global Financial Crisis and the challenging market conditions, under See Kiat's leadership, Suntec REIT has grown from strength to strength during his 10 years tenure. Suntec REIT's AUM grew from S\$2.2 billion at the initial public offering in 2004 to S\$9.5 billion today, making it one of the largest REITs listed on the Singapore Exchange. See Kiat has built a strong foundation and I welcome Mr Chan Kong Leong on board. With his extensive experience in the real estate sector, Kong Leong will lead Suntec REIT into the next phase of growth.

I would like to take this opportunity to also extend our gratitude to Mr Lim Lee Meng and Mr Tan Kian Chew who have stepped down as Independent Directors for their guidance and commitment since the inception of Suntec REIT.

We are pleased to welcome Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon to the Board. Their vast experience will complement and strengthen the Board.

I would also like to thank my fellow board members for their counsel and the management team for their dedication. 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

3 March 2017

Financial Highlights

Consolidated Statement of Total Return for the Financial Year	2016	2015
Gross Revenue	S\$328.6m	S\$329.5m
Net Property Income	S\$224.6m	S\$229.2m
Income Contribution From Joint Ventures ¹	S\$89.7m	S\$96.1m
Distributable Income	S\$253.7m	S\$252.0m
– from operations	S\$229.7m	S\$233.0m
– from capital	S\$24.0m	S\$19.0m
Distribution Per Unit ("DPU")	10.003¢	10.002¢
– from operations	9.057¢	9.249¢
– from capital	0.946¢	0.753¢

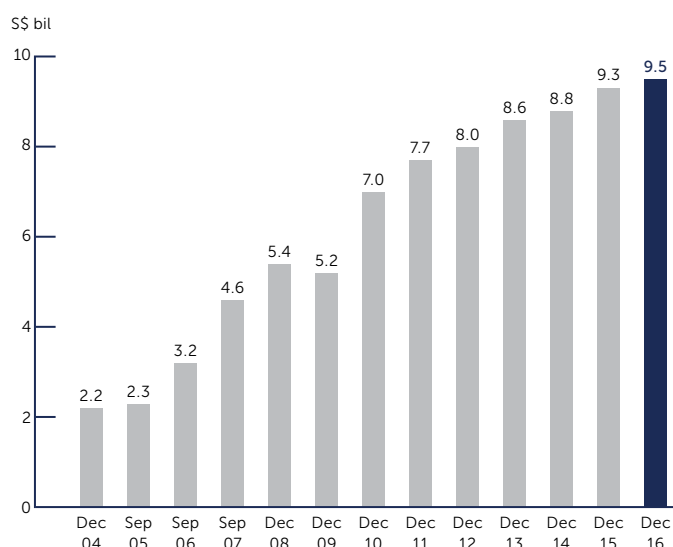
Consolidated Statement of Financial Position	31 Dec 2016	31 Dec 2015
Investment Properties	S\$6,247.8m	S\$5,799.9m
Interests In Joint Ventures ²	S\$2,642.9m	S\$2,456.6m
Total Assets	S\$9,093.4m	S\$8,965.0m
Debt at Amortised Cost	S\$3,305.8m	S\$3,212.7m
Total Liabilities	S\$3,500.1m	S\$3,402.3m
Unitholders' Funds	S\$5,468.9m	S\$5,444.0m
Net Asset Value Per Unit	S\$2.147	S\$2.154
Aggregate Leverage Ratio ³	37.7%	37.1%

Notes:

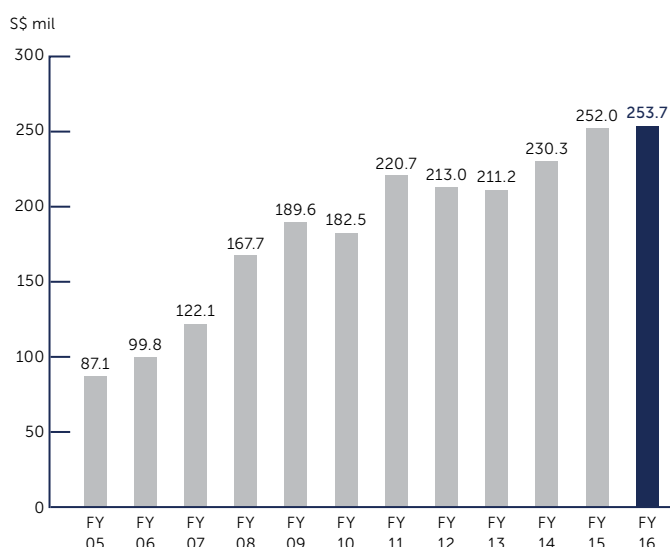
- 1 Refers to the one-third interest in One Raffles Quay, one-third interest in the Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall which was acquired in 2007 and 2010 respectively and 25.0% interest in Southgate Complex which was acquired in 2016.
- 2 Refers to the one-third 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 25.0% interest in Southgate Complex.
- 3 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	2016	2015	2014	2013	2012
Last Done Unit Price	S\$1.650	S\$1.550	S\$1.960	S\$1.540	S\$1.675
Highest Unit Price	S\$1.800	S\$2.000	S\$1.975	S\$2.000	S\$1.675
Lowest Unit Price	S\$1.505	S\$1.470	S\$1.535	S\$1.465	S\$1.095
Market Capitalisation ² (m)	S\$4,185	S\$3,908	S\$4,904	S\$3,489	S\$3,765
Traded Volume for the Financial Year (m)	1,329	1,582	2,282	2,161	1,591

Notes:

- Unit performance statistics are for the financial years ended 31 December.
- Based on 2,248 million units, 2,265 million units, 2,502 million units, 2,521 million units and 2,537 million units in issue as at 31 December 2012, 2013, 2014, 2015 and 2016 respectively.

Comparative Yield Statistics (%) For The Financial Year	2016	2015	2014	2013	2012
Traded Yield (based on DPU ¹)	6.06	6.45	4.80	6.06	5.67
Singapore Government 10-Year Bond ²	2.44	2.60	2.28	2.56	1.30

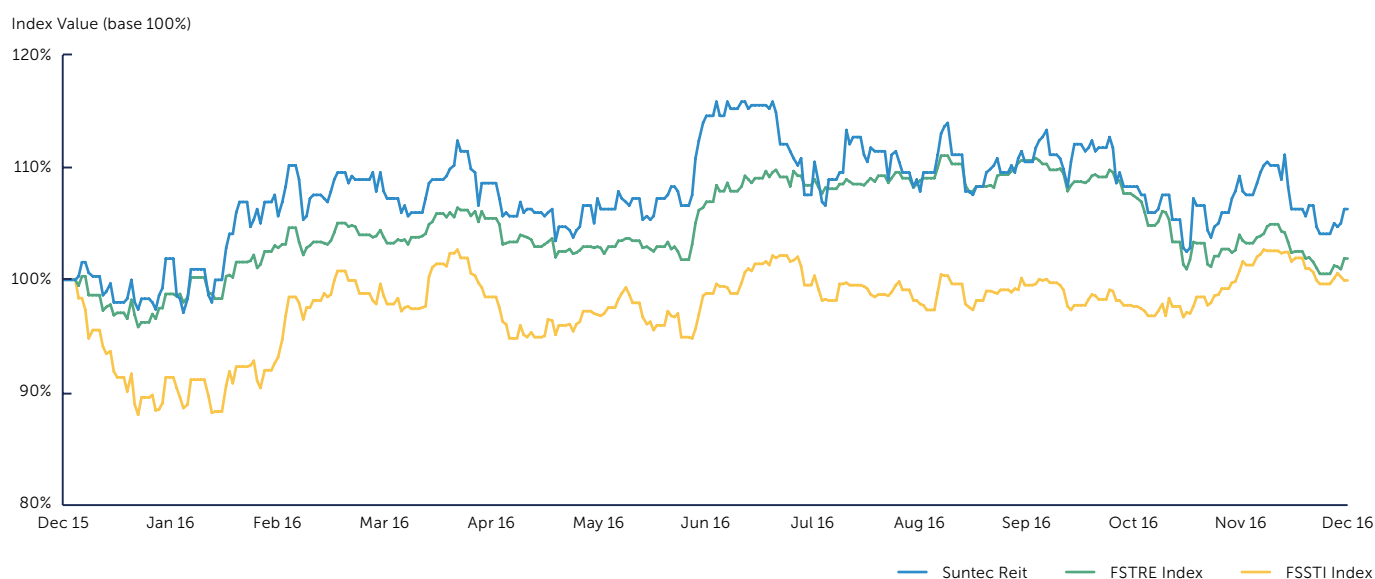
Notes:

- 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 9.49 cents, 9.33 cents, 9.40 cents, 10.00 cents and 10.00 cents for FY 2012, FY 2013, FY 2014, FY 2015 and FY 2016 respectively.
- As at 31 December for the respective financial years.

For FY 2016, Suntec REIT's unit opening price was S\$1.56 and closed at S\$1.65, with a market capitalisation of S\$4.2 billion as at 31 December 2016. Suntec REIT's FY 2016 DPU yield of 6.06% has also outperformed the Singapore Government 10-year bond yield at 2.44%. As at end FY 2016, Suntec REIT unitholders would have achieved a total return of 178.5% since listing. As one of Singapore's most liquid listed REITs, the overall traded volume was 1,329 million units for the 12 months ended 31 December 2016.

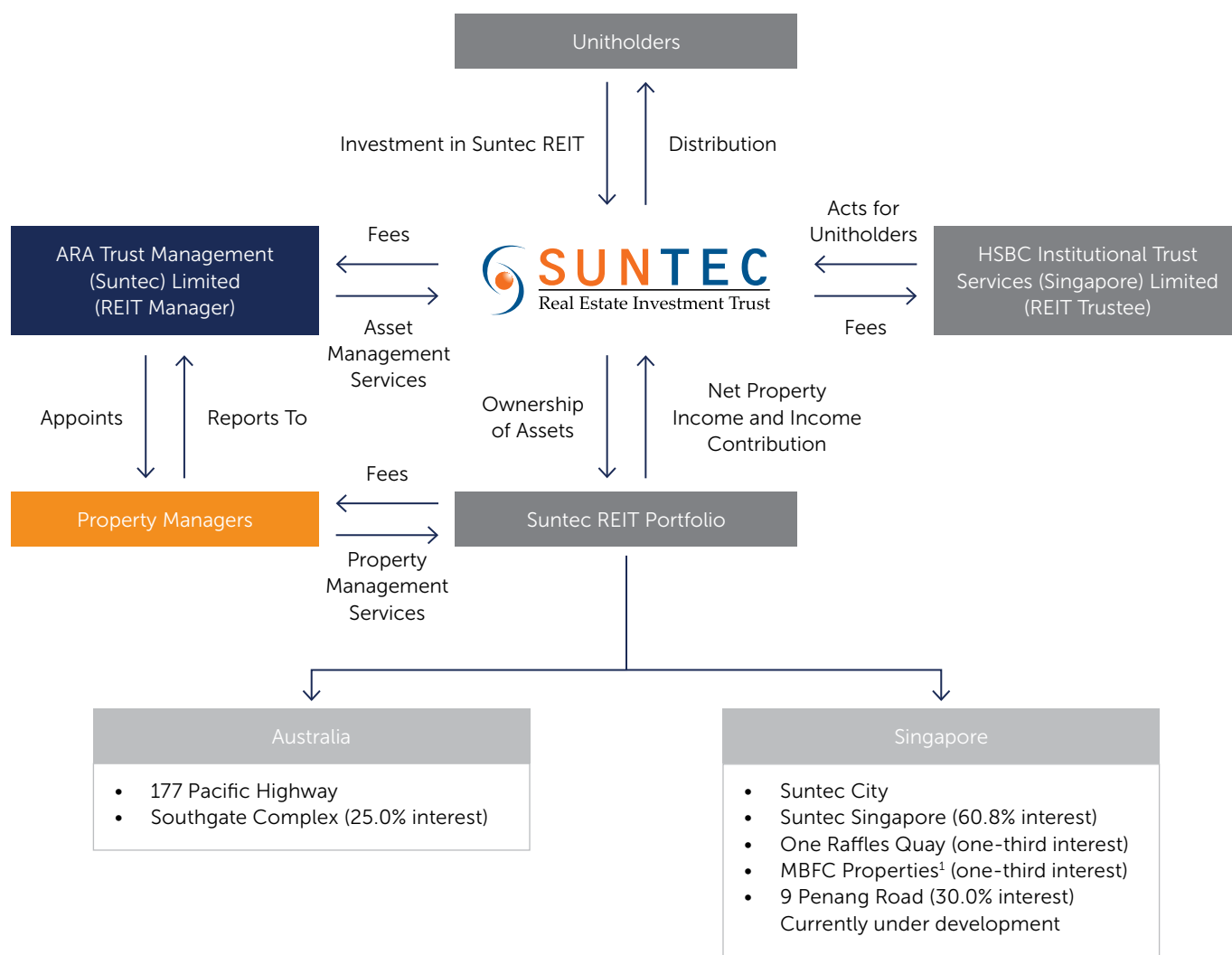
Suntec REIT is also a constituent member of major global indices such as the MSCI Singapore Index, FTSE NAREIT/EPRA Global Real Estate Index and the Global Property Research (GPR) 250 Index series. It is also a constituent of the FTSE Straits Times Mid Cap Index and FTSE Straits Times Real Estate Index in Singapore.

RELATIVE PERFORMANCE INDICES FOR THE FINANCIAL YEAR 2016

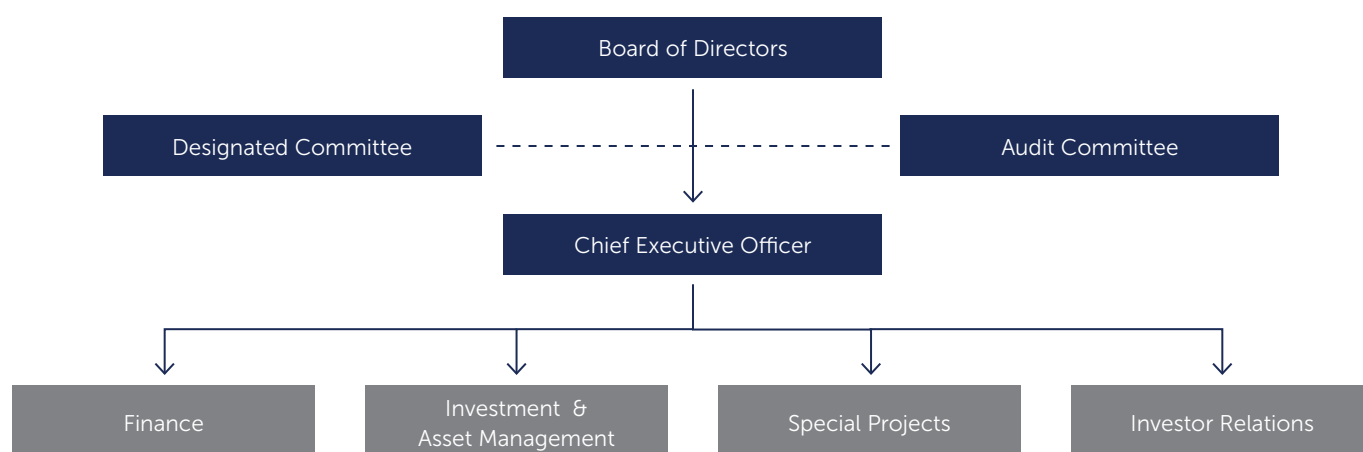


Trust Structure and Organisation Chart

TRUST STRUCTURE



ORGANISATION STRUCTURE – ARA TRUST MANAGEMENT (SUNTEC) LIMITED



Note:

¹ Refers to Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.

Board of Directors



MS CHEW GEK KHIM

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, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009.

Currently, Ms Chew is also Executive Chairman of Tecity Group, which she joined in 1987. She is also Deputy Chairman of ARA Asset Management Limited ("ARA") and sits on the board of Singapore Exchange Limited. In the preceding three years, Ms Chew also sat on the Board of CapitaLand Retail China Trust (formerly CapitaRetail China Trust), a SGX-ST listed trust of the CapitaLand Group.

Ms Chew is also Deputy Chairman of the Tan Chin Tuan Foundation in Singapore and Chairman of the Tan Sri Tan Foundation in Malaysia. She is a member of the Securities Industry Council of Singapore, the SSO Council 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 HWEI CHIANG, JOHN

Non-Executive Director

Mr Lim Hwee Chiang, John joined the Board on 30 August 2004. Currently, Mr Lim is the Group Chief Executive Officer and Executive Director of ARA Asset Management since its establishment. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited, ARA-CWT Trust Management (Cache) Limited, and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the management council of The Management Corporation Strata Title Plan No. 2197 (Suntec City). In addition, Mr Lim is an Independent Director and Chairman of the remuneration committee of Singapore-listed Teckwah Industrial Corporation Limited, the Chairman of the property management committee of the Singapore Chinese Chamber of Commerce & Industry, the Managing Director of Chinese Chamber Realty Private Limited and a Director of the Financial Board of the Singapore Chinese Chamber of Commerce. He is also a member of the Consultative Committee to the Department of Real Estate, National University of Singapore. In the preceding three years, Mr Lim was also a Director of Am ARA REIT Managers Sdn. Bhd.

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, Ernst & Young Entrepreneur Of the Year – Financial Services 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.

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.

Board of Directors

**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 Exterieur, 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 mid-cap enterprises in Singapore, Australia and Indonesia. Since Crest's spin-off from ING Asia Private Equity in 2004, it specialises in designing and customising alternative direct investment programmes for regional family office clients and managing the assets under these programmes. Mr Chan is also the Lead Independent Director, and Chairman of the Nominating Committee, and member of the audit committee of Teckwah Industrial Corporation Limited.

Mr Chan started his private equity career in 1987 with one of the earliest World Bank-sponsored private equity firms in Asia focusing on small and medium growth enterprises. This was followed by him joining ING Baring Asia Private Equity as Managing Director in 1996 to start up its investment programme across ASEAN, in India, China, Taiwan and South Korea before he set up Crest Capital Asia in 2004.

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.



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, Special Advisor of Global Yellow Pages Limited 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 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.

Board of Directors



MR CHAN KONG LEONG

Chief Executive Officer and Executive Director

Mr Chan Kong Leong was appointed as Chief Executive Officer on 1 January 2017. He is a Director of One Raffles Quay Pte. Ltd., Suntec Harmony Pte. Ltd. and Park Mall Pte. Ltd. Mr Chan is also a Partners' Representative of BFC Development LLP. Prior to this, he was the Chief Operating Officer of Suntec REIT and was responsible for all operational matters, including asset management, investment, finance, investor relations and strategic planning.

Before joining Suntec REIT, Mr Chan was with the CapitaLand Group where he held senior management appointments including Senior Vice President, Head of Regional Investment, Asset & Fund Management of CapitaLand Mall Asia, Program Director of CAPITASTAR and Regional General Manager, West China.

Mr Chan has 19 years of private and public sector experience in managing investment, development, asset management, operations, strategic planning, stakeholder relations and corporate functions. He has held other senior management appointments in the last 13 years including Head of Corporate Finance, Investor Relations & Corporate Communications at GuocoLand Limited and Chief Operating Officer of Sembawang Kimtrans Ltd. Before his move to the private sector, Mr Chan was with the Singapore Economic Development Board where he was responsible for formulating economic engagement strategies and promoting economic linkages between Singapore and Indonesia.

Mr Chan graduated with a First Class Honours in Bachelor of Science in Building from the National University of Singapore. As the best graduate for the entire course of study, he was awarded the Lee Kuan Yew Gold Medal, the Sally Meyer Gold Medal and the Singapore Institute of Surveyors & Valuers Gold Medal. Mr Chan is also a Chartered Financial Analyst charter holder.

ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Management Team

CHAN KONG LEONG

Chief Executive Officer and Executive Director

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

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 ("ISCA").

RAYMOND ONG

Director, Special Projects

Mr 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 Centrepoint 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.

LYNN LEE

Assistant Finance Director

Ms Lee is a member of the Finance team, responsible for overseeing the financial activities of Suntec REIT and provides support in areas of secretariat compliance, taxation and treasury.

Ms Lee has more than 15 years of experience in accounting and finance. Prior to joining the Manager, she was the Senior Manager

of Wheelock Properties (S) Limited where she was responsible for the finance operations of its group of companies. She was also previously an Assistant Finance Manager at Banyan Tree Holdings Limited and had held various positions with The Hour Glass Limited and PricewaterhouseCoopers LLP.

Ms Lee holds an ACCA Certificate (UK) and is a member of ISCA.

JANICE PHOON

Assistant Director, Asset Management

Ms Janice Phoon is a member of the Asset Management team, responsible for overseeing and driving the performance of the retail and office portfolio of Suntec REIT.

Ms Phoon has more than 20 years of experience in marketing and leasing. Prior to joining the Manager, she was the Assistant Marketing Manager of Riverwalk Promenade Pte Ltd where she played a key role in marketing and leasing the TradeMart Singapore complex.

Ms Phoon holds a Bachelor of Commerce Degree in Marketing and Management from Murdoch University, Western Australia and a Diploma in Building Management from Ngee Ann Polytechnic, Singapore.

CHAN CHUEY LENG

Assistant Director, Asset Management

Ms Chan Chuey Leng is a member of the Asset Management team, responsible for monitoring the performance of the retail assets and overseeing the advertising and promotional activities and branding initiatives of the retail portfolio.

Ms Chan has more than 20 years of experience in marketing and leasing of commercial, retail, industrial and residential properties. Prior to joining the Manager, she was the Marketing and Leasing Manager at Cathay Cineleisure International Pte Ltd. She was previously the Assistant Marketing Manager with Tuan Sing Holdings Limited and prior to that, was the Assistant Marketing Manager with Riverwalk Promenade Pte Ltd.

Ms Chan holds a Bachelor of Science (Honours) Degree in Estate Management from the National University of Singapore.

LIM KIM LOON

Assistant Director, Asset management

Ms Lim Kim Loon is a member of the Asset Management team, responsible for monitoring the performance of the retail assets, and in strategising and implementing asset enhancement initiatives.

Ms Lim has 20 years of real estate experience in areas of property management and maintenance, marketing and lease management of commercial and retail properties. Prior to joining the Manager, she was with CapitaLand Retail Management Pte Ltd where she was responsible for the day-to-day management of a shopping mall.

Management Team

Her responsibilities included the leasing, marketing, operations, asset enhancement and financial performance. She previously held positions as Manager of the Property Department at The Great Eastern Life Assurance Co Limited and Marketing Officer of SLF Management Services Pte Ltd.

Ms Lim holds a Bachelor of Science (Honours) Degree in Estate Management from the National University of Singapore.

NICHOLAS CHER

Manager, Asset Management

Mr Nicholas Cher is a member of the Asset Management team. He is responsible for the performance of the retail assets.

Prior to joining the Manager, his six years in the Singapore public service covered various portfolios, including land matters. He holds Bachelor and Masters degrees in Biomedical Engineering from Johns Hopkins University, and a Master of Science in Finance from the Singapore Management University.

KENNY TAN

Manager, Special Projects

Mr Kenny Tan is a member of the Projects team, responsible for asset enhancement work and overseeing the operations of the asset portfolio of Suntec REIT. With more than 20 years of experience in the building construction industry, he was involved in numerous commercial, retail, industrial, institutional and residential projects.

Prior to joining the Manager, Mr Tan was the Deputy M&E Manager for AIOC (Lanka) Pte Ltd and Woh Hup International Pte Ltd for projects in Sri Lanka and prior to that, he was the M&E Manager with Shimizu Corporation. He also held various positions with local and multi-national companies managing both private and public projects.

Mr Tan holds a Bachelor of Engineering Management from University of Western Sydney, Australia.

TAN CHENG CHENG

Finance Manager

Ms Tan Cheng Cheng is a member of the Finance team, assisting in managing the monthly accounts and preparation of financial statements and providing support in areas of secretariat compliance, taxation and treasury.

Ms Tan has more than 20 years of commercial/industrial experience. Prior to joining the Manager, she was the Accountant responsible for the finance operations of property-related subsidiaries of United Industrial Corporation Limited.

Ms Tan holds an ACCA Certificate (UK) and is a member of ISCA.

MELISSA CHOW

Manager, Investor Relations

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

Ms Chow has over seven 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 an executive at a boutique public and investor relations agency.

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

EUNICE ONG

Assistant Finance Manager

Ms Eunice Ong is a member of the Finance team, assisting in managing the monthly accounts and preparation of financial statements and providing support in areas of secretariat compliance, taxation and treasury.

Ms Ong has over six years of experience in accounting and finance. Prior to joining the Manager, she was the Assistant Finance Manager at Keppel DC REIT Management Pte Ltd where she was responsible for the finance operations of the Manager and Keppel DC REIT and its subsidiaries. She was also previously an auditor with PricewaterhouseCoopers LLP. Ms Ong holds a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore and is a member of ISCA.

ANG GUO DONG

Senior Analyst

Mr Ang Guo Dong undertakes evaluation and execution of investment opportunities at Suntec REIT. He is also responsible for managing the Australian assets. He joined the Manager upon graduation and has over two years of experience in real estate investments and asset management. Mr Ang holds a Bachelor of Science in Real Estate (Honours) from the National University of Singapore.

CANDY ZHANG

Analyst

Ms Candy Zhang is an analyst, responsible for interpreting data, analyzing results using statistical techniques and providing ongoing reports. Ms Zhang has over two years of experience in areas of analytics and asset management. Prior to joining the Manager, she was a Specialist at WIND Group and an Executive at CapitaLand Mall Asia. Ms Zhang holds a Master of Science degree in Financial Engineering from National University of Singapore.

Manager's Report

YEAR IN REVIEW

In FY 2016, Suntec REIT deepened its presence in Australia with the acquisition of an initial 25.0% interest in Southgate Complex, a landmark integrated development in Melbourne, Australia. In addition, 177 Pacific Highway, Suntec REIT's maiden overseas acquisition and development project in Sydney, received practical completion on 1 August 2016.

In Singapore, development works at 9 Penang Road (formerly known as Park Mall), commenced on 1 December 2016 and the new Grade A commercial building is expected to complete by end 2019.

As at end FY 2016, Suntec REIT's assets under management ("AUM") has grown to approximately S\$9.5 billion¹, underpinned by a strong 2.9 million sq ft of prime office portfolio, 1.0 million sq ft of retail portfolio, and a world class convention centre strategically-located in the prime districts of Singapore and Australia.

FINANCIAL PERFORMANCE

Suntec REIT achieved gross revenue of S\$328.6 million in FY 2016 which was a marginal 0.3% lower compared to the corresponding period in 2015 ("FY 2015"). This was mainly due to the divestment of Park Mall in December 2015 and lower revenue attained by Suntec Singapore offset by rental contribution by 177 Pacific Highway.

Office revenue in FY 2016 was S\$147.5 million, an increase of 7.0% year-on-year, due to rental contribution from 177 Pacific Highway and positive rental reversions for Suntec City Office which was offset by the divestment of Park Mall.

The retail revenue of S\$121.8 million was 5.1% lower than in FY 2015 mainly due to the divestment of Park Mall offset by the completion of Phase 3 of the asset enhancement works at Suntec City.

Convention revenue of S\$59.3 million was 6.3% lower year-on-year due to one-off events that were held in 2015.

Net property income in FY 2016 was S\$224.6 million, a decline of 2.0% year-on-year. This was similarly due to the divestment of Park Mall and lower convention income, offset by the contribution of 177 Pacific Highway.

The income contribution from the joint ventures for FY 2016 was S\$89.7 million. This comprised the income contribution of S\$29.2 million from the one-third interest in One Raffles Quay, S\$58.7 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\$1.9 million from the 25.0% interest in Southgate Complex. The total income contribution was 6.6% lower year-on-year mainly due to the cessation of income support for MBFC Properties.

Suntec REIT achieved a distributable income of S\$253.7 million in FY 2016, an increase of 0.7% year-on-year. This was on the back of higher contribution from Suntec City mall, 177 Pacific Highway and capital distribution which was offset by the divestment of Park Mall and cessation of income support for MBFC Properties. The DPU achieved for FY 2016 amounted to 10.003 cents, which translated to an annual yield of 6.06%² for the year.

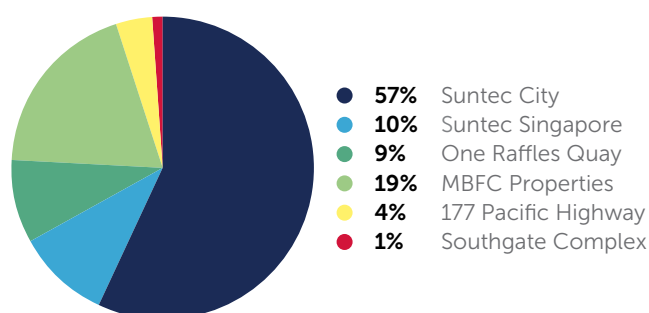
Notes:

- 1 Includes carrying value of S\$163.5 million for 9 Penang Road.
- 2 Based on the market closing price of S\$1.650 as at 31 December 2016.

Cents	FY 2016	FY 2015
Distribution Per Unit	10.003	10.002
- from operations	9.057	9.249
- from capital	0.946	0.753

NET PROPERTY INCOME & INCOME CONTRIBUTION FROM JOINT VENTURES

Contribution by Asset³
FY 2016

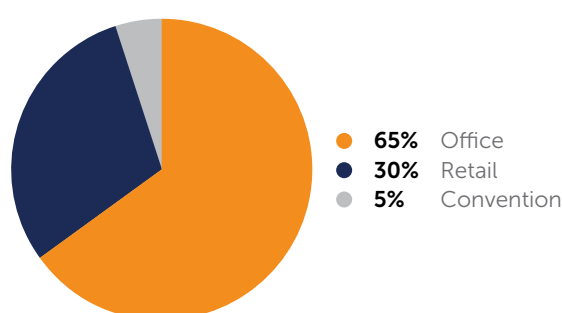


Notes:

- 3 Excludes Park Mall which was taken back for development works on 30 September 2016.
- 4 Total income contribution from MBFC Properties is based on approximate 93% split between office and 7% retail.

NET PROPERTY INCOME & INCOME CONTRIBUTION FROM JOINT VENTURES

Contribution by Segment^{3,4}
FY 2016



Manager's Report

PROPERTY PORTFOLIO

On 4 November 2016, Suntec REIT completed the acquisition of an initial 25.0% interest in Southgate Complex, a landmark waterfront integrated development located alongside the Yarra River in the Southbank arts and leisure precinct of Melbourne, Australia.

Southgate Complex is a strategic fit with Suntec REIT's portfolio of quality assets and augments Suntec REIT's presence in Australia. The acquisition will enhance Suntec REIT's income and geographical diversification, and offers organic growth potential from the strengthening office market in the Central Business District ("CBD") of Melbourne and repositioning of its retail component.

177 Pacific Highway, the 31-storey A-grade commercial tower in Sydney, received its practical completion on 1 August 2016.

In Singapore, Park Mall was taken back on 30 September 2016 and development works at 9 Penang Road for a new Grade A commercial building commenced on 1 December 2016. The full potential of the former Park Mall site has also been maximised with the extension of the land tenure to 99 years. The development is estimated to cost approximately S\$800 million and the building is scheduled to complete by end 2019 when the new office supply is expected to be limited.

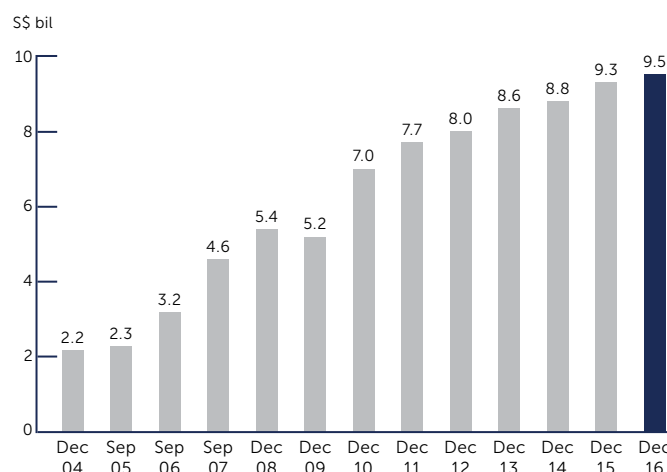
Suntec REIT's property portfolio comprising approximately 2.9 million sq ft of attributable office space and more than 1.0 million sq ft of retail space, and convention space was valued at S\$9.3 billion and together with cash and other assets, the total AUM was S\$9.5 billion as at 31 December 2016, 2.2% higher than the preceding year. The net asset value of Suntec REIT stood at S\$2.147 per unit as at 31 December 2016.

Property Valuation (\$ Millions)	31 Dec 2016	31 Dec 2015
Suntec City ¹	5,008.3	5,000
Suntec Singapore ²	418.3	406.1
One Raffles Quay ³	1,273	1,263
MBFC Properties ³	1,693	1,682
9 Penang Road ⁴	163.5	123.5
177 Pacific Highway ⁵	553.4	371.8
Southgate Complex ⁶	160.4	-
Total	9,269.9	8,846.4

Notes:

- Based on the valuation by Savills Valuation and Professional Services (S) Pte Ltd.
- Based on the valuation by Savills Valuation and Professional Services (S) Pte Ltd, reflecting the value of Suntec REIT's 60.8% interest in Suntec Singapore.
- Based on the valuation by Savills Valuation and Professional Services (S) Pte Ltd, reflecting the value of Suntec REIT's one-third interests in One Raffles Quay and the MBFC Properties.
- Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, reflecting Suntec REIT's 30.0% interest of the carrying value of 9 Penang Road.
- Based on the valuation by CBRE Valuations Pty Limited.
- Based on the valuation by Jones Lang LaSalle Advisory Services Pty Ltd, reflecting the value of Suntec REIT's 25.0% interest in Southgate Complex.

ASSETS UNDER MANAGEMENT



CAPITAL STRUCTURE

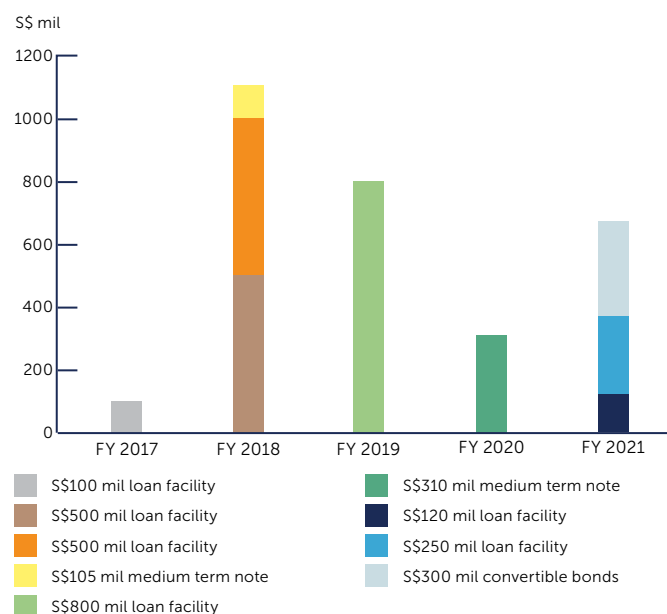
Suntec REIT's total consolidated debt stood at S\$3,335 million, with Debt-to-Assets and Aggregate Leverage ratios of 36.4% and 37.7% respectively as at 31 December 2016. The all-in cost of financing of Suntec REIT's debt portfolio for FY 2016 was 2.56%.

In FY 2016, Suntec REIT secured S\$670 million in refinancing. This comprised S\$120 million 5-year unsecured loan facility, S\$250 million 5-year unsecured loan facility and the issuance of S\$300 million 5-year convertible bonds at 1.75% fixed coupon. The proceeds from the convertible bonds were used to finance the acquisition of the initial interest in Southgate Complex and partially refinance Suntec REIT's existing debt.

Suntec REIT's exposure to derivatives is elaborated in the Financial Statements. The fair value derivative for FY 2016, which is included in the Financial Statements as "Derivative Assets" and "Derivative Liabilities", was S\$3.2 million and S\$22.2 million respectively. The net fair value derivative represented 0.3% of the consolidated net assets of Suntec REIT as at 31 December 2016.

DEBT MATURITY PROFILE (REIT LEVEL)

As at 31 December 2016



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 2016, the Singapore office portfolio achieved an overall committed occupancy of 99.3%, 6.0% higher than the overall CBD Grade A occupancy of 93.3%¹. The committed occupancies for Suntec City Office, One Raffles Quay and MBFC Properties were at 98.9%, 100% and 99.8% respectively. In Australia, the committed occupancies for 177 Pacific Highway and Southgate Complex (Office) were 100% and 86.1% respectively as at 31 December 2016.

For the Singapore retail portfolio, the overall committed occupancy as at 31 December 2016 was 97.9%. The committed occupancy for Suntec City mall was 97.9%, while the committed occupancy for Marina Bay Link Mall was 97.4%. In Australia, the committed occupancy for Southgate Complex (Retail) was 89.0% as at 31 December 2016.

As such, Suntec REIT's overall committed occupancies for the office and retail portfolio stood at 98.6% and 97.7% respectively as at 31 December 2016.

Note:

1 Source: JLL

Committed Office Occupancy as at	31 Dec 2016	31 Dec 2015
Suntec City Office	98.9%	99.3%
One Raffles Quay	100.0%	99.8%
MBFC Towers 1 & 2	99.8%	99.3%
9 Penang Road ¹	-	92.2%
Singapore Office Portfolio	99.3%	99.3%
177 Pacific Highway	100.0%	-
Southgate Complex	86.1%	-
Australia Office Portfolio	95.9%	-
Overall Office Portfolio	98.6%	99.3%

Committed Retail Occupancy as at	31 Dec 2016	31 Dec 2015
Suntec City Mall	97.9%	98.0%
Marina Bay Link Mall	97.4%	100.0%
9 Penang Road ¹	-	96.7%
Singapore Retail Portfolio	97.9%	97.9%
Southgate Complex	89.0%	-
Australia Retail Portfolio	89.0%	-
Overall Retail Portfolio	97.7%	97.9%

Note:

1 Formerly known as Park Mall which was taken back for development works on 30 September 2016.

LEASING ACHIEVEMENTS IN FY 2016

For the office portfolio, a total of 686,365 sq ft of new, renewal and replacement leases were secured in FY 2016. The average rent secured for FY 2016 was S\$8.80 psf per month as compared to the overall CBD rent of S\$8.54 psf per month¹.

In 2016, Suntec City office maintained a high committed occupancy for the year with renewal and replacement leases secured at an average of between S\$8.52 psf per month and S\$8.78 psf per month in the year.

For the retail portfolio, a total of 410,905 sq ft of new, renewal and replacement leases were secured in FY 2016.

The performance of the retail portfolio was relatively stable during the year. The overall committed passing rent² of Suntec City Mall stood at S\$11.20 psf/mth as at 31 December 2016.

Notes:

- 1 Source: JLL
- 2 On a stabilised basis.

Office Leasing Activities	Tenants	NLA (sq ft)
Renewal leases & lease extensions	95	418,208
Replacement leases	72	268,157
New leases	-	-
Total	167	686,365

Retail Leasing Activities	Tenants	NLA (sq ft)
Renewal leases & lease extensions	138	289,187
Replacement leases	95	117,463
New leases	6	4,255
Total	239	410,905

Property Portfolio



From left to right:

1. Suntec City
2. One Raffles Quay
3. 177 Pacific Highway
4. MBFC Properties
5. 9 Penang Road
6. Southgate Complex

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

Suntec REIT's portfolio comprises prime commercial properties in Suntec City, a 60.8% interest in Suntec Singapore Convention and Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (the "MBFC Properties") and a 30.0% interest in 9 Penang Road which is currently under development, all located within Singapore's growth precincts, namely Marina Bay, the Civic and Cultural District, as well as within the Central Business District. Suntec REIT also holds a 100% interest in 177 Pacific Highway, an iconic landmark office development in Sydney which received practical completion in August 2016. In November 2016, Suntec REIT completed the acquisition of an initial 25.0% interest in the iconic Southgate Complex in Melbourne, Australia.

Spanning a total net lettable area ("NLA") of approximately 3.9 million sq ft, the properties derive 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 portfolio stood at 98.6% and 97.7% respectively as at 31 December 2016.

PROPERTY STATISTICS

As at 31 December 2016

Total Net Lettable Area	3,945,507 ^{1,2} sq ft
• Office	2,933,203 sq ft
• Retail	1,012,304 sq ft
Number of tenants (actual)	872
• Office	395
• Retail	477
Valuation	S\$9,269.9 million ³
Committed Occupancy	
• Office	98.6% ⁴
• Retail	97.7% ⁵

Notes:

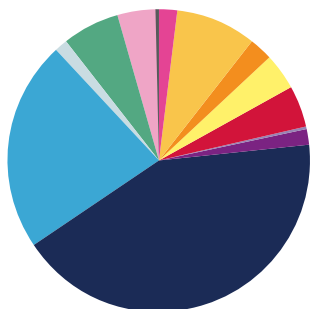
- 1 Reflects the total net lettable area of Suntec City Office, Suntec City mall, Suntec Singapore (Retail) and 177 Pacific Highway.
- 2 Reflects one-third interests in One Raffles Quay and MBFC Properties and 25.0% interest in Southgate Complex.
- 3 Includes the valuation of Suntec REIT's 60.8% interest in Suntec Singapore, the valuation of Suntec REIT's one-third interests in One Raffles Quay and MBFC Properties, the carrying value of Suntec REIT's 30.0% interest in 9 Penang Road and 25.0% interest in Southgate Complex.
- 4 Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 25.0% interest in Southgate Complex (Office).
- 5 Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay (Retail), one-third interest in the Marina Bay Link Mall and 25.0% interest in Southgate Complex (Retail).



OFFICE PORTFOLIO BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2016



2.0%	Legal
8.8%	Real Estate and Property Services
2.5%	Trading and Investments
3.7%	Manufacturing
4.4%	Shipping and Freight Forwarding
0.4%	Others
1.6%	Government and Government-Linked Offices
42.2%	Banking, Insurance and Financial Services
22.6%	Technology, Media and Telecommunications
1.5%	Pharmaceutical and Healthcare
6.1%	Energy and Natural Resources
4.1%	Consultancy / Services
0.1%	Hospitality / Leisure

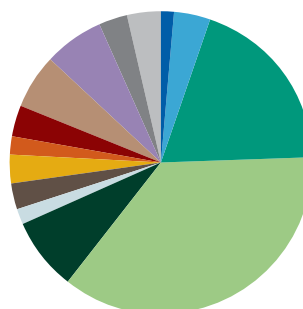
Note:

- 1 Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 25.0% interest in Southgate Complex (Office).

RETAIL PORTFOLIO BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2016



1.4%	Books, Stationery and Education
4.0%	Electronics and Technology
19.2%	Fashion and Accessories
36.2%	Food and Beverage
7.7%	Hair, Beauty and Wellness
1.5%	Healthcare
2.9%	Homeware and Home Furnishings
3.1%	Hypermart/Supermarket
2.0%	Jewellery and Watches
3.2%	Kid's Fashion, Toys and Kid's Specialty
6.0%	Leisure, Fitness and Entertainment
6.3%	Services and Others
3.0%	Specialty and Gifts
3.5%	Sporting Goods and Apparel

Note:

- 1 Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay (Retail), one-third interest in the Marina Bay Link Mall and 25.0% interest in Southgate Complex (Retail).

Property Portfolio

OFFICE PORTFOLIO – TOP 10 TENANTS (BY GROSS RENTAL INCOME¹)

As at 31 December 2016

Tenant	Business Sector	NLA (sq ft)	% of Total Office NLA	% of Total Monthly Gross Rental Income
UBS AG	Banking, Insurance and Financial Services	195,885	6.9%	4.7%
Standard Chartered Bank	Banking, Insurance and Financial Services	138,726	4.9%	3.8%
Deutsche Bank	Banking, Insurance and Financial Services	93,249	3.3%	2.5%
Barclays Capital Services Ltd	Banking, Insurance and Financial Services	89,460	3.2%	2.4%
CIMIC Group Limited	Real Estate and Property Services	114,206	4.0%	2.2%
Vodafone Hutchison Australia Pty Limited	Technology, Media and Telecommunications	107,360	3.8%	2.1%
Pay Pal Pte Ltd	Technology, Media and Telecommunications	55,327	2.0%	1.5%
Jacobs Group (Australia) Pty Ltd	Consultancy / Services	73,873	2.6%	1.4%
Nomura Singapore Ltd	Banking, Insurance and Financial Services	56,859	2.0%	1.4%
Ernst & Young	Banking, Insurance and Financial Services	48,291	1.7%	1.2%
Total		973,236	34.4%	23.2%

Note:

1 Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 25.0% interest in Southgate Complex (Office).

RETAIL PORTFOLIO – TOP 10 TENANTS (BY GROSS RENTAL INCOME¹)

As at 31 December 2016

Tenant	Business Sector	NLA (sq ft)	% of Total Retail NLA	% of Total Monthly Gross Rental Income
Cold Storage Singapore (1983) Pte Ltd	Hypermarket/Supermarket	45,953	5.1%	0.9%
Golden Village Multiplex Pte Ltd	Leisure, Fitness and Entertainment	59,965	6.7%	0.8%
Food Republic Pte. Ltd.	Food and Beverage	16,487	1.8%	0.6%
True Fitness Pte. Ltd.	Leisure, Fitness and Entertainment	30,441	3.4%	0.6%
Cotton On Singapore Pte. Ltd.	Fashion and Accessories	17,297	1.9%	0.5%
RE&S Enterprise Pte. Ltd.	Food and Beverage	13,254	1.5%	0.4%
H&M Hennes & Mauritz Pte. Ltd.	Fashion and Accessories	15,348	1.7%	0.4%
Pertama Merchandising Pte Ltd	Electronics and Technology	21,923	2.4%	0.4%
Copitiam Pte. Ltd.	Food and Beverage	12,737	1.4%	0.4%
Uniqlo (Singapore) Pte. Ltd.	Fashion and Accessories	13,619	1.5%	0.3%
Total		247,024	27.4%	5.3%

Note:

1 Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay (Retail), one-third interest in the Marina Bay Link Mall and 25.0% interest in Southgate Complex (Retail).

VIBRANT TENANT MIX

Suntec REIT's office portfolio leases are well diversified across 13 business sectors. 64.8% of the total gross office revenue for the month of December 2016 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 23.2% of Suntec REIT's total gross revenue for the month of December 2016 and occupied an area representing 34.4% of the REIT's total office portfolio NLA.

For the retail portfolio, 55.4% of the total gross retail revenue for the month of December 2016 was attributable to the major business sectors of Food and Beverage, and Fashion and Accessories. The top 10 tenants of the retail portfolio contributed 5.3% of Suntec REIT's total gross revenue for the month of December 2016 and occupied an area representing 27.4% of the REIT's total retail portfolio NLA.

LEASE EXPIRY PROFILE

In FY 2016, approximately 686,365 sq ft of office space was renewed and signed, including a pre-commitment of approximately 244,000 sq ft of office leases expiring in FY 2017. As at 31 December 2016,

9.3%, 21.3% and 14.2% of the total office NLA are due to expire in FY 2017, FY 2018 and FY 2019 respectively, whilst 53.8% is due to expire in FY 2020 and beyond.

For the retail portfolio, as at 31 December 2016, 22.5%, 20.7% and 29.0% of the total retail NLA are due to expire in FY 2017, FY 2018 and FY 2019 respectively, whilst 25.5% is due to expire in FY 2020 and beyond.

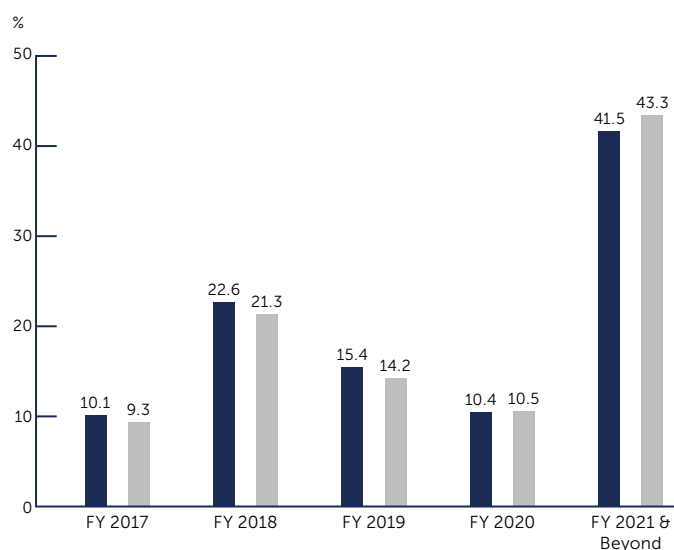
WEIGHTED AVERAGE LEASE EXPIRY PROFILE

The weighted average lease expiry ("WALE") of the overall office portfolio was 4.10 years as at 31 December 2016. The Singapore and Australia office portfolio WALE was 3.22 years and 7.63 years respectively. The WALE of the office leases committed in FY 2016 was 3.11 years, contributing 25.2% to the total monthly gross office rental income.

The WALE of the overall retail portfolio was 2.37 years as at 31 December 2016. The Singapore and Australia retail portfolio WALE was 2.26 years and 6.68 years respectively. The WALE of the retail leases committed in FY 2016 was 2.36 years, contributing 41.7% to the total monthly gross retail rental income.

OFFICE PORTFOLIO LEASE EXPIRY PROFILE¹

As at 31 December 2016



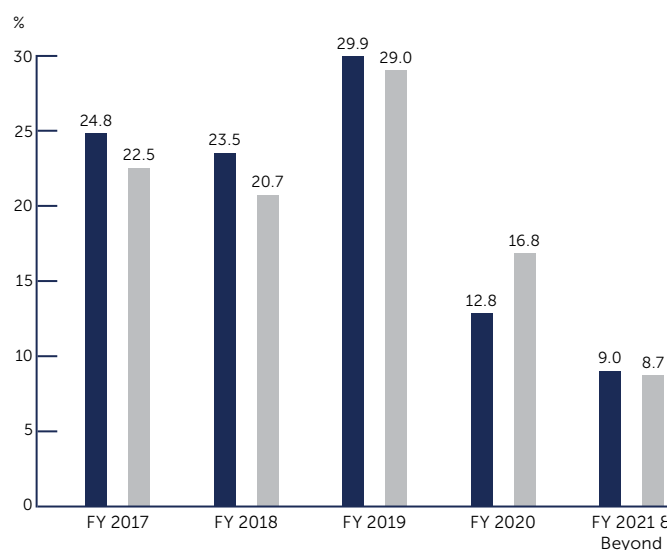
■ % of Total Monthly Gross Office Rental Income ■ % of Total Office NLA

Note:

¹ Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 25.0% interest in Southgate Complex (Office).

RETAIL PORTFOLIO LEASE EXPIRY PROFILE¹

As at 31 December 2016



■ % of Total Monthly Gross Retail Rental Income ■ % of Total Retail NLA

Note:

¹ Includes 60.8% interest in Suntec Singapore (Retail), one-third interest in One Raffles Quay (Retail), one-third interest in the Marina Bay Link Mall and 25.0% interest in Southgate Complex (Retail).

PROPERTY PORTFOLIO

Suntec City



PROPERTY STATISTICS

As at 31 December 2016

Location	3, 5, 6, 7, 8 and 9 Temasek Boulevard and 1 Raffles Boulevard, Singapore	Gross Revenue	S\$313.5 million ⁵ (2015: S\$306.0 million)
Title	Leasehold 99 years from 1989	Net Property Income	S\$210.1 million (2015: S\$211.9 million)
Total Net Lettable Area	2,286,306 ¹ sq ft	Committed Occupancy	98.5% (31 December 2015: 98.7%)
• Office	1,332,177 ¹ sq ft	Notes: 1 Reflects the total net lettable area of Suntec City Office, Suntec City mall and Suntec Singapore (Retail). 2 Owned and managed by the Management Corporation Strata Title Plan No. 2197 (MCST). 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 Suntec Singapore of S\$418.3 million. 5 Comprises gross rental income of S\$229.7 million, other income of S\$3.6 million and S\$80.2 million from Suntec Singapore.	
• Retail	954,129 sq ft		
Number of tenants (actual)	619		
Car Park Lots	3,066 ²		
Purchase Price	S\$2,484.6 million ³		
Market Valuation	S\$5,426.6 million ⁴ (31 December 2015: S\$5,406.1 million)		



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 development "The Business Capital of Asia", Suntec City is a landmark development which comprises five Grade A office towers, one of Singapore's largest shopping mall, a world-class convention and exhibition centre, 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 commenced in June 2012 and was completed in June 2015. 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 and 100% of Suntec City mall, and a 60.8% interest in Suntec Singapore Convention and Exhibition Centre. Easily accessible by car and public transport networks, Suntec City houses a total of 3,066 carparks over two basement levels, and is directly linked to the Promenade Station and Esplanade Station on the Circle and Downtown MRT lines.

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.

PROPERTY PORTFOLIO

Suntec City Office



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

With quality buildings fronting the Marina Bay skyline and complemented by a wealth of amenities from the integrated mall, 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 Shipping and Freight Forwarding.

DIVERSE TENANT MIX

For the month of December 2016, 28.9% of the total gross office revenue was attributable to the Technology, Media and Telecommunications sector, followed by 22.0% and 9.3% from Banking, Insurance and Financial Services sector and Shipping and Freight Forwarding sector respectively.

In terms of NLA, as at 31 December 2016, 29.0% of Suntec City's office NLA was attributable to the Technology, Media and Telecommunications sector, followed by 23.1% and 9.3% from Banking, Insurance and Financial Services sector and Shipping and Freight Forwarding sector respectively.

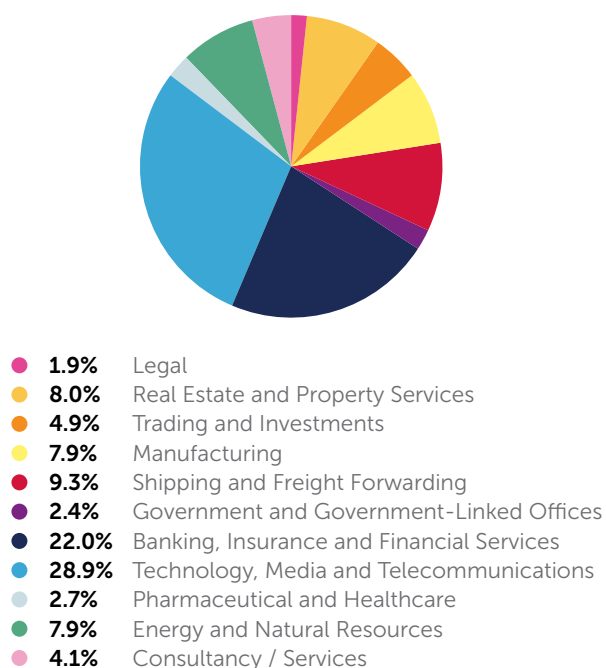


The top 10 office tenants of Suntec City office contributed 16.7% of Suntec City's total gross revenue for the month of December 2016, representing 30.1% of the Suntec City office NLA owned by Suntec REIT.

BUSINESS SECTOR ANALYSIS

(By Gross Rental Income)

As at 31 December 2016

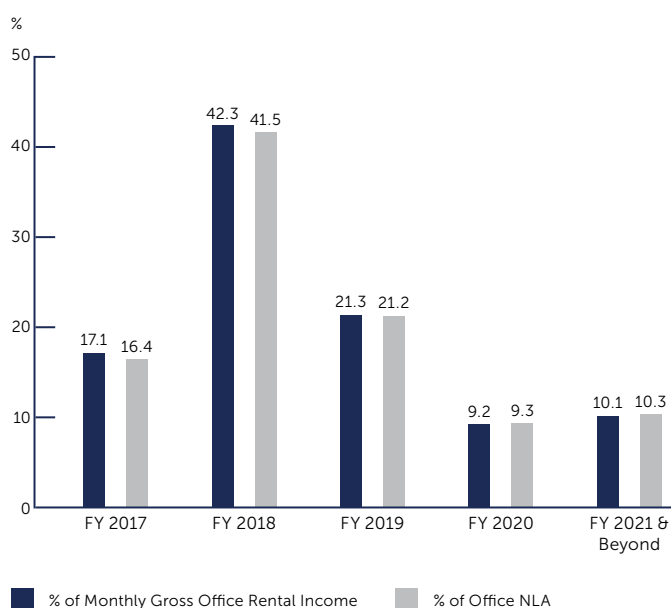


LEASE EXPIRY PROFILE

Based on the committed leases as at 31 December 2016, 16.4%, 41.5% and 21.2% of Suntec City's office NLA is due to expire in FY 2017, FY 2018 and FY 2019 respectively, whilst 19.6% is due to expire in FY 2020 and beyond.

LEASE EXPIRY PROFILE

As at 31 December 2016



PROPERTY PORTFOLIO

Suntec City Mall



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 five office towers within Suntec City and office buildings 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.

The remaking of Suntec City commenced in June 2012 and was completed in June 2015. In October 2015, Suntec City celebrated its official opening in a ceremony which was graced by Mr Tan Chuan-Jin, Minister for Social and Family Development.

After the remaking, Suntec City is now an exciting, lifestyle destination offering a well-selected range of specialty retail stores, new food and beverage concepts and entertainment options. Suntec City currently houses approximately 340 retail establishments. New brands that opened in 2016 include new-to-market concepts and flagship stores such as 2XU, 5:5, Bed Bath N' Table, Fujifilm Studio, Gudetama Café, Javier's Market, KURO Izakaya, Mi Home, Richard's Atelier, Superdry, The Butcher's Kitchen, Tokyu Hands, Tuk Tuk Cha & Love Mee, Typo and Wingstop.

EVENTS AT SUNTEC CITY

In 2016, Suntec City hosted a myriad of activities and events for shoppers and visitors. Themed promotions, held in conjunction with key events such as Chinese New Year, National Day, Great Singapore Sale, Oktoberfest and Christmas were well-received. In particular, My Little Pony show, which was presented during the Christmas festive season was hugely popular with the children.

Suntec City also hosted Climb for Rainbows and The Purple Parade 2016 where approximately 10,000 members of the public

came together to lend their support and celebrate the abilities of the special needs community, setting the City abuzz with much excitement.

To top off the year of fun filled events, Suntec City in collaboration with Mediacorp, presented Singapore's largest countdown street party, Celebrate 2017: Countdown with the Stars, where more than 7,000 party revelers ushered in 2017 at Suntec City's Fountain of Wealth.

VIBRANT TENANT MIX

For the month of December 2016, 53.8% of the total gross retail revenue was attributable to the Food and Beverage and Fashion and Accessories sectors, and the remaining from other varied sectors such as Hair, Beauty and Wellness, Leisure, Fitness and Entertainment, Services and Others and Electronics and Technology.

In terms of NLA, as at 31 December 2016, 25.9% of Suntec City mall's NLA was attributable to the Food and Beverage sector, followed by 19.5% and 12.6% from the Fashion and Accessories sector, and Leisure, Fitness and Entertainment sector respectively.

The top 10 retail tenants of Suntec City contributed 8.7% of Suntec City's total gross revenue for the month of December 2016, representing 29.3% of the mall's total NLA.

LEASE EXPIRY PROFILE

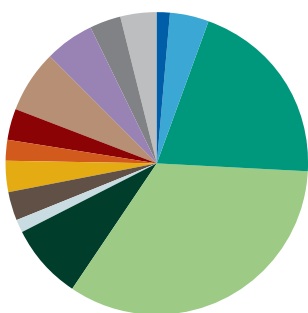
Based on the committed leases as at 31 December 2016, 23.1%, 21.3% and 29.8% of Suntec City's total retail NLA is due to expire in FY 2017, FY 2018 and FY 2019 respectively, whilst 23.7% is due to expire in FY 2020 and beyond.



BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2016



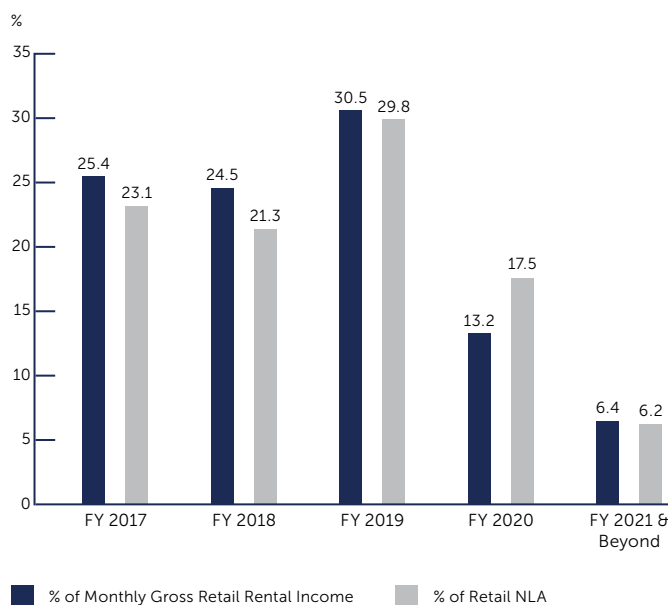
- 1.4% Books, Stationery and Education
- 4.3% Electronics and Technology
- 20.4% Fashion and Accessories
- 33.4% Food and Beverage
- 8.0% Hair, Beauty and Wellness
- 1.4% Healthcare
- 3.1% Homeware and Home Furnishings
- 3.3% Hypermart/Supermarket
- 2.2% Jewellery and Watches
- 3.5% Kid's Fashion, Toys and Kid's Specialty
- 6.5% Leisure, Fitness and Entertainment
- 5.5% Services and Others
- 3.2% Specialty and Gifts
- 3.8% Sporting Goods and Apparel

Note:

1 Includes 60.8% interest in the retail net lettable area in Suntec Singapore.

LEASE EXPIRY PROFILE¹

As at 31 December 2016



Note:

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

PROPERTY PORTFOLIO

Suntec City - Suntec Singapore Convention & Exhibition Centre



Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), is a world-class meeting, convention and exhibition venue. The award-winning facility can cater to events from 10 to 20,000 persons, offering direct access to 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 also served as one of the largest sporting venues for the inaugural Youth Olympic Games in 2010.

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 new 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 2016, Suntec Singapore hosted approximately 1,400 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 "Best Corporate MICE Venue" at the HRM Asia Readers Choice Awards 2016, "Best Convention & Exhibition Centre" at the 27th Annual TTG Travel Awards 2016, "Convention & Exhibition Centre in Singapore – Editors' Choice Award" by CEI Asia and the 11th consecutive award for "Asia's Leading Meetings & Conference Centre" at the World Travel Awards 2016.



PROPERTY PORTFOLIO

One Raffles Quay



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 Downtown and Raffles Place MRT stations 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 43 office tenants and five retail tenants. The major office tenants include ABN AMRO Bank N.V., Deutsche Bank, Ernst & Young, The Royal Bank of Scotland 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 with long term growth potential, 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 2016, 90.1% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

LEASE EXPIRY PROFILE

Based on the committed leases as at 31 December 2016, 55.3% of One Raffles Quay's total NLA is due to expire during the period from FY 2017 to FY 2020, whilst 44.7% is due to expire in FY 2021 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.



PROPERTY STATISTICS

As at 31 December 2016

Location	One Raffles Quay, Singapore 048583
Title	Leasehold 99 years from 2001
Total Net Lettable Area	1,330,806 sq ft
Net Lettable Area	443,602 ¹ sq ft
Number of tenants (actual)	48
Car Park Lots	713
Purchase Price	S\$941.5 million ¹
Market Valuation	S\$1,273 million ¹ (31 December 2015: S\$1,263 million)
Net Income Contribution	S\$29.2 million ² (2015: S\$26.1 million)
Committed Occupancy	100% (31 December 2015: 99.8%)

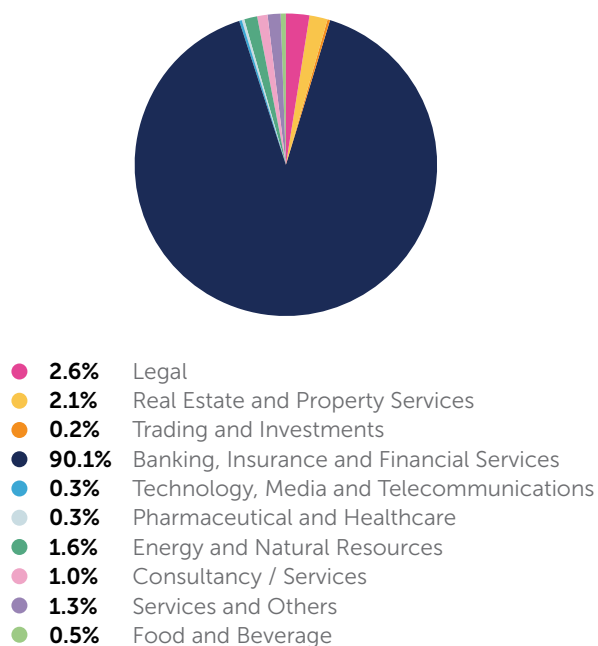
Notes:

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

BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2016

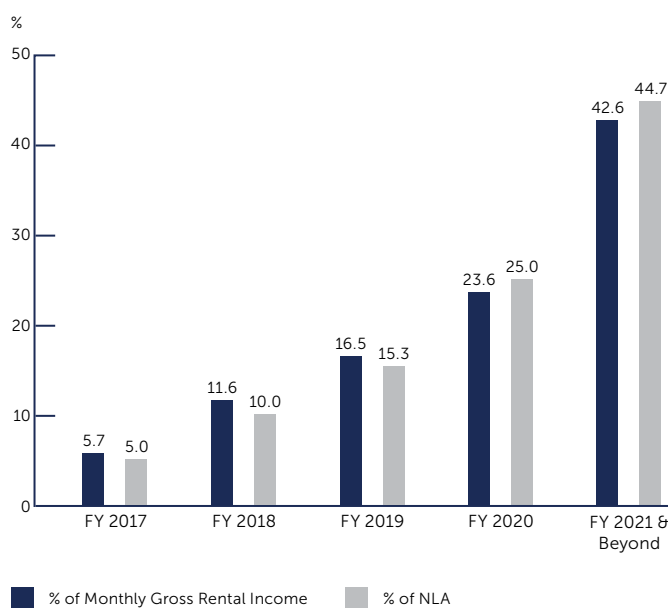


Note:

- 1 Reflects one-third interest.

LEASE EXPIRY PROFILE¹

As at 31 December 2016



Note:

- 1 Reflects one-third interest.

PROPERTY PORTFOLIO

MBFC Properties¹



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 94,906 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 also 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 named Best Commercial Development in South East Asia at the 2013 South East Asia Property Awards. It 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 also clinched the Gold award for the Mixed-Use category and the Participants' Choice Award in the MIPIM Asia Awards 2011.

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

Note:

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

In equal partnership with Hongkong Land and Keppel REIT, Suntec REIT holds a one-third interest in the MBFC Properties. The MBFC Properties comprises the office and retail properties under Phase 1 but does not include the Marina Bay Residences.

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 2016, 62.8% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

LEASE EXPIRY PROFILE

Based on the committed leases as at 31 December 2016, 21.7% of the total NLA of the MBFC Properties is due to expire during the period from FY 2017 to FY 2020, whilst 78.0% is due to expire in FY 2021 and beyond.

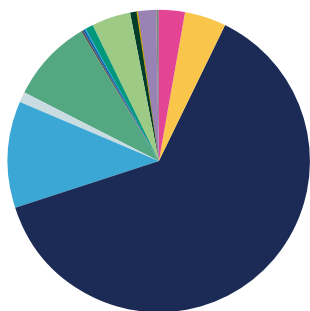
The Manager's objective for the MBFC Properties is to generate sustainable growth from its interest in the property for Suntec REIT unitholders.



BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2016



3.0%	Legal
4.4%	Real Estate and Property Services
62.8%	Banking, Insurance and Financial Services
11.4%	Technology, Media and Telecommunications
1.1%	Pharmaceutical and Healthcare
8.8%	Energy and Natural Resources
0.4%	Hospitality / Leisure
0.1%	Books, Stationery and Education
0.1%	Electronics and Technology
0.7%	Fashion and Accessories
4.4%	Food and Beverage
0.6%	Hair, Beauty and Wellness
0.2%	Hypermarket/Supermarket
1.9%	Services and Others
0.1%	Specialty and Gifts

Note:

1 Reflects one-third interest.

PROPERTY STATISTICS

As at 31 December 2016

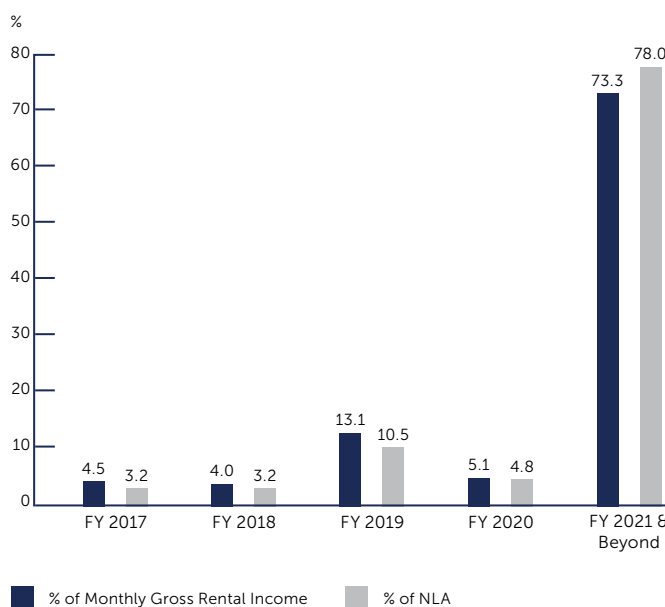
Location	8 Marina Boulevard, Singapore 018981
Title	Leasehold 99 years from 2005
Total Net Lettable Area	1,738,968 sq ft
Net Lettable Area	579,656 ¹ sq ft
Number of tenants (actual)	108
Car Park Lots	697
Purchase Price	S\$1,495.8 million ¹
Market Valuation	S\$1,693 million ¹ (31 December 2015: S\$1,682 million)
Net Income Contribution	S\$58.7 million ² (31 December 2015: S\$68.6 million)
Committed Occupancy	99.7% (31 December 2015: 99.3%)

Notes:

- 1 Reflects one-third interest.
- 2 Comprises other income, dividend income and interest income from the joint venture net of all taxes.

LEASE EXPIRY PROFILE¹

As at 31 December 2016

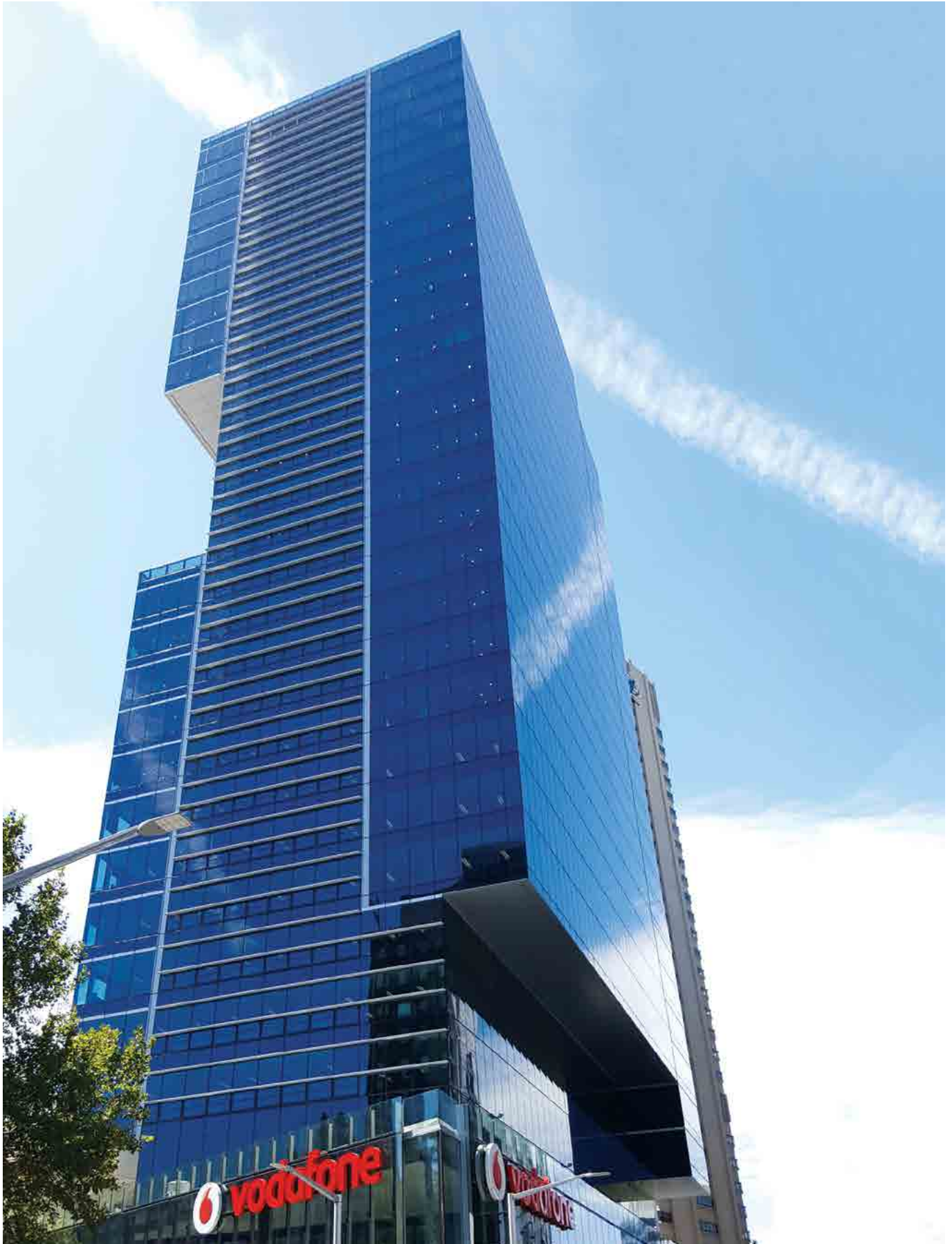


Note:

1 Reflects one-third interest.

PROPERTY PORTFOLIO

177 Pacific Highway



177 Pacific Highway, the 31-storey A-grade commercial tower in 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. It was also awarded a 5 Star Green Star – Office Design v3 Certified Rating.

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.

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.

STRONG TENANT MIX

For the month of December 2016, 39.9% of the total gross revenue was attributable to the Technology, Media and Telecommunication sector.

LEASE EXPIRY PROFILE

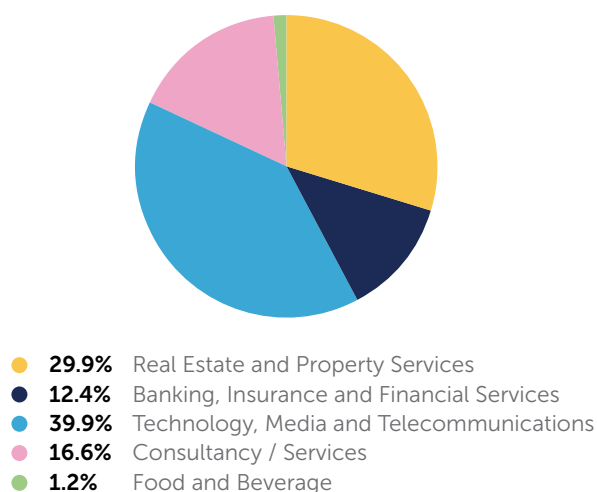
Based on the committed leases as at 31 December 2016, there were no leases expiring during the period from FY 2017 to FY 2022. The leases are only due to expire from 2023 onwards.

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

BUSINESS SECTOR ANALYSIS

(By Gross Rental Income)

As at 31 December 2016



PROPERTY STATISTICS

As at 31 December 2016

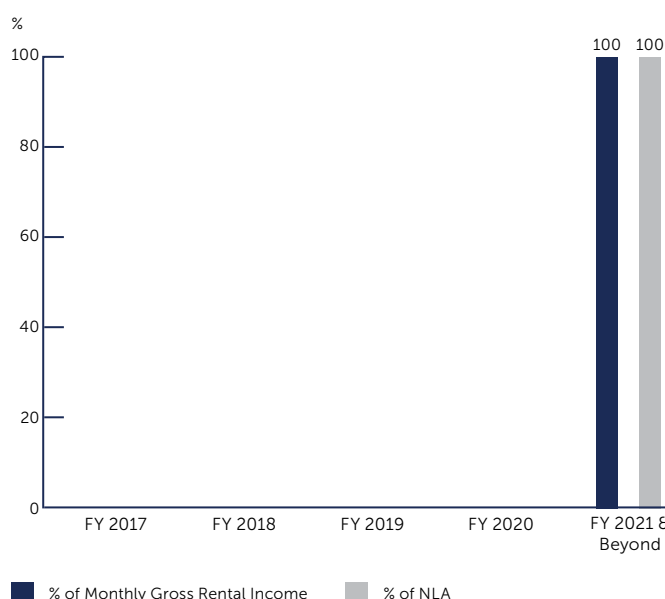
Location	177 Pacific Highway, North Sydney NSW 2060
Title	Freehold
Total Net Lettable Area	430,916 sq ft
Number of tenants (actual)	9
Car Park Lots	112
Purchase Price	S\$457.5 million ¹
Market Valuation	S\$553.4 million ² (31 December 2015: S\$501.1 million ³)
Net Property Income	S\$13.1 million ⁴ (2015: n.a.)
Committed Occupancy	100% (31 December 2015: 100%)

Notes:

- 1 Based on total actual progress payment made, at an average exchange rate of A\$1.00 = S\$1.107.
- 2 Based on an exchange rate of A\$1.00 = S\$1.0441 as at 31 December 2016.
- 3 Based on an "as if complete" basis. The carrying value (based on the exchange rate of A\$1 = S\$1.0332 as at 31 December 2015) was S\$371.8 million.
- 4 Based on the net property income received after practical completion on 1 August 2016.

LEASE EXPIRY PROFILE

As at 31 December 2016



PROPERTY PORTFOLIO

Southgate Complex



On 4 November 2016, Suntec REIT together with its joint venture partner, PIP Southgate Sub-Trust ("PIP Trust"), completed the acquisition of an initial 50.0% interest in the iconic Southgate Complex for a consideration of A\$289.0 million from Dexis Southgate Trust ("Dexis"). The property is currently owned by Suntec REIT, PIP Trust and Dexis with interests of 25.0%, 25.0% and 50.0% respectively.

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 Centre", the 25-storey "The Herald and Weekly Times Tower", a 3-storey retail podium and a car park with 1,026 lots.

The property 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 City Road Melbourne, Dairy Australia, Government of Australia, IBM Australia and The Herald and Weekly Times.

Southgate Complex is a strategic fit with Suntec REIT's portfolio of quality assets and augments Suntec REIT's presence in Australia. The acquisition will further enhance Suntec REIT's income and geographical diversification.

STRONG TENANT MIX

For the month of December 2016, 41.3% of the total gross revenue was attributable to the Technology, Media and Telecommunication sector.

LEASE EXPIRY PROFILE

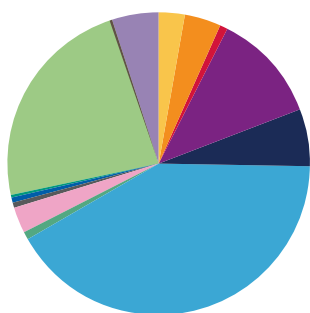
Based on the committed leases as at 31 December 2016, 48.5% of the total NLA of Southgate Complex is due to expire during the period from FY 2017 to FY 2020, whilst 38.0% is due to expire in FY 2021 and beyond.

The Manager's objective for Southgate Complex is to generate sustainable growth from the property through the strengthening office market in the CBD of Melbourne and repositioning of its retail component for Suntec REIT unitholders.

BUSINESS SECTOR ANALYSIS

(By Gross Rental Income¹)

As at 31 December 2016



2.8%	Real Estate and Property Services
3.9%	Trading and Investments
0.9%	Shipping and Freight Forwarding
11.7%	Government and Government-Linked Offices
6.2%	Banking, Insurance and Financial Services
41.3%	Technology, Media and Telecommunication
0.9%	Energy and Natural Resources
2.8%	Consultancy / Services
0.6%	Hospitality / Leisure
0.3%	Books, Stationary and Education
0.3%	Fashion and Accessories
23.4%	Food and Beverage
0.1%	Homeware and Home Furnishings
4.8%	Services and Others

Note:

1 Reflects 25.0% interest.

PROPERTY STATISTICS

As at 31 December 2016

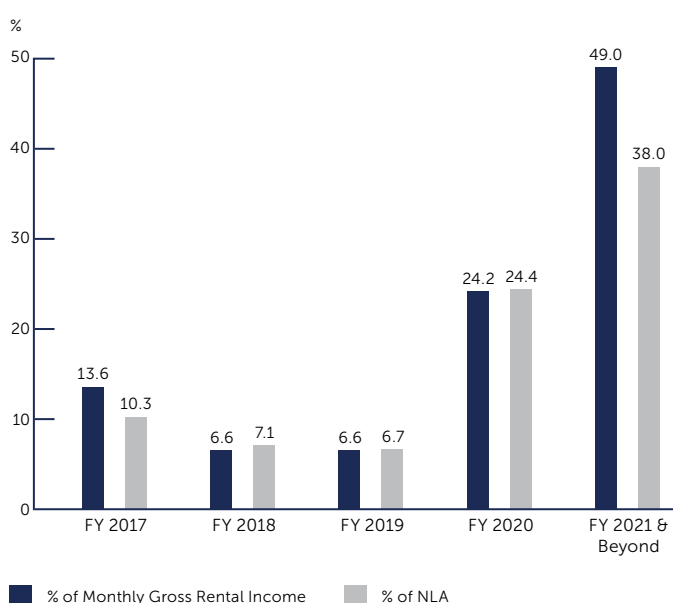
Location	40 and 60 City Road, 3 Southbank Avenue, Southbank, Melbourne, VIC 3006
Title	Freehold
Total Net Lettable Area	820,109 sq ft
Net Lettable Area	205,027 sq ft ¹
• Office	178,488 sq ft
• Retail	26,539 sq ft
Number of tenants (actual)	88
Car Park Lots	1,026
Purchase Price	S\$153.4 million ^{1,2}
Market Valuation	S\$160.4 million ^{1,3}
Net Income Contribution	S\$1.9 million
Committed Occupancy	86.5%

Notes:

- 1 Reflects 25.0% interest.
- 2 Based on an exchange rate of A\$1.00 = S\$1.0615 being the exchange rate at the time of acquisition.
- 3 Based on an exchange rate of A\$1.00 = S\$1.0441 as at 31 December 2016.

LEASE EXPIRY PROFILE¹

As at 31 December 2016



Note:

1 Reflects 25.0% interest.

PROPERTY PORTFOLIO

9 Penang Road



Artist's impression

PROPERTY STATISTICS

As at 31 December 2016

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 367,000 sq ft
Net Lettable Area	Approximately 110,100 sq ft ¹
Car Park Lots	Approximately 121
Purchase Price	S\$245.1 million ²
Market Valuation	S\$280.5 million ^{1,3} (30 November 2015: S\$123.5 million)

Notes:

- Reflects 30.0% interest.
- 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.
- Valuation as at 24 November 2016 based on Gross Development Value. The carrying value as at 31 December 2016 was S\$163.5 million.

Situated at the former Park Mall site which the Manager divested in December 2015 as part of its proactive portfolio management strategy, 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 Real Estate Investment Trust, with an interest of 35.0%, 35.0% and 30.0% respectively.

The premise was taken back from the tenants in end September 2016 and development works commenced in December 2016. The new ten-storey building consists of two wings with an approximate net lettable area of 352,000 sq ft of office space across eight floors and 15,000 sq ft of retail space 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 has also been extended to a fresh 99 years.

The development is estimated to cost approximately S\$800 million and the building is scheduled to complete by end 2019.

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



Independent Market Report

THE SINGAPORE OFFICE PROPERTY MARKET

OVERVIEW

Owing to the strong performance of the manufacturing sector in the last quarter of 2016, Singapore's economy expanded at a higher-than-expected 2.9% year-on-year ("y-o-y"), bringing the full-year growth to 2.0% y-o-y. In view of external headwinds and sluggish domestic business conditions, office occupiers have become more cautious with many adopting a "wait-and-see" attitude. Leasing activity for office space therefore remained lacklustre as occupiers' demand shrank and flight-to-new projects continued to be the main feature in 2016.

As of end 2016, the stock of island-wide office space stood at 83.2 million sq ft, increasing 2.3% from a year ago. Major office developments completed in 2016 include Guoco Tower, DUO Tower, SBF Center, Oxley Tower, Crown At Robinson, refurbishment of Havelock II and LTA's office complex. On the other hand, the withdrawal of old office buildings were relatively limited in this year. The most notable one was Park Mall, which is to be redeveloped into an office/retail complex.

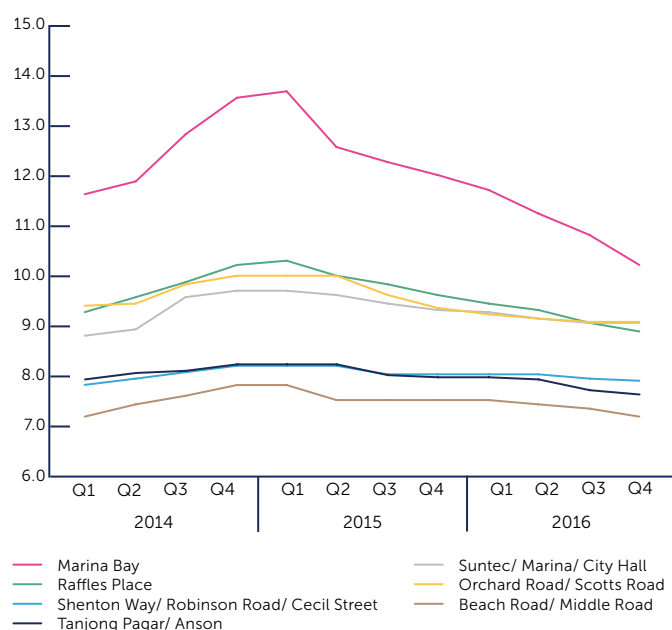
According to the statistics from the Urban Redevelopment Authority ("URA"), the whole island registered a total of 4,010¹ office leasing transactions in 2016, down 16.2% from the previous year. The general trend has been one where tenants moved from building to building, taking up the same or smaller-sized offices or shadow space of other tenants who were looking to sublet or pre-terminate ahead of their lease expiry. On a brighter note, the market continued to see healthy demand from the technology

Note:

1 Based on data downloaded on 9 February 2017.

AVERAGE RENTS OF GRADE A OFFICE SPACE BY LOCATION

Gross Rents
(\$ per sq ft per month)



Source: URA, Savills Research

and media companies, as well as Asian banks. In addition, under the pressure of high rents for traditional office space, shared co-working space, which provides flexible office spaces with individual desks designed for freelance workers or start-ups, has also become a new demand driver.

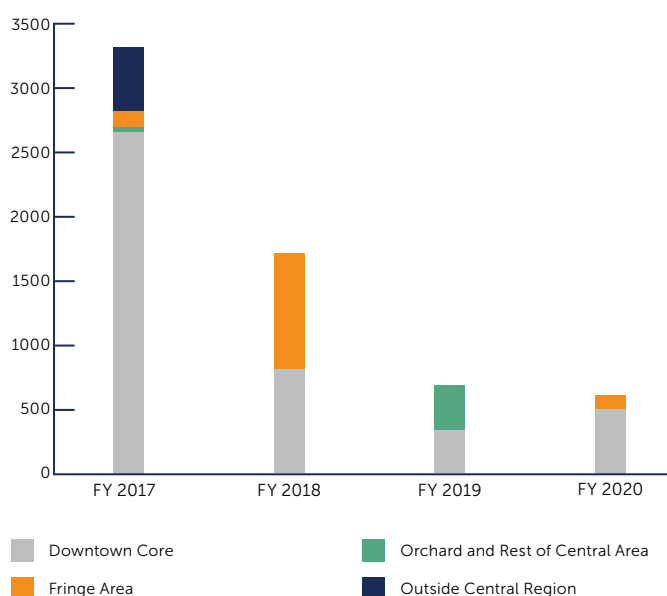
As a result, the total net demand of island-wide office space was about 290,600 sq ft in 2016, a decline of 56.5% from 2015. Coupled with the 1.8 million sq ft of net new supply during the same period, the overall occupancy rate decreased by 1.6% y-o-y to 88.9% at end 2016.

For the Central Region, URA statistics showed that office rental growth moderated in 1Q 2015. Thereafter it started to soften from 2Q 2015 to 4Q 2016. Cumulatively, office rents have come off 8.2% from 4Q 2015 to 4Q 2016.

As of 4Q 2016, Savills statistics showed that for Grade A offices in the Central Business District ("CBD"), the average monthly rents moderated by 5.8% y-o-y to S\$8.77 per sq ft. Rental declines were seen across all the sub-markets that Savills tracked. However, compared to those in Marina Bay and Raffles Place, rents in non-core CBD areas, such as Suntec/Marina/City Hall and Shenton Way/Robinson Road/Cecil Street, have generally been more stable and resilient. Apart from their lower rental bases, the tenant profile in these micro-markets has increasingly become more diversified, providing some hedge against traditional concentrations of finance and insurance companies. At the Marina Bay precinct where the finance and insurance companies are clustered in, Grade A office rents decreased the most in 2016, down 14.9% y-o-y. This was followed by the 7.5% y-o-y decrease in Raffles Place. Rents of Grade A office in the Suntec/Marina/City Hall area declined by 3.0% y-o-y in 2016 and as of 4Q 2016, stood at an average of S\$9.11 per sq ft.

UPCOMING NET LETTABLE OFFICE SPACE BY YEAR AND REGION

sq ft nett
('000)



Source: Savills Research

Independent Market Report



OUTLOOK

With additional downside risks arising from slower global economic growth and China's rising corporate credit risks, Singapore's trade-dependent economy is expected to face headwinds in 2017. Therefore, the Ministry of Trade and Industry has set the full-year economy growth to 1.0-3.0% in 2017. Coupled with the ensuing uncertainty following the changes in the United States political climate, in the short-term at least, firms are expected to be more conservative in their expansion plans and net take-up in the near term is expected to be weak.

Based on available information from the URA, as at the end of 4Q 2016, a total of about 6.3 million sq ft (net) of office space is expected to be completed from 2017 to 2020. A large quantum or 79.5% (about 5.0 million sq ft) of the pipeline office supply will be completed in 2017 and 2018, contributed by Marina One at Straits View, 5 Shenton Way at Shenton Way, Frasers Tower at Cecil Street, Robinson Towers at Robinson Road, Paya Lebar Quarter at Paya Lebar Road/Sims Avenue, Vision Exchange at Venture Drive in Jurong East and the addition and alternation works to GSH Plaza at Cecil Street.

Despite the challenging economic conditions and some companies adopting more flexible working arrangements, many companies continue to favour the CBD as a choice business location. In addition, because of the landlords' strong balance sheets and supported by a low interest rate environment, the holding power of the landlords remain strong. This implies that there is likely to be resistance to any sharp rental declines. In spite of a rush of supply coming on stream in 2017, landlords would most likely put up resistance on the downside. Therefore, gross face rents for CBD Grade A office space may not decline too much in 2017.

THE SINGAPORE RETAIL PROPERTY MARKET

OVERVIEW

Singapore's retail market had been going through a challenging period over the past few years. The retail sales (excluding motor vehicles) in constant dollar terms continued to fall for the third consecutive year and recorded a negative y-o-y growth of 3.4% in 2016. The main cause for the current retail environment is the slow growing economy and a weak labor market which affected the overall consumer sentiments.

On a positive side, Singapore received 16.4 million international visitors in 2016, a healthy 7.7% increase from a year ago. According to the Singapore Tourism Board's ("STB") preliminary estimates, visitors spent S\$24.8 billion for the whole year of 2016, up 13.9% y-o-y. While the growth in spending was mainly due to the increase in visitor numbers, STB noted that visitors also forked out more on shopping and food and beverage.

Although retailers in general are afflicted with economic maladies, softened rents have given opportunities for some retailers, including international brands and local start-ups, to take up larger spaces or open up in prime malls. In the current retail industry, established retailers entering the online marketplace is not uncommon. Nevertheless, it is also seeing the opposite happen: fashion brands

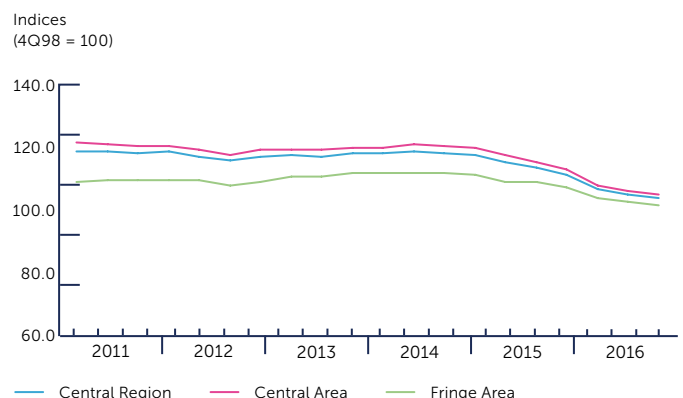
and businesses, which started out purely online or digital, are now setting up physical stores to create a tactile shopping experience to their customers.

As of 4Q 2016, URA data shows that the island-wide stock of retail space was 65.1 million sq ft, a net increase of 807,300 sq ft from the previous year. Several shopping complexes in the suburban areas were completed. These include White Sands at Pasir Ris, Compass One at Sengkang, Hillion Mall at Bukit Panjang and the integrated community and lifestyle hub, Our Tampines Hub. In downtown, the completion of Tanjong Pagar Centre, Downtown Gallery (partly) and Havelock II also added substantial new retail space to the market. On the other hand, some retail space was removed from the market when Funan DigitalLife Mall and Park Mall closed for redevelopment works in June and September respectively.

For the year of 2016, the net demand of retail space island-wide was about 559,700 sq ft, reversing the contraction of 322,900 sq ft in 2015. In spite of rising pre-terminations and business consolidations, newly-completed malls generally still received healthy take-up rates. However, the substantial net new supply over the course of 2016 brought the island-wide retail occupancy level down slightly by 0.3% y-o-y to 92.5% as of 4Q 2016.

The slowing local economy and weakening retail sales had put downward pressures on general retail rents. In 4Q 2016, the URA's rental index of retail space in the Central Region registered a 1.2% quarter-on-quarter ("q-o-q") drop, making it seven consecutive quarters of decline. Compared with 4Q 2015, rents have softened by about 8.3%. By location, the Central Area recorded a bigger rental fall of 8.8% y-o-y compared with the 6.6% y-o-y in the Fringe Area.

URA RENTAL INDEX OF RETAIL SPACE

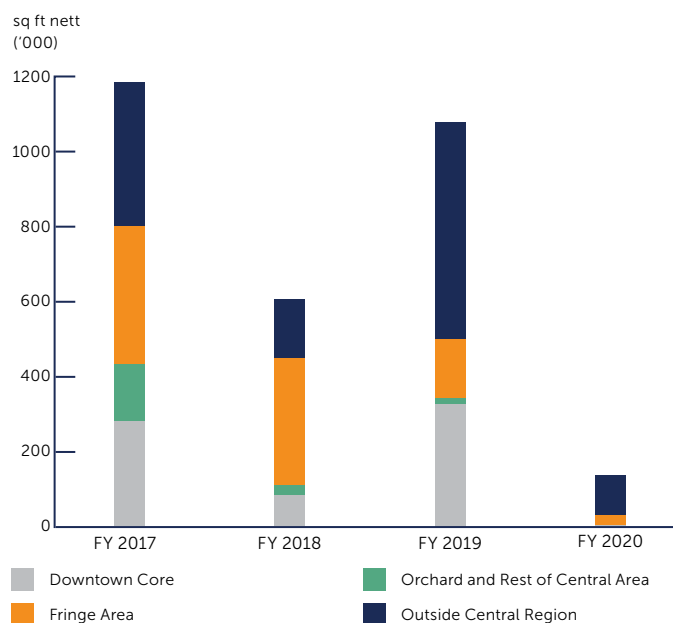


Source: URA, Savills Research

OUTLOOK

Approximately 3.0 million sq ft (net) of new retail space is expected to be completed from 2017 to 2020 in Singapore, of which the Downtown Core Planning Area accounts for about 0.69 million sq ft or 22.9% of the total future supply. It is expected that from 2017 to 2020, Downtown Core will see about 0.17 million sq ft of new completions per annum. Notable completions include

UPCOMING NET LETTABLE RETAIL SPACE BY YEAR AND REGION



DUO Galleria at Fraser Street, The Heart in the mixed development Marina One, the retail component at Oxley Tower and GSH Plaza, retail malls at Robinson Towers, Frasers Tower and Funan (the redevelopment of Funan DigitalLife Mall).

Generally, cost pressures are expected to continue to plague the retail industry, especially in the areas of constrained labour supply and rising business operation costs. Although the decline of rents has moderated, revenues, as proxied by the retail sales index, have not increased fast enough to keep pace with rising occupancy costs. At the top line, competition is coming from both the physical and the online fronts.

In the short term, the uncertainty in the economy has proven to be a major drag on retail sales. Even when tourist arrivals registered a healthy improvement in 2016, retail sales continued to drop.

In-line with Minister for Trade and Industry (Industry) Mr S Iswaran's call for retailers to adopt online channels as well as mobile applications to engage shoppers, more retailers are integrating e-commerce with their existing conventional channels. Nevertheless, physical stores are likely to remain as one of the crucial aspects for retailers. In addition, to some extent, the healthy take-up in the major upcoming retail malls, including Downtown Gallery, The Heart and Funan, has mitigated the worry of over-supply in the Downtown Core. Moving forward, we expect the retail space in the Downtown Core may still be able to ride out the rough patch that retailers in general are facing, with only a mild downside in rents over the next few years.

THE AUSTRALIA OFFICE PROPERTY MARKET

OVERVIEW

According to the Australian Bureau of Statistics ("ABS"), the Australian economy recorded a below trend full year growth rate of 2.4% in 2016. However, recent increases in commodity prices, strong housing construction, a large wheat crop and looming LNG sales should result in average economic growth of 3.2%¹. Unemployment remains low at around 5.7% whilst inflation rate is moderate at 1.5%. The Reserve Bank of Australia ("RBA") is expected to keep official interest rates at or around current levels of 1.5%. The current economic environment is favourable for office markets generally and especially for Melbourne and Sydney where majority of national and international businesses are located.

OFFICE MARKETS

The Australian office markets reflect the Australian economy in many ways. The mining states of West Australia (Perth) and Queensland (Brisbane) have office markets with subdued levels of demand and recently delivered supply which has seen the vacancy rate rise dramatically. Conversely, the non-mining states of Victoria (Melbourne) and New South Wales (Sydney) have seen a dramatic lift in demand and a substantial decline in vacancy.

Of the 1,796,314 sqm of office space leased nationally in 2016, government and community services were the dominant sectors, leasing 40% of the stock. In Sydney and Melbourne, the property and business services sector is expanding rapidly and is regarded as the "engine room" of the office occupier market.

SYDNEY CBD OFFICE MARKET

The withdrawal of secondary stock combined with the addition of new prime space had a marked impact on market dynamics. 2016 saw a positive net absorption of 100,166 sqm of prime space and the negative net absorption of 82,202 sqm. Tenants displaced due to buildings withdrawn were forced to compete with each other for limited options in the secondary market or to upgrade to better quality space, thus putting upward pressure on rents. As a result, the Sydney CBD office vacancy rate has fallen from 6.3% to 6.2% percent in the 12 months leading up to December 2016, representing the lowest vacancy rate since 2009.

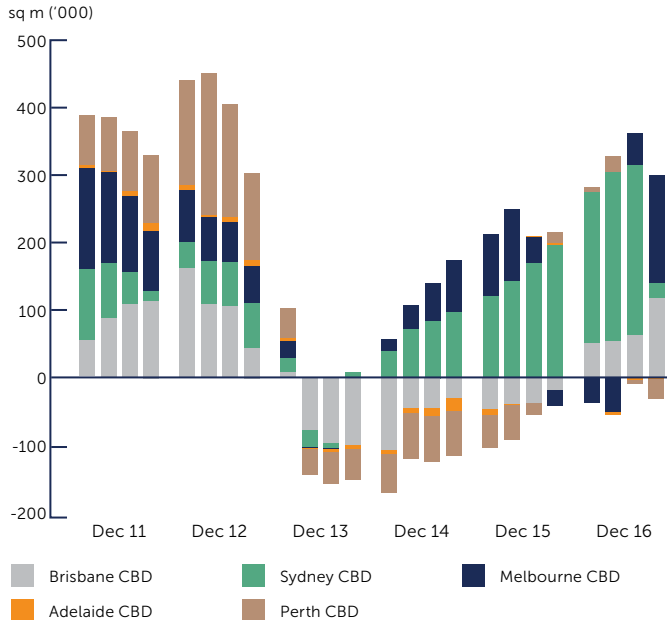
Premium grade net effective rental growth in Sydney improved 26% y-o-y due to a substantial fall in incentives from 38% to 26% as well as net face rents which increased 6% y-o-y. A substantial increase was also observed in A grade net effective rents, which now range from A\$536 to A\$776 per sqm per annum, an improvement of 48% y-o-y.

Sydney's growing residential values have encouraged many landlords with secondary office assets to pursue a change of use. In North Shore (comprising North Sydney, St. Leonards, Chatswood, North Ryde, Macquarie Park), the withdrawal of vacant office buildings for conversion to other uses has caused the office vacancy rate to fall from 8% to 7.6% percent in the 12 months leading up to December 2016, representing the lowest vacancy rate since 2001.

Independent Market Report



AUSTRALIAN OFFICE CBD NET ABSORPTION BY CITY



Source: Savills Research

Net effective rents in North Sydney as at December 2016 typically range from A\$440 to A\$500 per sqm per annum for A grade buildings. The average A grade face rent is A\$500 per sqm per annum, a 14% increase over the last 12 months.

MELBOURNE CBD OFFICE MARKET

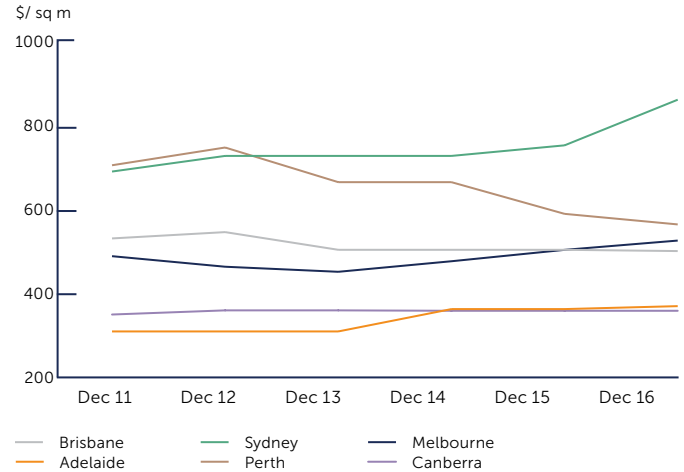
In Melbourne, new office supply continues to have a focus in the Docklands precinct with 89,357 sqm added over the past year. Site works have recently commenced at Collins Square, Tower 5, after securing a 16,000 sqm pre-commitment. Construction works have also commenced at One Melbourne Quarter, a midrise office and retail building which will offer approximately 25,000 sqm of commercial space in Docklands upon its completion in 2018.

Net absorption in the Central Melbourne office market (comprising the CBD, Docklands, Southbank, St Kilda Road) is being assisted by construction activity and migration of tenants from the suburbs. As a result, the Melbourne CBD office vacancy rate has fallen from 7.8% to 6.4% in the 12 months leading up to December 2016, representing the lowest vacancy rate since 2012.

In Southbank, A grade office vacancy has fallen to 4.4% from 8.1% recorded a year ago, due to the positive net absorption of 9,303 sqm and withdrawal of vacant, redundant secondary office buildings.

Premium grade net effective rental growth in Melbourne improved 9% y-o-y due to a fall in incentives from 30% to 27% as well as rising face rents which increased 5% y-o-y. An increase was also observed in A grade net effective rents, which range from A\$324 to A\$432 per sqm per annum, an improvement of 8.3% y-o-y.

AUSTRALIAN OFFICE AVERAGE A GRADE NET FACE RENT BY CITY



Source: Savills Research

OUTLOOK

In the Sydney CBD, Savills is forecasting net effective rents to increase, particularly for secondary and A grade office space. This is due to continued demand from tenants who were forced to relocate, an ongoing shortage of secondary space and declining incentives. Tenant demand over the next year is expected to be driven by growth in Information Technology and Telecommunications, Healthcare and Real Estate sectors, with employment estimated to grow at 14%, 7% and 7% respectively¹. Savills expects growth in CBD white collar employment to lead to an increase in absorption of CBD office space.

Tenant demand for North Shore office space may be assisted by the tight vacancy in the Sydney CBD, forcing tenants with pending lease expiries and faced with increasing rental levels to migrate to the North Shore. Coupled with the low vacancy level and large withdrawal of office stock, the fundamentals for development within the North Shore are likely to improve.

In the Melbourne CBD, tenant demand over the next year is expected to be driven by the sectors of Healthcare, Finance & Insurance and Government, with employment forecast to grow at 6%, 5% and 4% respectively. As tenant demand continues to improve, Savills expects construction led by pre-commitment to drive new development activity over the course of the next two years.

Note:

¹ Deloitte Access Economics

Risk Management

The Manager recognises that effective and proactive risk management is an important part of Suntec REIT's 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.

The Manager is responsible for formulating and implementing risk management policies and procedures for identifying, assessing, managing, monitoring and reporting of risk and provides assurance to the Board that the system of risk management and internal controls in place is adequate and effective. Suntec REIT's enterprise risk management ("ERM") framework is adapted from The Committee of Sponsoring Organizations of the Treadway Commission ("COSO Model") which 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.

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.

The key risks identified include but are not limited to:

STRATEGIC RISK

Strategic risks relates to sustainable long-term growth of the 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 initiatives are initiated when necessary to ensure that Suntec REIT's properties remain competitive.

OPERATIONAL RISK

The Manager has established and strictly adheres to a set of Standard Operating Procedures ("SOPs") to identify, monitor and manage operational risks. The SOPs are reviewed periodically to ensure relevance and effectiveness. In addition, compliance is reinforced by staff training and regular checks by the Internal Auditor.

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 reasonable remuneration in line with industry conditions, and personal development and training opportunities to enhance staff progression and retention.

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.

FINANCIAL RISK

The Manager actively and closely monitors Suntec REIT's financial risks and capital structure. 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 ("MAS").

Interest rate risk is managed 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.

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.

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 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 MAS under the Securities and Futures Act.

The Manager has put in place policies and procedures to facilitate compliance with the applicable laws and regulations. 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 has also enabled us to remain accessible to investors and given us the opportunity to provide key strategic and performance updates on Suntec REIT. The seventh annual general meeting of Suntec REIT unitholders in April 2016 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 20 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:

Telephone: +65 6835 9232
 Fax: +65 6835 9672
 Email: enquiry@suntecreit.com
 Website: www.suntecreit.com



PROPOSED SUNTEC REIT FY2017/FY2018 CALENDAR

April 2017

- Annual General Meeting
- Announcement of the first quarter results

May 2017

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

July 2017

- Announcement of the second quarter and half-year results

August 2017

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

October 2017

- Announcement of the third quarter and nine months results

November 2017

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

January 2018

- Announcement of the fourth quarter and full year results

February 2018

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

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Corporate Directory - Inside back cover

Corporate Governance

ARA Trust Management (Suntec) Limited, as the manager of Suntec Real Estate Investment Trust ("Suntec REIT", and the manager of Suntec REIT, the "Manager"), has adopted an overall corporate governance framework designed to meet best practice principles. The Manager recognises that an effective corporate governance culture is critical to its performance and consequently, the success of Suntec REIT, which it manages. In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interest of Suntec REIT unitholders ("Unitholders").

The Manager holds a Capital Markets Services ("CMS") Licence issued by the Monetary Authority of Singapore ("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 sound corporate governance policies and practices and observes high standards of conduct in line with the recommendations of the Code of Corporate Governance issued by MAS on 2 May 2012 ("2012 Code").

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 Code, and has specified and explained areas of deviation.

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 fulfill the 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 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 net income, capital expenditure, sales and valuations, explanations of major variances to 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;
3. ensuring compliance with the applicable provisions of the Securities and Futures Act, the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Code on Collective Investment Schemes ("CIS Code") issued by the MAS, including the Property Funds Appendix contained in the CIS Code, the Trust Deed (as amended), 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 co-ordination 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 and a second amending and restating deed dated 14 April 2016 (collectively, the "Trust Deed").

Corporate Governance

(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 "Board") is entrusted with responsibility for the overall management of the Manager. The Board is responsible for the overall corporate governance of the Manager, including establishing goals for managing and monitoring the achievement of these goals.

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 of the Manager and Suntec REIT and the framework comprises a system of strong internal controls, robust risk management processes and clear policies and procedures. The Board also sets the values and ethical standards of Suntec REIT as well as considers sustainability issues relevant to its business environment and stakeholders.

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 provides for Directors to convene meetings via teleconferencing, videoconferencing or other similar means of communication.

Directors may request for explanations, briefings by or discussions with management of the Manager ("Management") on any aspect of Suntec REIT's operations from Management, including any additional reports and documents requiring the Board's attention. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

Five Board meetings were held during the financial year ended 31 December 2016 ("FY 2016"). 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.

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

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

The Board also reviews the assessment of key risks to the assets of Suntec REIT, as well as financial and treasury management administration and acts upon any comments from the auditors of Suntec REIT.

The Board has adopted a set of prudent internal controls which it believes is adequate in safeguarding Unitholders' interest and Suntec REIT's assets. Appropriate delegation of authority has been provided to Management to facilitate operational efficiency with oversight by the Board and this includes, among other things, approval limits for capital expenditure and operating of bank accounts. Apart from matters stated above that specifically require approval from the Board, the Board approves transactions exceeding established threshold limits, and delegates authority for transactions below those limits to Board Committees.

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 a Board meeting, at specially convened sessions or via circulation of Board papers. Relevant regulatory updates and news releases issued by the SGX-ST, the MAS and the Accounting and Corporate Regulatory Authority ("ACRA") will also be circulated to the Board for information.

The Directors continue to receive regular training and updates on relevant laws, rules and regulations and are encouraged to participate in conferences, seminars or any training programme in connection with their duties.

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An orientation is arranged for new Directors to be briefed on the business activities of Suntec REIT and its strategic directions and policies.

Corporate Governance

Where relevant, training is regularly provided for Directors in areas such as accounting, legal and industry-specific knowledge. A list of training courses and seminars which might be of interest is sent to the Directors who are encouraged to attend. The costs of arranging and funding the training of the Directors will be borne by the Manager.

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% Unitholders¹. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board presently comprises seven members: one Executive Director, three Non-Executive Directors and three Independent Non-Executive Directors. Each Director is a well-respected individual from the corporate and/or industry circles with diverse experience and network.

The Chairman of the Board is Ms Chew Gek Khim.

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 one-third of the Board should comprise Independent Directors.

The Independent Non-Executive Directors exercise objective judgement on Suntec REIT's affairs and from Management. The Independent Directors have no relationships (as defined in the 2012 Code) with the Trustee, the Manager, its related corporations, its 10% shareholders², its officers or 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against 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 also enable the Board to interact and work with Management to help shape the strategic process.

When reviewing Management proposals or decisions, the Independent 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 Management on a need-basis.

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 Manager strives to ensure that the Board as a whole has the requisite background, 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.

A healthy exchange of ideas and views between the Board and Management through regular meetings and updates enhances the management of Suntec REIT. This, together with a clear separation of roles between Chairman and Chief Executive Officer ("CEO"), provide a healthy and professional relationship between the Board and Management.

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 the nature and scope of Suntec REIT's operations. As the Board currently comprises three Independent Non-Executive Directors out of a total of seven members, the Board would continue to review its composition to reach the required ratio under the regulations.

Notes:

¹ the term "10% Unitholders" refers to a person who has an interest or interests in one or more Units and the total votes attached to that Unit or those Units is not less than 10% of the total votes attached to all the Units.

² the term "10% shareholders" refers to a person who has an interest or interest in one or more voting shares in the Manager and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Manager.

Corporate Governance

The Manager is required to comply with the proposed amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFLCBR”) which will take effect no later than the first annual general meeting of Suntec REIT for FY 2016. Under the proposed amendments to the SFLCBR, independent directors are required to comprise at least half of the Board, or where Unitholders are given the right to appoint the Directors, at least one-third of the Board.

In order to comply with this regulation, ARA Asset Management Limited (“ARA”) has provided an undertaking to the Trustee that, among others, the Unitholders shall have the right to endorse (or re-endorse) on the appointment of at least one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), where the Directors whose appointments are put forth for endorsement shall be those who will be re-elected under the Constitution of the Manager and/or those who are newly appointed as Directors.

Profiles of the Directors and other relevant information are set out on pages 17 to 20 of this annual report.

BOARD COMMITTEE

The Board is supported by various Board Committees, namely the audit committee (“Audit Committee”) and designated committee (“Designated Committee”), to assist the Board in discharging its responsibilities and enhance its corporate governance framework. The Board has delegated specific responsibilities to these Board Committees and their composition and terms of reference 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.

Designated Committee

The Designated Committee 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 has adopted its own terms of reference.

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

No Designated Committee meeting was held in FY 2016. 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 Tan Kian Chew (Member[#])
- Mr Chen Wei Ching, Vincent (Member)
- Mr Chan Pee Teck, Peter (Member^{##})
- Ms Seow Bee Lian, Cheryl (Member^{*})

[#] Resigned as Director on 31 December 2016

^{##} Appointed as Director on 1 January 2017

^{*} Ms Seow is the Assistant Group Chief Executive Officer, Group Finance of ARA.

MEETING ATTENDANCE

The matrix of Board members’ participation in the various Board and Board Committee meetings and attendance thereat during FY 2016 is as follows:

Board Members*	Board Meetings		Audit Committee Meetings	
	Participation	Attendance/ Number of Meetings	Participation	Attendance/ Number of Meetings
Ms Chew Gek Khim	Chairman	5/5	NA	NA
Mr Lim Hwee Chiang, John	Member	5/5	NA	NA
Mr Chen Wei Ching, Vincent	Member	5/5	Chairman	4/4
[#] Mr Lim Lee Meng	Member	5/5	Member	4/4
[#] Mr Tan Kian Chew	Member	5/5	Member	4/4
Mr Chow Wai Wai, John	Member	5/5	NA	NA
[#] Mr Yeo See Kiat	Member and CEO	5/5	CEO	NA

[#] Resigned as Director on 31 December 2016

^{*} This table does not include Directors who were appointed after FY 2016.

Corporate Governance

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 and Mr Yeo See Kiat respectively. As part of the Manager's succession planning, Mr Yeo See Kiat, the former CEO, had retired as CEO on 31 December 2016. Mr Chan Kong Leong, who was the Chief Operating Officer, assumed the position of CEO of the Manager with effect from 1 January 2017.

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 high standard of corporate governance. The CEO has full executive responsibilities over the business direction and day-to-day operational decisions of managing Suntec REIT in accordance with the objectives established by the Board. The CEO is an appointed CMS licensed representative who is resident in Singapore.

BOARD MEMBERSHIP AND PERFORMANCE

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

The Manager has not established a nominating committee as the Board has considered that it would itself perform the full functions of a nominating committee and a separate committee is not necessary. The Board performs the various functions of the nominating committee, including tabling nominations to the Board, reviewing the structure, size, composition, performance and renewal of the Board, reviewing the independence of Board members and reviewing the training and professional development of the Board.

When reviewing and recommending the appointment of new Directors, the Board takes into consideration the current Board size and mix, and the principles outlined earlier in this statement. 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 taking into account various factors including the current and mid-term needs and goals of Suntec REIT, as well as the relevant expertise 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. 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 integrity, commitment, financial literacy and reputation. The Board also seeks to refresh its membership progressively taking into account the balance of skills and experience, while ensuring the continuity of long-serving Directors.

In identifying potential candidates for directorship on the Board of the Manager, the above selection process was followed. Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon were appointed as Independent Directors with effect from 1 January 2017. Mr Tan Kian Chew and Mr Lim Lee Meng had been appointed since October 2004, and having served on the Board for more than nine years, they resigned as Directors on 31 December 2016. The appointment of new Independent Directors allows the Board to refresh itself in an orderly and progressive manner and comply with the applicable regulatory requirements.

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/her role as a Director and to the affairs of the Manager. In FY 2016, the Directors attended the Board meetings, had given feedback and participated constructively when discussing the activities of Suntec REIT. The Board has also procured written confirmations from each of the Independent Directors stating that they are able to carry out their duties as a Director 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 as Directors of the Manager and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold.

The independence of each Director is reviewed upon appointment and thereafter the Board reviews the independence of the Directors annually with reference to the guidelines set out in the 2012 Code and applicable laws and regulations. The Board notes that the provisions of independence in the 2012 Code require the Board to consider, where a Director has served for a period of more than nine years from the date of his appointment, whether he continues to be independent. In furtherance of rigorous review of the independence of Independent Directors, the Board has enhanced the internal assessment criteria. This rigorous review is applied equally to all Independent Directors and not just to Independent Directors who have served on the Board for more than nine years. Factors considered in this rigorous approach include questions on family connections, voting arrangements at Unitholders' or Directors' meetings, financial dependency on director fees and level of objectivity demonstrated at such meetings.

Corporate Governance

The Board has received written confirmations from each of the Independent Directors in respect of his independence pursuant to the 2012 Code. The Board has reviewed and determined that Mr Chen Wei Ching, Vincent, Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon are considered to be independent and are free from any of the relationships stated in the guidelines of the 2012 Code. This includes relationships with the Trustee, the Manager, its related corporations, its 10% shareholders or its officers or its 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view towards the best interest of Suntec REIT.

Under the proposed amendments to the SFLCBB, a Director is considered independent if he/she is independent from the management and business relationships with the Manager and Suntec REIT, independent from substantial shareholders of the Manager and substantial Unitholders of Suntec REIT, and have not served on the Board for a period of nine years or longer. The Board has reviewed and considered that the Independent Directors Mr Chen Wei Ching, Vincent, Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon fulfill the independence criteria set out in the SFLCBB.

In the spirit of good corporate governance, the Board has appointed Mr Chen Wei Ching, Vincent as Lead Independent Director in 2014. The Lead Independent Director is available to Unitholders if they have concerns and for which contact through the normal channels of Chairman, the CEO or the Finance Director, has failed to resolve or is inappropriate. The Lead Independent Director also coordinates an annual meeting, or as and when required, with other Independent Directors without the presence of Management, and provides feedback to the Chairman.

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

Contributions by an individual Board member can also take other forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and the time and effort accorded to Suntec REIT's affairs.

The Board has assessed the current Board and Board Committee's performance, as well as the performance of each individual Director for FY 2016. The Board has deliberated and is of the view that the performance of the Board and each individual Director were satisfactory. The Board has not engaged any external consultant to conduct an 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.*

On an on-going basis and prior to Board meetings, 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 copies of relevant disclosure documents related to the operational and financial performance of Suntec REIT.

The CEO keeps all Board members, including Independent Directors, abreast of key developments affecting Suntec REIT as well as material transactions so that the Board is kept fully aware of the affairs of Suntec REIT, its business, the business and financial environment as well as the 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 each 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. If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or Board Committee Chairman of his or her views on the matters to be discussed or conveyed to 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 matters being discussed, and to respond to any queries that the Directors may have.

Corporate Governance

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, its Board Committees and between Management and the Non-Executive 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, at the Manager's expense. 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 not established a remuneration committee. The Manager 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 and benefits for the Directors and key executives of the Manager.

In adopting the remuneration policies and practices of ARA, the Manager ensures that such remuneration policy and packages are aligned with the interests of the Unitholders and are designed to attract and retain talented staff, while taking into account the prevailing market conditions within the industry.

Under the remuneration policy and practice adopted, a comprehensive and structured performance assessment is carried out annually for the CEO and Executive Officers of the Manager. At the start of the year, key performance indicators for the CEO and Executive Officers are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time bound. Such key performance indicators reflect organisational goals 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 key performance indicators. Based on these reviews, the variable year-end bonus for the CEO and Executive Officers is determined. Based on the performance assessment, the Manager is of the view that its Executive Directors and key Executive Officers have met their performance objectives.

In addition to their base salary and a variable year-end bonus, designated Executive Officers of the REIT Manager participate in a Performance Based Bonus Scheme (the "Scheme"). Under the Scheme, designated Executive Officers of the Manager may be entitled to a pool of incentive payments based on certain performance indicators of the Manager. The incentive payments are allocated amongst the designated Executive Officers based on various factors and conditions, including seniority, length of service, performance and contributions.

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.*

Corporate Governance

The remuneration of the Non-Executive Directors for FY 2016 comprises entirely Directors' fees and the details of the Non-Executive Directors' remuneration is set out below:

Name of Director*	Salary (S\$)	Bonus (S\$)	Directors' Fees (S\$)	Others (S\$)	Total (S\$)
Ms Chew Gek Khim	-	-	-	-	-
Mr Lim Hwee Chiang, John	-	-	-	-	-
Mr Chen Wei Ching, Vincent	-	-	60,000	-	60,000
Mr Lim Lee Meng	-	-	60,000	-	60,000
Mr Tan Kian Chew	-	-	60,000	-	60,000
Mr Chow Wai Wai, John	-	-	60,000	-	60,000

The other Non-Executive Directors have elected to waive their Directors' fees.

** This table does not include Directors who were appointed after FY 2016.*

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis and (ii) the remuneration of at least the top five key Executive Officers (which shall not include the CEO and Executive Officers who are Directors), on a named basis, in bands of S\$250,000. The Board has assessed and decided not to disclose (i) the remuneration of the CEO, Executive Directors and Executive Officers on a named basis, whether in exact quantum or in bands of S\$250,000; and (ii) the aggregate remuneration of the top five key Executive Officers 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 Executive Officers so as to minimise potential staff movements 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 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 disclosure could be prejudicial to the interests of Unitholders. 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 Executive Officers and their performance; and
- (iv) there is no misalignment between the remuneration of the CEO and Executive Officers and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Suntec REIT, and not by Suntec REIT itself.

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.

(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 seeks to keep Unitholders updated on Suntec REIT's operating and financial performance, position and prospects through quarterly and full year financial reports as well as timely announcements on developments in its businesses. Quarterly results are released to Unitholders within 45 days of the reporting period, while the full year results are released to Unitholders within 60 days of the financial year end. In presenting the financial reports, the Board aims to provide a balanced and understandable presentation of Suntec REIT's financial performance, position and prospects.

Management provides the Board with a continual flow of relevant information on the performance of Suntec REIT on a timely basis in order that the Board may effectively discharge its duties. In addition, an Executive Summary of Suntec REIT's performance is furnished to the Board on a monthly basis. This report, which consists of key financial figures, keeps the Board informed of Suntec REIT's position and prospects.

Corporate Governance

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.*

Risk Assessment and Management of Business Risk

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 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 execution.

Key risks, process owners, risk factors, mitigating actions and risk indicators are continually 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 by the Audit Committee and the Board.

The ERM Framework lays out the governing policies and procedures which comply with recommendations of the 2012 Code, and ensures that the risk management and internal control systems provide reasonable assurance on 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, Finance Director and the Head of ARA Group Risk Management & Internal Audit Division ("GRM & IA"). GRM & IA is a 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 strategic, operational, financial, compliance and information technology risks faced by Suntec REIT 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 business and corporate executive heads with stewardship residing with the Board. The Internal Auditors also perform reviews of the Risk Profiles and related internal control systems, including financial, operational, compliance and information technology controls, as part of the internal audit plan approved by the Audit Committee. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. In addition, the External Auditors perform tests of certain controls relevant to the preparation of Suntec REIT's financial statements. The External Auditors report any significant deficiencies of such internal controls 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 at least once annually.

The Audit Committee and the Board believe that the risk management measures in place to manage the risks are adequate and effective and the residual risks are acceptable.

The Board has received written assurance from the CEO, Finance Director and Internal Auditors of the Manager 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) regarding the effectiveness of Suntec REIT's risk management and internal control systems.

In addition, an Internal Assessment Checklist ("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 Auditors 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.

Corporate Governance

Based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the Internal Auditors 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 as at 31 December 2016, pursuant to Rule 1207(10) of the Listing Manual of the SGX-ST. In addition, the Audit Committee has also reviewed and is satisfied with the adequacy of the resources devoted to and qualifications of the Manager's executive officers 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 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. New staff will be briefed on the Whistle-Blowing Programme during the staff orientation programmes. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, 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 the discharge of its 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 keeping with best practices in corporate governance, a majority of members of the Audit Committee (including the Audit Committee Chairman) are Independent Directors.

The Audit Committee currently comprises three Independent Directors, namely:

- | | | |
|---|----------------------------|----------|
| • | Mr Chen Wei Ching, Vincent | Chairman |
| • | Mr Chan Pee Teck, Peter* | Member |
| • | Mrs Yu-Foo Yee Shoon* | Member |

*Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon were on 1 January 2017 appointed as Directors following the cessation of Mr Lim Lee Meng and Mr Tan Kian Chew as Directors on 31 December 2016.

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 industry, while Mr Chan Pee Teck, Peter has extensive experience in financial and investment industries as managing partner of a private equity company, Crest Capital Asia Pte Ltd and Mrs Yu-Foo Yee Shoon has relevant financial and commercial experience as a Board Member of KOP Limited and adviser for reputable organisations.

The Audit Committee is guided by its Terms of Reference which defines its duties and scope of authority. 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 Management;

Corporate Governance

4. monitoring procedures in place to ensure compliance with applicable legislation, the Listing Manual of the SGX-ST and the Property Funds Appendix;
5. reviewing the quarterly and full year financial statements before these are submitted to the Board for approval, focusing in particular, on the following:
 - changes in accounting policies and practices;
 - major risk areas;
 - significant adjustments resulting from the audit;
 - the going concern statement;
 - compliance with accounting standards;
 - compliance with stock exchange and statutory/regulatory requirements;
 - any significant financial reporting issues and judgements so as to ensure the integrity of the financial statements; and
 - all announcements relating to Suntec REIT's financial performance.
6. reviewing and approving the financial statements, consolidated statement of financial position and statement of total return and auditors' report;
7. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager or the Group (the "Group") and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
8. 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;
9. reviewing the assistance given by the Management to the External Auditors;
10. reviewing annually the independence of the External Auditors and the aggregate amount of fees paid to the External Auditors for the financial year;
11. undertaking such other reviews and projects as may be requested by the Board; and
12. monitoring procedures established to regulate Related Party Transactions (as defined below), including ensuring compliance with the provisions of the Listing Manual of the SGX-ST 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 "Related Party Transactions").

The Audit Committee is authorised to investigate any matters within its terms of reference. It is entitled to full access to and co-operation by Management and has full discretion to invite any Director or Executive Officer of the Manager to attend its meetings. The Audit Committee has full access to resources and is also provided with regular updates and advice from both the Internal Auditors and External Auditors so as to enable it to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements and to discharge its functions fully. Such updates include briefings conducted by the Internal Auditors or External Auditors during Audit Committee meetings and advice provided from time to time to update the members of the Audit Committee of relevant changes to accounting standards.

In FY 2016, the Audit Committee had met with the Internal Auditors and External Auditors without the presence of Management. The Internal Auditors and External Auditors may also request the Audit Committee to meet if they consider a meeting necessary. Both the Internal Auditors and External Auditors have confirmed that they had full access to and had received the full co-operation and support of Management.

During the year, 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 and any significant changes made that would have a material impact on the financials.

The Audit Committee also reviewed and approved the Internal Auditors and External Auditors' respective audit plans to ensure that the plans were sufficiently comprehensive in audit scope and in addressing the significant internal controls of Suntec REIT. All audit findings and recommendations by the Internal Auditors and External Auditors were forwarded to the Audit Committee. Significant issues were discussed at these meetings.

In connection with the ERM Framework under risk management, the Audit Committee has, in FY 2016, reviewed the approach taken in identifying and assessing risks and internal controls in the Risk Profile Register documented and maintained by Management.

Corporate Governance

The Audit Committee has also conducted a review of all non-audit services provided by 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 2016 amounted to S\$403,000 and S\$222,000 respectively.

The Audit Committee is satisfied that the resources and experience of the audit engagement partner of KPMG LLP and her team assigned to the audit of Suntec REIT and its subsidiaries were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

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 Annual General Meeting. The Manager, on behalf of Suntec REIT, confirms that it has complied with the requirements of Rules 712 and 716 of the Listing Manual of the SGX-ST in respect of the suitability of the auditing firms of Suntec REIT and its significant associated companies and subsidiaries.

The Audit Committee has 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, and is satisfied that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up actions to be taken.

On a quarterly basis, Management reported to the Audit Committee the Interested Person Transactions. The Interested Person Transactions together with the Register of Interested Person Transactions has been reviewed by the Audit Committee.

Four Audit Committee meetings were held during FY 2016.

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 has established and 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, maintenance of reliable and proper accounting records and compliance with relevant legislation.

For FY 2016, the internal audit function of the Manager was outsourced to Ernst & Young Advisory Pte. Ltd., a member firm of Ernst & Young Global Limited (the "Internal Auditor").

The Internal Auditor conducts 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. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the Audit Committee.

The Internal Auditor reports directly to the Audit Committee on audit matters and to Management on administrative matters. The Audit Committee also reviews and approves the annual internal audit plan as well as the internal audit reports and effectiveness of the actions taken by Management on the recommendations made by the Internal Auditor in this respect. The audit assignments cover the assessment of the design and operating effectiveness of the internal controls, as well as, compliance with the stated policies and procedures.

The Audit Committee is satisfied that the Internal Auditor has 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 is of the view that the Internal Auditor has adequate resources to perform its functions and has maintained its independence from the activities that it audits and had unfettered access to all the related documents, records and personnel.

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. The External Auditors will report any significant deficiencies of such internal controls to the Audit Committee. The Audit Committee also reviews the effectiveness of measures taken by Management in response to the issues noted by the External Auditors. The internal controls are continually being refined by Management.

(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.*

Corporate Governance

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 Listing Manual of the SGX-ST requires that a listed entity disclose to the market matters that would likely have a material effect on the price of the entity's securities. The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager's disclosure policy requires timely and full disclosure of all material information relating to Suntec REIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance and subsequently, by way of release on Suntec REIT's website at 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, financial results and Annual Reports; (2) "Investors" link 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.

The Manager has a dedicated Investor Relations Manager who facilitates communication with Unitholders, institutional investors, analysts and media representatives.

Unitholders are notified in advance of the date of release of Suntec REIT's financial results through an announcement via SGXNET. The Manager also conducts regular briefings for analysts and media representatives, which will generally coincide with the release of Suntec REIT's quarterly and full year results. During these briefings, Management will review 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 through the SGX-ST via SGXNET and also made available at Suntec REIT's website.

In FY 2016, Management met with institutional investors and analysts through group presentations, one-on-one meetings and conference calls. Management also strives to maintain regular dialogue with retail investors and keep them updated on developments through timely announcements, Suntec REIT's website and 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. 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/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. At the meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the Annual General Meeting in the Notice.

The Directors, the Audit Committee and the auditors will be in attendance at these meetings to address questions raised by Unitholders.

Unitholders are accorded the opportunity to raise relevant questions and to communicate their views at Unitholders' meetings. Voting at general meetings is conducted by way of a poll. Unitholders 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. The voting results of all votes cast for or against each resolution is then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting.

(E) ADDITIONAL INFORMATION

DEALINGS IN SUNTEC REIT UNITS

The Manager has adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees in respect of dealings in Units.

In general, the internal code of conduct encourages Directors and employees of the Manager to hold Units, but 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.

Directors and employees of the Manager are discouraged from dealing in Units on short-term considerations. The Manager confirms that its Directors and employees have adhered to the internal compliance code of conduct for dealing in the Units for FY 2016.

Corporate Governance

In addition, the Manager will announce to the SGX-ST particulars of its unitholdings in Suntec REIT and any changes thereto within one business day after the change. The Manager has also undertaken that it 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.

DEALING WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflict of interest issues which the Manager may encounter in managing Suntec REIT:

1. the Manager will 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 by the Manager;
3. all resolutions in writing of the Directors of the Manager in relation to matters concerning Suntec REIT must be approved by all the Directors;
4. at least one-third 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 the Independent Directors of the Manager 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 obliged to take appropriate action in relation to such agreement. The Directors of the Manager 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.

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

In general, the Manager has established internal control procedures to ensure that all Interested Person Transactions will be undertaken on an arm's length basis and on normal commercial terms and are not be prejudicial to the interests of Suntec REIT and 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).

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.

Corporate Governance

The Manager will, in compliance with Rule 905 of the Listing Manual of the SGX-ST, announce any interested person transaction if such transaction, either individually or when aggregated with other Interested Person Transactions 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 reviewed and approved 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 of the SGX-ST and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

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 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 of the SGX-ST 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 Interested Person Transactions in the Property Funds Appendix and/or the Listing Manual of the SGX-ST (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 the SGX-ST to apply to real estate investment trusts.

For so long as ARA Trust Management (Suntec) Limited is the Manager 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, all transactions between Suntec REIT and the said controlling shareholder and/or their associates shall be considered as "Interested Person Transactions" under Chapter 9 of the Listing Manual and the requirements under the Listing Manual relating to Interested Person Transactions as well as such other regulations and guidelines as may from time to time be prescribed by the SGX-ST shall apply to such transactions.

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

All Interested Person Transactions will be subject to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that Interested Person Transactions are conducted on an arm's length basis and under normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Interested Person Transactions (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 Interested Person Transactions entered into by Suntec REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions 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 of the SGX-ST has been complied with. The Audit Committee will periodically review all Interested Person Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and the Listing Manual of the SGX-ST. 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 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 report the aggregate value of Interested Person Transactions 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 and a second amending and restating deed dated 14 April 2016) (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 74 to 133 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**

Esther Fong
Senior Vice President, Trustee Services

Singapore
15 March 2017

Statement by the Manager

In the opinion of the directors of ARA Trust Management (Suntec) Limited, the accompanying financial statements set out on pages 74 to 133, 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 2016, 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

Chan Kong Leong
Director and Chief Executive Officer

Singapore
15 March 2017

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 2016, 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 74 to 133.

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 2016 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 then 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 2016, the Group has interests in six investment properties, including four properties held through interests in joint ventures (collectively "investment properties").

The Group has engaged independent external valuers to perform independent valuation assessments 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. The other information comprises Report of the Trustee, Statement by the Manager, About Suntec REIT, Year In Review, Chairman's Report, Financial Highlights, Unit Performance, Board of Directors, Management Team, Manager's Report, Property Portfolio, Independent Market Report, Investor Communications, Corporate Governance, Statistics of Unitholders and Additional Information.

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 identified above 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

15 March 2017

Statements of Financial Position

As at 31 December 2016

		Group		Trust	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Plant and equipment	4	2,284	2,706	383	403
Investment properties	5	6,247,771	5,799,901	5,008,300	5,000,000
Interests in joint ventures	7	2,642,904	2,456,648	1,461,496	1,467,060
Investments in subsidiaries	8	–	–	1,293,935	982,650
Trade and other receivables	9	–	237,629	–	–
Derivative assets	11	3,202	6,955	3,202	5,063
		<u>8,896,161</u>	<u>8,503,839</u>	<u>7,767,316</u>	<u>7,455,176</u>
Current assets					
Derivative assets	11	–	3,040	–	3,040
Trade and other receivables	9	14,765	12,832	9,935	5,536
Cash and cash equivalents	12	182,450	445,267	133,754	393,579
		<u>197,215</u>	<u>461,139</u>	<u>143,689</u>	<u>402,155</u>
Total assets		<u>9,093,376</u>	<u>8,964,978</u>	<u>7,911,005</u>	<u>7,857,331</u>
Current liabilities					
Interest-bearing borrowings	13	99,798	638,043	99,798	638,043
Trade and other payables	14	93,465	107,708	52,769	65,452
Derivative liabilities	11	160	–	160	–
Security deposits		14,546	20,398	11,903	16,136
Provision for taxation		–	1,295	–	1,295
		<u>207,969</u>	<u>767,444</u>	<u>164,630</u>	<u>720,926</u>
Non-current liabilities					
Interest-bearing borrowings	13	3,206,001	2,574,669	2,841,366	2,210,511
Security deposits		51,090	48,686	48,690	46,922
Derivative liabilities	11	22,030	7,895	20,783	7,895
Deferred tax liabilities	10	13,022	3,627	–	–
		<u>3,292,143</u>	<u>2,634,877</u>	<u>2,910,839</u>	<u>2,265,328</u>
Total liabilities		<u>3,500,112</u>	<u>3,402,321</u>	<u>3,075,469</u>	<u>2,986,254</u>
Net assets		<u>5,593,264</u>	<u>5,562,657</u>	<u>4,835,536</u>	<u>4,871,077</u>
Represented by:					
Unitholders' funds		5,468,935	5,444,005	4,835,536	4,871,077
Non-controlling interests	17	124,329	118,652	–	–
		<u>5,593,264</u>	<u>5,562,657</u>	<u>4,835,536</u>	<u>4,871,077</u>
Units in issue ('000)	18	<u>2,536,663</u>	<u>2,521,239</u>	<u>2,536,663</u>	<u>2,521,239</u>
Net asset value per Unit (\$\$)	19	<u>2.147</u>	<u>2.154</u>	<u>1.898</u>	<u>1.928</u>

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

Statements of Total Return

Year ended 31 December 2016

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Gross revenue	20	328,595	329,515	335,758	320,298
Property expenses	21	(104,020)	(100,298)	(53,753)	(53,358)
Net property income		224,575	229,217	282,005	266,940
Other income	22	–	13,753	–	13,753
Share of profit of joint ventures	7	84,902	100,133	–	–
Finance income	23	39,521	40,724	28,722	27,966
Finance costs	23	(94,226)	(87,933)	(84,270)	(82,051)
Net finance costs		(54,705)	(47,209)	(55,548)	(54,085)
Amortisation of intangible asset	6	–	(10,044)	–	(10,044)
Asset management fees					
- base fee	24	(31,238)	(30,358)	(27,835)	(26,997)
- performance fee	24	(15,012)	(15,083)	(15,012)	(15,083)
Professional fees		(663)	(599)	(575)	(410)
Trustee's fees		(1,438)	(1,466)	(1,438)	(1,391)
Audit fees		(403)	(445)	(300)	(360)
Valuation fees		(125)	(65)	(62)	(72)
Other expenses	25	(879)	(1,022)	(750)	(717)
Net income		205,014	236,812	180,485	171,534
Net change in fair value of financial derivatives		(423)	10,000	(423)	10,000
Loss on disposal of an investment property		–	(2,656)	–	(2,656)
Net change in fair value of investment properties	5	70,898	128,728	8,129	63,310
Total return for the year before tax		275,489	372,884	188,191	242,188
Tax expense	26	(14,196)	(6,738)	(868)	(1,859)
Total return for the year after tax		261,293	366,146	187,323	240,329
Attributable to:					
Unitholders of the Trust		246,546	354,091	187,323	240,329
Non-controlling interests	17	14,747	12,055	–	–
		261,293	366,146	187,323	240,329
Earnings per Unit (cents)					
Basic	27	9.738	14.087	7.399	9.561
Diluted	27	9.346	13.443	7.057	9.144

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

Distribution Statements

Year ended 31 December 2016

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Amount available for distribution to Unitholders at the beginning of the year	69,328	64,419	69,328	64,419
Total return attributable to Unitholders	246,546	354,091	187,323	240,329
Net tax adjustments (Note A)	(118,740)	(199,808)	42,402	(7,362)
Taxable income	127,806	154,283	229,725	232,967
Add:				
- Tax exempt dividend income (Note B)	101,919	78,684	–	–
- Others (Note C)	24,000	19,000	24,000	19,000
Amount available for distribution to Unitholders	323,053	316,386	323,053	316,386
<i>Distributions to Unitholders:</i>				
Distribution of 2.750 cents per Unit for period from 1/10/2015 to 31/12/2015	(69,490)	–	(69,490)	–
Distribution of 2.371 cents per Unit for period from 1/1/2016 to 31/3/2016	(59,990)	–	(59,990)	–
Distribution of 2.501 cents per Unit for period from 1/4/2016 to 30/6/2016	(63,358)	–	(63,358)	–
Distribution of 2.535 cents per Unit for period from 1/7/2016 to 30/9/2016	(64,304)	–	(64,304)	–
Distribution of 2.577 cents per Unit for period from 1/10/2014 to 31/12/2014	–	(64,592)	–	(64,592)
Distribution of 2.230 cents per Unit for period from 1/1/2015 to 31/3/2015	–	(55,991)	–	(55,991)
Distribution of 2.500 cents per Unit for period from 1/4/2015 to 30/6/2015	–	(62,889)	–	(62,889)
Distribution of 2.522 cents per Unit for period from 1/7/2015 to 30/9/2015	–	(63,586)	–	(63,586)
	(257,142)	(247,058)	(257,142)	(247,058)
Income available for distribution to Unitholders at end of the year	65,911	69,328	65,911	69,328
Distribution per Unit (cents)*	10.003	10.002	10.003	10.002

* 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 2016

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Note A				
Net tax adjustments comprise:				
- Amortisation of intangible asset	–	10,044	–	10,044
- Amortisation of transaction costs	17,017	9,432	17,017	9,432
- Asset management fees paid/payable in Units	34,278	33,664	34,278	33,664
- Net profit from subsidiaries and joint ventures	(111,982)	(123,777)	–	–
- Trustee's fees	1,438	1,391	1,438	1,391
- Net change in fair value of investment properties	(70,898)	(128,728)	(8,129)	(63,310)
- Net foreign currency exchange differences	(596)	4,393	(3,172)	7,641
- Net change in fair value of financial derivatives	423	(10,000)	423	(10,000)
- Loss on disposal of an investment property	–	2,656	–	2,656
- Deferred tax	11,032	–	–	–
- Other items (Note D)	548	1,117	547	1,120
Net tax adjustments	(118,740)	(199,808)	42,402	(7,362)

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 ("BFCD LLP").

Note C

This relates to a portion of the sales proceeds from disposal of investment property in December 2015 and January 2012.

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 2016

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	5,444,005	5,305,398	4,871,077	4,844,142
Total return for the year after tax attributable to Unitholders of the Trust	246,546	354,091	187,323	240,329
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges ⁽¹⁾	(4,607)	2,973	—	—
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	5,855	(5,063)	—	—
Net gain/(loss) recognised directly in Unitholders' funds	1,248	(2,090)	—	—
Unitholders' transactions				
Creation of Units:				
- asset management fees paid in Units	16,541	24,839	16,541	24,839
Units to be issued:				
- asset management fees payable in Units	17,737	8,825	17,737	8,825
Distributions to Unitholders	(257,142)	(247,058)	(257,142)	(247,058)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(222,864)	(213,394)	(222,864)	(213,394)
Unitholders' funds at end of the year	5,468,935	5,444,005	4,835,536	4,871,077

⁽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 2016

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			
							2016 %	2015 %	2016 %	2015 %		
							\$'000	\$'000				
Investment properties in Singapore												
	Suntec City mall	Leasehold	99 years	72 years	3 Temasek Boulevard	Commercial	98.5	97.6	2,000,300	2,000,000	36.6	36.7
	Suntec City Office Towers	Leasehold	99 years	72 years	5 - 9 Temasek Boulevard	Commercial	98.9	99.3	3,008,000	3,000,000	55.0	55.1
	Suntec Singapore^	Leasehold	99 years	72 years	1 Raffles Boulevard	Commercial	n/m	n/m	686,098	665,697	12.5	12.2
Investment properties in Australia												
	177 Pacific Highway^^	Freehold	-	-	177 - 199 Pacific Highway	Commercial	100.0	n/m	553,373	134,204	10.1	2.5
Investment properties, at valuation												
Interests in joint ventures (note 7)												
Other assets and liabilities (net)												
Net assets												
Non-controlling interests												
Unitholders' funds												

Portfolio Statements

As at 31 December 2016

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	
							2016	2015	2016	2015	2016	2015
							%	%	\$'000	\$'000	%	%
Investment properties in Singapore												
	Suntec City mall	Leasehold	99 years	72 years	3 Temasek Boulevard	Commercial	98.5	97.6	2,000,300	2,000,000	41.4	41.0
	Suntec City Office Towers	Leasehold	99 years	72 years	5 - 9 Temasek Boulevard	Commercial	98.9	99.3	3,008,000	3,000,000	62.2	61.6
Investment properties, at valuation												
Interests in joint ventures (note 7)												
Investments in subsidiaries (note 8)												
Other assets and liabilities (net)												
Unitholders' funds												

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

Portfolio Statements

As at 31 December 2016

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 141,000 square feet of retail space.

177 Pacific Highway is a 31-storey commercial building located in North Sydney, Australia. The building received practical completion on 1 August 2016.

The carrying amounts of the investment properties as at 31 December 2016 and 31 December 2015 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd ("Savills") and CBRE Valuations Pty Limited (2015: Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") and CBRE Valuations Pty Limited). 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 direct comparison method, capitalisation approach and discounted cash flow method.

Description of property	Valuation	
	2016	2015
	\$'000	\$'000
Suntec City mall	2,000,300	2,000,000
Suntec City Office Towers	3,008,000	3,000,000
Suntec Singapore	686,098	665,697
177 Pacific Highway	553,373	501,102*

* In 2015, the carrying value of 177 Pacific Highway, the investment property under development, was derived based on a valuation of \$501.1 million, less progress payment included in other receivables (see note 9) and estimated cost to complete.

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

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Group	
	2016	2015
	\$'000	\$'000
Cash flows from operating activities		
Net income	205,014	236,812
Adjustments for:		
Allowance for doubtful trade receivables (net)	627	793
Bad debt recovered	–	(16)
Amortisation of intangible asset	–	10,044
Asset management fees paid/payable in Units	34,278	33,664
Depreciation of plant and equipment	1,091	985
Loss on disposal of plant and equipment	11	11
Net finance costs	54,705	47,209
Share of profit of joint ventures	(84,902)	(100,133)
	210,824	229,369
Changes in:		
- Inventories	–	6
- Trade and other receivables	(2,513)	1,581
- Trade and other payables	(6,937)	2,114
Cash generated from operations	201,374	233,070
Tax paid	(3,690)	(1,753)
Net cash from operating activities	197,684	231,317
Cash flows from investing activities		
Capital expenditure on investment properties	(10,769)	(40,759)
Acquisition of investment properties	–	(105,705)
Progress payments on construction	(129,388)	(139,607)
Dividend income received	64,718	56,202
Change in investment in joint ventures	(156,055)	(15,000)
Loans to joint ventures	(16,387)	(23,009)
Interest received	36,970	40,250
Net proceeds from the sale of an investment property	–	409,937
Purchase of plant and equipment	(681)	(898)
Net cash (used in)/from investing activities	(211,592)	181,411

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

Consolidated Statement of Cash Flows

Year ended 31 December 2016

		Group	
	Note	2016	2015
		\$'000	\$'000
Cash flows from financing activities			
Distributions to Unitholders		(257,142)	(247,058)
Dividends paid to non-controlling interest		(7,840)	(7,056)
Financing costs paid		(83,541)	(84,320)
Proceeds from convertible bonds		300,000	–
Repayment of convertible bonds		(280,000)	–
Proceeds from euro medium term notes		–	105,000
Proceeds from interest-bearing loans		561,756	207,158
Repayment of interest-bearing loans		(482,500)	(89,000)
Net cash used in financing activities		(249,267)	(115,276)
Net (decrease)/increase in cash and cash equivalents			
		(263,175)	297,452
Cash and cash equivalents at beginning of the year		445,267	149,536
Effects on exchange rate fluctuations on cash held		358	(1,721)
Cash and cash equivalents at end of the year	12	182,450	445,267

Significant non-cash transactions

The Group and the Trust had issued or will be issuing a total of 20,534,550 (2015: 20,428,472) Units to the Manager, amounting to approximately \$34,278,000 (2015: \$33,664,000) at unit prices ranging from \$1.6447 to \$1.7061 (2015: \$1.4995 to \$1.8694) as satisfaction of asset management fees payable in Units in respect of the year ended 31 December 2016.

Capital expenditure on investment properties excludes accrued cost of \$28,256,000 (2015: \$37,150,000).

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 15 March 2017.

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 and a second amending and restating deed dated 14 April 2016) (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 2016 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, Suntec City Office Towers and Park Mall, 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.

The property management fees are payable monthly in arrears.

(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.

Notes to the Financial Statements

1 GENERAL (CONT'D)

(ii) Asset management fees (cont'd)

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 acquisition or 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 has been rounded to the nearest thousand, unless otherwise stated.

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 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.

Notes to the Financial Statements

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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 within the next financial year are included in the following notes:

- note 5 – Valuation of investment properties
- note 16 – Valuation of financial instruments

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 framework includes a team who reports directly to the Chief Executive Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

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 the resulting fair value estimate 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); and
- 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 might be categorised in 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 16 – Valuation of financial instruments

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

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 entities.

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

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of total return. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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 and 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.

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.

Accounting for 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 end of the reporting date are retranslated 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 retranslated 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 retranslation are recognised in the statement of total return.

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 the statement of total return 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 investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to the statement of total return.

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.

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 the statement of total return.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment (cont'd)

Depreciation is recognised as an expense in the statement of total return 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 the statement of total return. 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 the statement of total return.

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.

For taxation purposes, the Group and the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.5 Intangible asset

An intangible asset that is acquired by the Group and has finite useful life is measured initially at cost. Following initial recognition, the intangible asset is measured at cost less any accumulated amortisation and accumulated impairment losses.

The intangible asset is amortised in the statement of total return on a systematic basis over its estimated useful life. The estimated useful life for the intangible asset is approximately 5 years. The intangible asset is tested for impairment as described in note 3.7.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, security deposits and trade and other payables.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an on-going basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the reported items in the statement of total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the statement of total return, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Unitholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

When the hedged item is a non-financial asset, the amount accumulated in the hedging reserve in Unitholders' funds is retained in Unitholders' funds and is reclassified to the statement of total return in the same period or periods during which the non-financial item affects the statement of total return. In other cases, the amount accumulated in Unitholders' funds is reclassified to the statement of total return in the same period that the hedged item affects the statement of total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in Unitholders' funds is reclassified to the statement of total return.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the statement of total return.

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 the statement of total return.

Convertible bonds

The convertible bonds comprise a liability for the principal and interest and a derivative liability. The derivative liability is recognised at fair value at inception. The carrying amount of the convertible bonds at initial recognition is the difference between the gross proceeds from the convertible bonds issue and the fair value of the derivative liability. Any directly attributable transaction costs are allocated to the convertible bonds 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 fair value through profit or loss.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss including an interest in joint ventures, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include 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 or issuer will enter bankruptcy or economic conditions that correlate with defaults.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

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 the statement of total return. 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 other 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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 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.

3.9 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return 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 on the date that the right to receive payment is established.

3.10 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).

3.11 Finance income and finance costs

Finance income comprises interest income on funds invested and net foreign exchange gains that are recognised in the statement of total return. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, amortisation of transaction costs incurred on borrowings and net foreign exchange losses that are recognised in the statement of total return. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

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.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of total return 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.

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 (i) on the same taxable entity; or (ii) 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.

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;

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

- 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.

3.13 Earnings per unit

The Group presents basic and diluted earnings per unit data for its ordinary units. Basic earnings 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, which comprise convertible bonds.

3.14 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 CEO, who is the Group's 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.

3.15 New standards and interpretations not adopted

Applicable to 2017 financial statements

Revision to RAP 7

RAP 7 was revised in June 2016 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. RAP 7 (Revised June 2016) is applicable to unit trusts with annual periods beginning on or after 1 July 2016. Certain additional disclosures would be required by the Revised RAP 7.

Applicable to 2018 financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the standard when it becomes effective in 2018.

The Group does not expect the impact on the financial statements from the adoption of this standard to be significant.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations not adopted (cont'd)

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the standard when it becomes effective in 2018.

The Group's initial assessment of the three elements of FRS 109 is as described below.

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets currently held at fair value, the Group expects to continue measuring these assets at fair value under FRS 109.

Impairment

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Group does not expect a significant increase in its impairment losses.

Hedge accounting

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

Applicable to 2019 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations not adopted (cont'd)

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, 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*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group does not plan to adopt this standard early and is currently assessing the potential impact on the financial statements of the Group and the Trust.

4 PLANT AND EQUIPMENT

Group	Furniture and fittings \$'000	Equipment \$'000	Total \$'000
Cost			
At 1 January 2015	4,111	1,358	5,469
Additions	417	481	898
Disposals	(17)	(27)	(44)
At 31 December 2015	4,511	1,812	6,323
Additions	356	325	681
Disposals	(14)	(81)	(95)
At 31 December 2016	4,853	2,056	6,909
Accumulated depreciation			
At 1 January 2015	1,975	690	2,665
Depreciation charge for the year	657	328	985
Disposals	(14)	(19)	(33)
At 31 December 2015	2,618	999	3,617
Depreciation charge for the year	684	407	1,091
Disposals	(10)	(73)	(83)
At 31 December 2016	3,292	1,333	4,625
Carrying amounts			
At 1 January 2015	2,136	668	2,804
At 31 December 2015	1,893	813	2,706
At 31 December 2016	1,561	723	2,284

Notes to the Financial Statements

4 PLANT AND EQUIPMENT (CONT'D)

Trust	Equipment \$'000
Cost	
At 1 January 2015	581
Additions	380
Disposals	(16)
At 31 December 2015	945
Additions	203
At 31 December 2016	1,148
Accumulated depreciation	
At 1 January 2015	374
Depreciation charge for the year	184
Disposals	(16)
At 31 December 2015	542
Depreciation charge for the year	223
At 31 December 2016	765
Carrying amounts	
At 1 January 2015	207
At 31 December 2015	403
At 31 December 2016	383

5 INVESTMENT PROPERTIES

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
At 1 January	5,799,901	5,947,522	5,000,000	5,211,800
Acquisitions	–	105,705	–	105,705
Reclassification (note 9)	373,097	–	–	–
Capital expenditure capitalised	1,727	33,559	171	31,778
Disposals	–	(412,593)	–	(412,593)
	6,174,725	5,674,193	5,000,171	4,936,690
Changes in fair value	70,898	128,728	8,129	63,310
Effects of movements in exchange rates	2,148	(3,020)	–	–
At 31 December	6,247,771	5,799,901	5,008,300	5,000,000

In 2015, the Group completed the acquisition of 3 strata floors in Suntec City Office Tower 2 and disposal of Park Mall.

Notes to the Financial Statements

5 INVESTMENT PROPERTIES (CONT'D)

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 property 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.

The Level 3 fair value table which shows a reconciliation from the opening to the ending balances, is set out in the table above.

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.

Group and Trust

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate	6.50% - 7.13% (2015: 6.50% - 7.50%)	The estimated fair value would increase if the discount rates and terminal yield were lower.
	Terminal yield	4.25% - 6.50% (2015: 4.25% - 6.50%)	
Capitalisation approach	Capitalisation rate	4.00% - 6.25% (2015: 4.00% - 6.25%)	The estimated fair value would increase if the capitalisation rate was lower.
Direct comparison method	Price per square foot	\$435 - \$2,345 (2015: \$423 - \$2,449)	The estimated fair value would increase if the price per square foot was higher.

Security

The investment property, Suntec Singapore (2015: Suntec Singapore and part of Suntec Office Tower 3), with a total carrying value of \$686,098,000 (2015: \$961,797,000), has been mortgaged as security for credit facilities granted to the Group (note 13).

Notes to the Financial Statements

6 INTANGIBLE ASSET

	Group and Trust \$'000
Cost	
At 1 January 2015 and 31 December 2015	176,298
Additions	–
At 31 December 2016	176,298
Amortisation	
At 1 January 2015	166,254
Amortisation charge for the year	10,044
At 31 December 2015	176,298
Amortisation charge for the year	–
At 31 December 2016	176,298
Carrying amounts	
At 1 January 2015	10,044
At 31 December 2015	–
At 31 December 2016	–

The intangible asset represents the unamortised income support receivable by the Group and the Trust under the deed of income support entered into with Choicewide Group Limited, the vendor of the one-third interest in BFGD LLP. The intangible asset was fully amortised in 2015.

7 INTERESTS IN JOINT VENTURES

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Investment in joint ventures	1,990,286	1,820,417	850,574	858,138
Loans to joint ventures	652,618	636,231	610,922	608,922
	2,642,904	2,456,648	1,461,496	1,467,060

The loans to joint ventures are unsecured. The loans bear interest between 2.32% to 5.18% (2015: 2.58% to 4.85%) per annum and settlement is neither planned nor likely to occur in the foreseeable future. As the amount, in substance, forms part of the Group's and the Trust's net investment in the entities, it is stated at cost less accumulated impairment loss.

Notes to the Financial Statements

7 INTERESTS IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Effective interests held by the Group	
		2016 %	2015 %
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") ⁽²⁾	Australia	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. ⁽³⁾	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 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⁾ Audited by KPMG LLP Singapore.

Notes to the Financial Statements

7 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
2016					
Revenue	167,317	233,079	15,785	4,151	420,332
Expenses	(85,910)	(120,329)	(4,472)	(1,375)	(212,086)
Net change in fair value of investment properties	13,200	33,000	–	2	46,202
Total return for the year^(a)	94,607	145,750	11,313	2,778	254,448
^(a) Includes:					
- Depreciation	(27)	(79)	–	–	(106)
- Interest income	94	73	–	–	167
- Interest expense	(30,788)	(63,216)	(232)	–	(94,236)
- Tax expense	(16,483)	(8,039)	–	–	(24,522)
Non-current assets	1,687,043	5,068,917	545,149	321,490	7,622,599
Current assets ^(b)	1,509,861	10,969	18,957	3,764	1,543,551
Current liabilities ^(c)	(64,918)	(42,687)	(5,734)	(4,866)	(118,205)
Non-current liabilities ^(d)	(1,043,614)	(1,693,866)	(497,110)	(892)	(3,235,482)
Net assets	2,088,372	3,343,333	61,262	319,496	5,812,463
^(b) Includes cash and cash equivalents	21,605	15,719	10,787	2,628	50,739
^(c) Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–	–
^(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,037,858	1,697,927	497,110	892	3,233,787
Group's interest in net assets of joint ventures at the beginning of the year	694,428	1,111,006	14,983	–	1,820,417
Share of total return	31,536	48,583	3,394	1,389	84,902
Distributions for the year	(27,137)	(37,581)	–	(1,388)	(66,106)
Loss recognised directly in Unitholders' funds	(2,699)	–	–	–	(2,699)
Return of capital ⁽¹⁾	–	(7,564)	–	–	(7,564)
Capital injection	–	–	–	161,336	161,336
Carrying amount of interests in joint ventures at the end of the year	696,128	1,114,444	18,377	161,337	1,990,286

⁽¹⁾ This relates to the adjustments of purchase price for the one-third interest of BFCDLLP acquired from Choicewide Group Limited respectively, arising from the adjustments to construction cost of these investment properties.

Notes to the Financial Statements

7 INTERESTS IN JOINT VENTURES (CONT'D)

	ORQPL \$'000	BFCDLLP \$'000	PMIL \$'000	Total \$'000
2015				
Revenue	164,733	221,873	543	387,149
Expenses	(92,504)	(125,657)	(594)	(218,755)
Net change in fair value of investment properties	9,000	123,000	–	132,000
Total return for the year^(a)	81,229	219,216	(51)	300,394
^(a) Includes:				
- Depreciation	(27)	(158)	–	(185)
- Interest income	43	37	–	80
- Interest expense	(30,664)	(72,286)	(232)	(103,182)
- Tax expense	(14,943)	–	–	(14,943)
Non-current assets	1,673,498	5,035,920	424,149	7,133,567
Current assets ^(b)	1,502,618	9,274	5,898	1,517,790
Current liabilities ^(c)	(57,840)	(24,310)	(5,921)	(88,071)
Non-current liabilities ^(d)	(1,034,993)	(1,687,866)	(374,176)	(3,097,035)
Net assets	2,083,283	3,333,018	49,950	5,466,251
^(b) Includes cash and cash equivalents	14,817	12,156	5,876	32,849
^(c) Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–
^(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,029,180	1,691,927	374,176	3,095,283
Group's interest in net assets of joint ventures at the beginning of the year	689,617	1,070,016	–	1,759,633
Share of total return	27,078	73,072	(17)	100,133
Distributions for the year	(24,120)	(32,082)	–	(56,202)
Gain recognised directly in Unitholders' funds	1,853	–	–	1,853
Capital injection	–	–	15,000	15,000
Carrying amount of interests in joint ventures at the end of the year	694,428	1,111,006	14,983	1,820,417

8 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2016 \$'000	2015 \$'000
Equity investment at cost	797,835	666,807
Loan to subsidiaries	496,100	315,843
	1,293,935	982,650

Notes to the Financial Statements

8 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Loans to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. These loans are in substance, a part of the Trust's net investment in the subsidiaries and are stated at cost less accumulated impairment loss.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interests held by the Group	
		2016	2015
		%	%
<i>Held by the Trust</i>			
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
<i>Held through subsidiaries</i>			
<i>Held by Suntec Harmony Pte. Ltd.</i>			
Harmony Partners Investments Limited ⁽²⁾	British Virgin Islands	51.0	51.0
<i>Held by Harmony Partners Investments Limited</i>			
Harmony Investors Group Limited ⁽²⁾	British Virgin Islands	60.8	60.8
<i>Held by Harmony Investors Group Limited</i>			
Harmony Investors Holding Limited ⁽²⁾	British Virgin Islands	60.8	60.8
<i>Held by Harmony Investors Holding Limited</i>			
Harmony Convention Holding Pte Ltd ⁽¹⁾	Singapore	60.8	60.8
<i>Held by Suntec REIT (Australia) Trust</i>			
Suntec REIT 177 Trust ^{(2) (3)}	Australia	100.0	100.0
Suntec Southgate Trust ⁽²⁾	Australia	100.0	—

Harmony Convention Holding Pte Ltd owns Suntec Singapore, Singapore.

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

⁽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

9 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables	10,749	13,160	5,290	6,171
Impairment losses	(1,490)	(1,450)	(1,365)	(1,357)
Net receivables	9,259	11,710	3,925	4,814
Deposits	11	6	–	–
Amounts due from subsidiaries:				
- Trade	–	–	150	160
- Non-trade	–	–	4,919	–
Amounts due from a related corporation of the Manager (trade)	1,541	–	–	–
Other receivables	1,428	237,629	16	339
Prepayments	2,526	1,116	925	223
	14,765	250,461	9,935	5,536
<i>Classified as:</i>				
Current	14,765	12,832	9,935	5,536
Non-current	–	237,629	–	–
	14,765	250,461	9,935	5,536

The trade receivables in respect of Suntec Singapore (2015: Suntec Singapore and part of Suntec City Office Tower 3), amounting to \$5,606,000 (2015: \$6,611,000) are charged or assigned by way of security for a credit facility granted to the Group (note 13).

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

In 2015, other receivables of the Group included progress payments amounting to \$237,629,000, made in relation to a commercial building in North Sydney, Australia. The progress payments, which yield a coupon of 6.32% per annum, were transferred to investment properties upon completion.

The exposure of the Group and the Trust to currency risk, credit risk and impairment losses related to trade receivables is disclosed in note 16.

10 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year

	At 1 January 2015 \$'000	Recognised in statement of total return (note 26) \$'000	At 31 December 2015 \$'000	Recognised in statement of total return (note 26) \$'000	At 31 December 2016 \$'000
Investment properties	–	–	–	(11,032)	(11,032)
Plant and equipment	–	(5,157)	(5,157)	3,167	(1,990)
Tax losses carry-forward	449	1,081	1,530	(1,530)	–
	449	(4,076)	(3,627)	(9,395)	(13,022)

Notes to the Financial Statements

11 FINANCIAL DERIVATIVES

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Derivative assets				
- Interest rate swaps				
- Used for hedging	–	1,892	–	–
- At fair value through statement of total return	3,202	8,103	3,202	8,103
	3,202	9,995	3,202	8,103
<i>Classified as:</i>				
Current	–	3,040	–	3,040
Non-current	3,202	6,955	3,202	5,063
	3,202	9,995	3,202	8,103
Derivative liabilities				
- Forward exchange contracts	111	–	111	–
- Embedded derivatives relating to convertible bonds	18,103	7,895	18,103	7,895
- Interest rate swaps				
- Used for hedging	1,247	–	–	–
- At fair value through statement of total return	2,729	–	2,729	–
	22,190	7,895	20,943	7,895
<i>Classified as:</i>				
Current	160	–	160	–
Non-current	22,030	7,895	20,783	7,895
	22,190	7,895	20,943	7,895

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 \$1,320,000,000 and \$1,070,000,000 (2015: \$1,300,000,000 and \$1,050,000,000) respectively, have been entered into at the reporting date to provide fixed rate funding for terms of 3 years (2015: 3 years) at an average interest rate of 0.89% to 2.20% (2015: 0.75% to 1.70%) per annum. This includes interest rate swaps designated as hedging instruments in cash flow hedges with notional amounts of \$250,000,000 (2015: \$250,000,000).

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 \$19,393,000 (2015: Nil), with maturities less than one year, have been entered into to hedge the currency risk against Australian dollar.

Notes to the Financial Statements

11 FINANCIAL DERIVATIVES (CONT'D)

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.

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 2016 and 31 December 2015, the Group's derivative financial assets and liabilities do not have any amounts that are eligible for offsetting under the enforceable master netting arrangement.

12 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	181,430	445,267	132,734	393,579
Fixed deposits	1,020	–	1,020	–
	182,450	445,267	133,754	393,579

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and the Trust is 0.31% and 0.20% (2015: 0.38% and 0.41%) per annum respectively. Interest rates reprice at intervals of one month.

Cash and cash equivalents in respect of Suntec Singapore (2015: Suntec Singapore and part of Suntec Office Tower 3) amounting to \$26,936,000 (2015: \$41,585,000) are charged or assigned by way of security for credit facilities granted to the Group (note 13).

The exposure of the Group and the Trust to interest rate and currency risks related to financial assets are disclosed in note 16.

Notes to the Financial Statements

13 INTEREST-BEARING BORROWINGS

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Term loans					
- secured		364,635	463,904	–	99,746
- unsecured		2,661,574	2,480,349	2,661,574	2,480,349
		3,026,209	2,944,253	2,661,574	2,580,095
Convertible bonds					
- unsecured	15	279,590	268,459	279,590	268,459
		3,305,799	3,212,712	2,941,164	2,848,554
<i>Classified as:</i>					
Current		99,798	638,043	99,798	638,043
Non-current		3,206,001	2,574,669	2,841,366	2,210,511
		3,305,799	3,212,712	2,941,164	2,848,554

The exposure of the Group and the Trust to liquidity and interest rate risks related to interest-bearing borrowings are disclosed in note 16.

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	2016		2015	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group							
Floating rate term loans	SGD	1.64%	2017 - 2021	2,619,542	2,612,662	2,290,286	2,281,583
Fixed rate term loans	SGD	3.22%	2018 - 2020	415,000	413,547	665,000	662,670
Convertible bonds	SGD	1.75%	2021	300,000	279,590	–	–
Convertible bonds	SGD	1.40%	2018	–	–	280,000	268,459
				3,334,542	3,305,799	3,235,286	3,212,712
Trust							
Floating rate term loans	SGD	1.60%	2017 - 2021	2,253,542	2,248,027	1,924,286	1,917,425
Fixed rate term loans	SGD	3.22%	2018 - 2020	415,000	413,547	665,000	662,670
Convertible bonds	SGD	1.75%	2021	300,000	279,590	–	–
Convertible bonds	SGD	1.40%	2018	–	–	280,000	268,459
				2,968,542	2,941,164	2,869,286	2,848,554

Notes to the Financial Statements

13 INTEREST-BEARING BORROWINGS (CONT'D)

Secured term loan

As at 31 December 2016, the Group has in place a secured term loan facility of \$366.0 million (2015: \$466.0 million) with a panel of banks which it has fully drawn down.

The facilities are secured on the following:

- A first legal mortgage on Suntec Singapore (2015: Suntec Singapore and part of Suntec City Office Tower 3) (the "Properties");
- A first fixed charge over the central rental collection account in relation to the Properties (notes 9 and 12);
- An assignment of the Group's rights, title and interest in the tenancy documents and the proceeds in connection with the Properties;
- An assignment of the Group's rights, title and interest in the insurance policies in relation to the Properties;
- A fixed and floating charge over the assets of the Group in relation to the Properties, agreements, collateral, as required by the financial institutions granting the facilities (note 5); and
- An assignment of any interest swap facilities, which may be entered into by the Group in relation to the term loan facilities.

Unsecured term loans

Included in unsecured term loans are euro medium term notes ("EMTN") amounting to \$415.0 million (2015: \$415.0 million).

14 TRADE AND OTHER PAYABLES

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,234	4,558	781	1,547
Accrued operating expenses	42,047	55,707	23,443	32,554
Amounts due to a subsidiary (trade)	—	—	230	48
Amounts due to related parties (trade)				
- Trustee	247	368	247	368
- Manager	3,988	3,369	3,988	3,369
- Related corporations of the Manager	1,931	3,453	980	1,426
Accrued income	25,705	21,469	9,153	9,332
Interest payable	11,463	14,425	10,806	13,462
Other payables	4,850	4,359	3,141	3,346
	93,465	107,708	52,769	65,452

The exposure of the Group and the Trust to liquidity and currency risks related to trade and other payables is disclosed in note 16.

Notes to the Financial Statements

15 CONVERTIBLE BONDS – DEBT COMPONENT

	Group and Trust	
	2016	2015
	\$'000	\$'000
At 1 January	268,459	263,519
Redemption of convertible bonds due 2018	(280,000)	–
Proceeds from issuance of convertible bonds due 2021	300,000	–
Transaction costs	(4,111)	–
Amount classified as derivative liabilities	(17,599)	–
Amortisation of transaction costs	2,075	818
Interest accretion	10,766	4,122
At 31 December	279,590	268,459

Convertible bonds due 2021

In 2016, the Trust issued \$300.0 million principal amounts of convertible bonds (the “Bonds”) due 2021 which carry a coupon interest at 1.75% per annum. The Bonds are convertible by bondholders into Units at the conversion price of \$2.101 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.

Based on the conversion price, the Bonds are convertible into approximately 142,789,148 Units, representing 5.6% of the total number of Units of the Trust in issue as at 31 December 2016. The Trust has the option to pay cash in lieu of issuing new Units on conversion of any Bonds (“Alternative Settlement Right”). The 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 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 and conditions of the Bonds (the “Terms”), will have the right to exercise conversion right at a conversion price determined in accordance with the specified formula set out in the Terms to convert the Bonds into Units, subject to the Trust’s Alternative Settlement Right. The 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.

As at 31 December 2016, the effective interest rate for the Bonds – debt component – is approximately 3.32% per annum.

Convertible bonds due 2018

In 2013, the Trust issued \$280.0 million principal amounts of convertible bonds (the “2018 Bonds”) due 2018 which carry a coupon interest at 1.40% per annum. The 2018 Bonds were convertible by bondholders into Units at the conversion price of \$2.042 (2015: \$2.111) at any time on or after 9.00 a.m. on 28 April 2013 up to 3.00 p.m. on 11 March 2018 or, if redeemed prior to 11 March 2018, then up to 3.00 p.m. on a date no later than 7 business days prior to the date fixed for redemption thereof.

As at 31 December 2016, the 2018 Bonds have been fully redeemed.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS

Credit risk

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	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Derivative assets					
- Used for hedging	11	–	1,892	–	–
- At fair value through statement of total return	11	3,202	8,103	3,202	8,103
Trade and other receivables*	9	12,239	249,345	9,010	5,313
Cash and cash equivalents	12	182,450	445,267	133,754	393,579
		197,891	704,607	145,966	406,995

* Excludes prepayments.

The maximum exposure to credit risk for trade receivables at the reporting date by type of tenant is:

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Office	418	15	373	15
Retail	3,846	5,013	3,552	4,799
Convention	4,995	6,682	–	–
	9,259	11,710	3,925	4,814

The Group's tenants are engaged in a wide spectrum of business activities across many industry segments.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Impairment losses

The ageing of trade receivables that were not impaired at the reporting date was:

	2016 \$'000	2015 \$'000
Group		
Not past due	4,783	6,742
Past due 31 – 60 days	1,990	3,111
Past due 61 – 90 days	1,201	1,080
More than 90 days	1,285	777
	<u>9,259</u>	<u>11,710</u>
Trust		
Not past due	1,598	1,928
Past due 31 – 60 days	993	1,688
Past due 61 – 90 days	624	795
More than 90 days	710	403
	<u>3,925</u>	<u>4,814</u>

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 January	1,450	1,010	1,357	685
Impairment loss recognised	1,065	1,015	946	876
Write-back of impairment loss	(438)	(222)	(405)	(75)
Allowance utilised	(587)	(353)	(533)	(129)
At 31 December	<u>1,490</u>	<u>1,450</u>	<u>1,365</u>	<u>1,357</u>

Based on historic default rates, 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.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group and the Trust are satisfied that no recovery of the amounts owing are possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2016 and 31 December 2015, the Group and the Trust do not have any collective impairment on its trade receivables.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
2016					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,612,662	(2,727,007)	(43,038)	(2,683,969)	–
Fixed rate term loans	413,547	(452,821)	(13,348)	(439,473)	–
Convertible bonds	279,590	(324,567)	(5,250)	(319,317)	–
Trade and other payables*	67,760	(67,760)	(67,760)	–	–
Security deposits	65,636	(65,636)	(14,546)	(51,075)	(15)
	3,439,195	(3,637,791)	(143,942)	(3,493,834)	(15)
Derivative financial liabilities/(assets)					
Interest rate swaps (net-settled)					
- Used for hedging ⁽¹⁾	1,247	(3,061)	(2,422)	(639)	–
- At fair value through statement of total return ⁽¹⁾	(473)	(9,321)	(5,647)	(3,674)	–
Forward exchange contracts	111				
- Outflow	–	(19,525)	(19,525)	–	–
- Inflow	–	19,395	19,395	–	–
	885	(12,512)	(8,199)	(4,313)	–
	3,440,080	(3,650,303)	(152,141)	(3,498,147)	(15)
2015					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,281,583	(2,455,520)	(54,065)	(2,401,455)	–
Fixed rate term loans	662,670	(722,063)	(19,234)	(702,829)	–
Convertible bonds	268,459	(280,833)	(280,833)	–	–
Trade and other payables*	86,239	(86,239)	(86,239)	–	–
Security deposits	69,084	(69,084)	(20,398)	(47,098)	(1,588)
	3,368,035	(3,613,739)	(460,769)	(3,151,382)	(1,588)
Derivative financial liabilities/(assets)					
Interest rate swaps (net-settled)					
- Used for hedging ⁽¹⁾	(1,892)	(1,426)	(630)	(796)	–
- At fair value through statement of total return ⁽¹⁾	(8,103)	1,133	2,009	(876)	–
	(9,995)	(293)	1,379	(1,672)	–
	3,358,040	(3,614,032)	(459,390)	(3,153,054)	(1,588)

* Excludes accrued income.

⁽¹⁾ For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 0.42% - 0.97% (2015: 1.16% - 1.59%) was used.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
Trust	\$'000	\$'000	\$'000	\$'000	\$'000
2016					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,248,027	(2,339,886)	(35,696)	(2,304,190)	–
Fixed rate term loans	413,547	(452,821)	(13,348)	(439,473)	–
Convertible bonds	279,590	(324,567)	(5,250)	(319,317)	–
Trade and other payables*	43,616	(43,616)	(43,616)	–	–
Security deposits	60,593	(60,593)	(11,903)	(48,675)	(15)
	3,045,373	(3,221,483)	(109,813)	(3,111,655)	(15)
Derivative financial liabilities/(assets)					
Interest rate swaps (net-settled)					
- At fair value through statement of total return ⁽¹⁾	(473)	(9,321)	(5,647)	(3,674)	–
Forward exchange contracts	111				
- Outflow	–	(19,525)	(19,525)	–	–
- Inflow	–	19,395	19,395	–	–
	(362)	(9,451)	(5,777)	(3,674)	–
	3,045,011	(3,230,934)	(115,590)	(3,115,329)	(15)
2015					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	1,917,425	(2,052,998)	(44,644)	(2,008,354)	–
Fixed rate term loans	662,670	(722,063)	(19,234)	(702,829)	–
Convertible bonds	268,459	(280,833)	(280,833)	–	–
Trade and other payables*	56,120	(56,120)	(56,120)	–	–
Security deposits	63,058	(63,058)	(16,136)	(45,334)	(1,588)
	2,967,732	(3,175,072)	(416,967)	(2,756,517)	(1,588)
Derivative financial liabilities/(assets)					
Interest rate swaps (net-settled)					
- At fair value through statement of total return ⁽¹⁾	(8,103)	1,133	2,009	(876)	–
	(8,103)	1,133	2,009	(876)	–
	2,959,629	(3,173,939)	(414,958)	(2,757,393)	(1,588)

* Excludes accrued income.

⁽¹⁾ For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 0.42% - 0.97% (2015: 1.16% - 1.59%) was used.

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 loans.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group		Trust	
	Nominal amount		Nominal amount	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Interest-bearing borrowings	(715,000)	(945,000)	(715,000)	(945,000)
Interest rate swaps	(1,320,000)	(1,300,000)	(1,070,000)	(1,050,000)
	(2,035,000)	(2,245,000)	(1,785,000)	(1,995,000)
Variable rate instruments				
Interest-bearing borrowings	(2,619,542)	(2,290,286)	(2,253,542)	(1,924,286)
Interest rate swaps	1,320,000	1,300,000	1,070,000	1,050,000
	(1,299,542)	(990,286)	(1,183,542)	(874,286)

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") (2015: 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	50 bp decrease	50 bp increase	50 bp decrease
Group	\$'000	\$'000	\$'000	\$'000
2016				
Variable rate instruments	(13,098)	13,098	—	—
Interest rate swaps	6,794	(6,905)	1,068	(853)
Cash flow sensitivity (net)	(6,304)	6,193	1,068	(853)
2015				
Variable rate instruments	(11,451)	11,451	—	—
Interest rate swaps	6,123	(6,198)	2,632	(2,676)
Cash flow sensitivity (net)	(5,328)	5,253	2,632	(2,676)

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

	Statement of total return	
	50 bp increase \$'000	50 bp decrease \$'000
Trust		
2016		
Variable rate instruments	(11,268)	11,268
Interest rate swaps	6,794	(6,905)
Cash flow sensitivity (net)	(4,474)	4,363
2015		
Variable rate instruments	(9,621)	9,621
Interest rate swaps	6,123	(6,198)
Cash flow sensitivity (net)	(3,498)	3,423

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, 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 the statement of total return.

Currency risk

At the reporting date, the exposure to currency risk is as follows:

	2016 AUD \$'000	2015 AUD \$'000
Group		
Cash and cash equivalents	6,698	3,673
Loan to subsidiaries	356,455	185,678
Net statement of financial position exposure	363,153	189,351
Forward exchange contracts	(19,393)	–
Net exposure	343,760	189,351
Trust		
Cash and cash equivalents	6,204	3,540
Loan to subsidiaries	356,455	185,678
Net statement of financial position exposure	362,659	189,218
Forward exchange contracts	(19,393)	–
Net exposure	343,266	189,218

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis

A 10% strengthening (weakening) of the Singapore Dollar against Australian Dollar 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Group				
10% strengthening	1,269	(367)	(35,646)	(18,568)
10% weakening	(1,269)	367	35,646	18,568
Trust				
10% strengthening	(34,327)	(18,922)	–	–
10% weakening	34,327	18,922	–	–

Notes to the Financial Statements

16 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.

Group	Note	Designated at fair value \$'000	Fair value –		Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
			hedging instrument \$'000					Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2016										
Financial assets measured at fair value										
	Interest rate swaps at fair value through statement of total return	11	3,202	-	-	-	3,202	-	3,202	-
Financial assets not measured at fair value										
	Trade and other receivables*	9	-	-	12,239	-	12,239			
	Cash and cash equivalents	12	-	-	182,450	-	182,450			
Financial liabilities measured at fair value										
	Forward exchange contracts	11	(111)	-	-	-	(111)	-	(111)	-
	Interest rate swaps at fair value through statement of total return	11	(2,729)	-	-	-	(2,729)	-	(2,729)	-
	Interest rate swaps for hedging	11	(1,247)	-	-	-	(1,247)	-	(1,247)	-
	Embedded derivatives relating to convertible bonds	11	(18,103)	-	-	-	(18,103)	-	-	(18,103)
Financial liabilities not measured at fair value										
	Interest-bearing borrowings	13	-	-	-	(3,026,209)	(3,026,209)	-	-	(3,028,161)
	Security deposits		-	-	-	(65,636)	(65,636)	-	-	(63,176)
	Convertible bonds	15	-	-	-	(279,590)	(279,590)	-	-	(276,038)
	Trade and other payables^	14	-	-	-	(67,760)	(67,760)			
			-	-	-	(3,439,195)	(3,439,195)			

* Excludes prepayments.

[^] Excludes accrued income.

16 FINANCIAL INSTRUMENTS (CONT'D)

Notes to the Financial Statements

Accounting classifications and fair values (cont'd)

Group	Note	Designated at fair value \$'000	Fair value – hedging instrument \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2015									
Financial assets measured at fair value									
Interest rate swaps at fair value through statement of total return	11	8,103	-	-	-	8,103	-	8,103	-
Interest rate swaps used for hedging	11	-	1,892	-	-	1,892	-	1,892	-
		8,103	1,892	-	-	9,995			
Financial assets not measured at fair value									
Trade and other receivables*	9	-	-	249,345	-	249,345			
Cash and cash equivalents	12	-	-	445,267	-	445,267			
		-	-	694,612	-	694,612			
Financial liabilities measured at fair value									
Embedded derivatives relating to convertible bonds	11	(7,895)	-	-	-	(7,895)	-	-	(7,895)
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	-	-	-	(2,944,253)	(2,944,253)	-	-	(2,952,498)
Security deposits		-	-	-	(69,084)	(69,084)	-	-	(65,509)
Convertible bonds	15	-	-	-	(268,459)	(268,459)	-	-	(271,125)
Trade and other payables^	14	-	-	-	(86,239)	(86,239)	-	-	-
		-	-	-	(3,368,035)	(3,368,035)			

* Excludes prepayments.

^ Excludes accrued income.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Trust	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2016								
Financial assets measured at fair value								
Interest rate swaps	11	3,202	-	-	3,202	-	3,202	-
Financial assets not measured at fair value								
Trade and other receivables*	9	-	9,010	-	9,010			
Cash and cash equivalents	12	-	133,754	-	133,754			
		-	142,764	-	142,764			
Financial liabilities measured at fair value								
Forward exchange contracts	11	(111)	-	-	(111)	-	(111)	-
Interest rate swaps	11	(2,729)	-	-	(2,729)	-	(2,729)	-
Embedded derivatives relating to convertible bonds	11	(18,103)	-	-	(18,103)	-	-	(18,103)
		(20,943)	-	-	(20,943)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	13	-	-	(2,661,574)	(2,661,574)	-	-	(2,663,526)
Security deposits		-	-	(60,593)	(60,593)	-	-	(58,239)
Convertible bonds	15	-	-	(279,590)	(279,590)	-	-	(276,038)
Trade and other payables ^	14	-	-	(43,616)	(43,616)	-	-	-
		-	-	(3,045,373)	(3,045,373)			

* Excludes prepayments.

^ Excludes accrued income.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Trust	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2015								
Financial assets measured at fair value								
Interest rate swaps	11	8,103	-	-	8,103	-	8,103	-
Financial assets not measured at fair value								
Trade and other receivables*	9	-	5,313	-	5,313			
Cash and cash equivalents	12	-	393,579	-	393,579			
		-	398,892	-	398,892			
Financial liabilities measured at fair value								
Embedded derivatives relating to convertible bonds	11	(7,895)	-	-	(7,895)	-	-	(7,895)
Financial liabilities not measured at fair value								
Interest-bearing borrowings	13	-	-	(2,580,095)	(2,580,095)	-	-	(2,588,340)
Security deposits		-	-	(63,058)	(63,058)	-	-	(59,600)
Convertible bonds	15	-	-	(268,459)	(268,459)	-	-	(271,125)
Trade and other payables^	14	-	-	(56,120)	(56,120)			
		-	-	(2,967,732)	(2,967,732)			

* Excludes prepayments.

[^] Excludes accrued income.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (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 the life of the convertible bonds to investors, which are not evidenced by observable market data.	Discount rate – 3.69% (2015: 2.72%)	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

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Fixed rate borrowings	Discounted cash flows	Discount rate – 2.81% - 3.31% (2015: 1.89% - 3.32%)
Security deposits	Discounted cash flows	Discount rate – 1.84% - 1.85% (2015: 2.64% - 2.65%)

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.

(ii) Transfer between Level 1 and 2

During the financial year ended 31 December 2016, there were no transfers between Level 1 and Level 2.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

(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	
	2016	2015
	\$'000	\$'000
Embedded derivatives relating to convertible bonds		
At 1 January	(7,895)	(15,118)
Amount classified as derivative liabilities (note 15)	(17,599)	–
Changes in fair value recognised in the statement of total return	7,391	7,223
At 31 December	(18,103)	(7,895)

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 derivative relating to the convertible bonds would decrease/(increase) by \$2,367,000 (2015: \$895,000) and (\$2,390,000) (2015: (\$898,000)) respectively. The analysis is performed on the same basis as 2015.

17 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	
		2016	2015
		%	%
Harmony Investors Group Limited subgroup ("Harmony")	Singapore	39.2	39.2
Harmony Partners Investment Limited ("HPIL")	British Virgin Islands	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.

	Harmony	HPIL*	Intra-group elimination	Total
	\$'000	\$'000	\$'000	\$'000
2016				
Revenue	80,165	–		
Total return for the year	30,450	5,735		
Total return attributable to NCI for the year	11,937	2,810	–	14,747
Non-current assets	688,000	58,730		
Current assets	41,120	–		
Non-current liabilities	(431,285)	(55,200)		
Current liabilities	(39,648)	(10)		
Net assets	258,187	3,520		
Net assets attributable to NCI	101,209	1,725	21,395	124,329
Cash flows from operating activities	8,886	–		
Cash flows used in investing activities	(2,049)	–		
Cash flows used in financing activities (dividends to NCI: \$7,840,000)	(11,676)	–		
Net decrease in cash and cash equivalents	(4,839)	–		

Notes to the Financial Statements

17 NON-CONTROLLING INTERESTS (CONT'D)

	Harmony \$'000	HPIL* \$'000	Intra-group elimination \$'000	Total \$'000
2015				
Revenue	87,902	–		
Total return for the year	22,440	6,650		
Total return attributable to NCI for the year	8,796	3,259	–	12,055
Non-current assets	668,000	68,994		
Current assets	54,862	–		
Non-current liabilities	(445,792)	(55,200)		
Current liabilities	(46,195)	(8)		
Net assets	230,875	13,786		
Net assets attributable to NCI	90,503	6,755	21,394	118,652
Cash flows from operating activities	14,462	–		
Cash flows used in investing activities	(2,131)	–		
Cash flows used in financing activities (dividends to NCI: \$7,056,000)	(10,308)	–		
Net increase in cash and cash equivalents	2,023	–		

* The company did not prepare a cash flow statement. All expenses and receipts of the company are paid/received by its subsidiary.

18 UNITS IN ISSUE

	Group and Trust	
	2016 '000	2015 '000
Units in issue:		
At 1 January	2,521,239	2,502,246
Issue of Units:		
- asset management fees paid in Units	15,424	18,993
At 31 December	2,536,663	2,521,239
Units to be issued:		
- asset management fees payable in Units	10,785	5,674
Total issued and issuable Units at 31 December	2,547,448	2,526,913

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

Notes to the Financial Statements

18 UNITS IN ISSUE (CONT'D)

- 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.

19 NET ASSET VALUE PER UNIT

	Note	Group		Trust	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		5,468,935	5,444,005	4,835,536	4,871,077
		'000	'000	'000	'000
Total issued and issuable Units at 31 December	18	2,547,448	2,526,913	2,547,448	2,526,913

20 GROSS REVENUE

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Gross rental income	328,336	329,348	233,655	241,467
Dividend income	—	—	101,919	78,684
Others	259	167	184	147
	328,595	329,515	335,758	320,298

Included in gross rental income of the Group and the Trust are contingent rents amounting to \$2,520,000 (2015: \$1,566,000) and \$1,791,000 (2015: \$954,000) respectively.

Notes to the Financial Statements

21 PROPERTY EXPENSES

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Advertising and promotion expenses	6,666	4,473	4,972	2,991
Allowance for doubtful receivables	627	777	541	785
Depreciation of plant and equipment	1,091	985	223	184
Loss on disposal of plant and equipment	11	11	—	—
Maintenance expenses	5,121	4,603	146	1,513
Contributions to maintenance funds	20,144	19,891	16,781	16,555
Property management fees (including reimbursables)	25,067	27,227	7,002	7,248
Property tax	22,074	23,490	19,902	19,630
Utilities	3,094	3,791	47	905
Agency commission	3,910	3,106	3,250	2,556
Food and beverages related cost	4,282	3,946	—	—
Others	11,933	7,998	889	991
	104,020	100,298	53,753	53,358

Property expenses represent the direct operating expenses arising from rental of investment properties and sale of food and beverages.

22 OTHER INCOME

Other income relates to the income support received by the Group and the Trust under the Deed of Income Support entered with Choicewide Group Limited, the vendor of the one-third interest in BFCD LLP. The Deed of Income Support ceased on 31 December 2015.

In 2015, income support received by the Group and the Trust amounted to 0.259 cents per Unit, representing 2.59% of total distribution per unit.

Notes to the Financial Statements

23 FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest income:				
- bank deposits	686	1,387	613	1,354
- loan to joint ventures	23,090	26,114	23,090	26,114
- progress payments	13,195	12,725	–	–
- interest rate swaps	1,676	498	1,676	498
Net foreign exchange gain	874	–	3,343	–
Finance income	39,521	40,724	28,722	27,966
Interest expense:				
- bank loans	(69,132)	(67,281)	(61,016)	(59,640)
- convertible bonds	(2,531)	(3,920)	(2,531)	(3,920)
- interest rate swaps	(5,070)	(2,547)	(3,706)	(1,534)
Amortisation of transaction costs	(17,493)	(9,907)	(17,017)	(9,432)
Net foreign exchange loss	–	(4,431)	–	(7,678)
	(94,226)	(88,086)	(84,270)	(82,204)
Borrowing cost capitalised in investment properties	–	153	–	153
Finance costs	(94,226)	(87,933)	(84,270)	(82,051)
Recognised in the statement of total return	(54,705)	(47,209)	(55,548)	(54,085)

24 ASSET MANAGEMENT FEES

Included in the asset management fees of the Group and the Trust is an aggregate of 20,534,550 (2015: 20,428,472) Units, amounting to \$34,278,000 (2015: \$33,664,000), that have been or will be issued to the Manager in satisfaction of the asset management fees payable in Units.

25 OTHER EXPENSES

Included in other charges are the following items:

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Non-audit fees paid to auditors of the Trust	222	117	118	117

Notes to the Financial Statements

26 TAX EXPENSE

		Group		Trust	
	Note	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Current tax expense					
Current year		2,351	1,339	–	1,339
Adjustment for prior year		44	–	44	–
Withholding tax		2,406	1,323	824	520
		4,801	2,662	868	1,859
Deferred tax expense					
Origination and reversal of temporary differences		11,032	4,684	–	–
Adjustment for prior years		(1,637)	(608)	–	–
	10	9,395	4,076	–	–
Total tax expense		14,196	6,738	868	1,859

Reconciliation of effective tax rate

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total return for the year before tax	275,489	372,884	188,191	242,188
Less: Share of profit of joint ventures	(84,902)	(100,133)	–	–
	190,587	272,751	188,191	242,188
Income tax using the Singapore tax rate of 17% (2015: 17%)	32,400	46,368	31,992	41,172
Non-tax deductible items	10,519	11,397	10,621	11,787
Non-taxable income	(7,707)	(28,914)	(3,457)	(13,021)
Withholding tax	2,406	1,323	824	520
Tax exempt income	–	–	(4,628)	(3,425)
Tax transparency	(21,829)	(22,828)	(34,528)	(35,174)
(Over)/under provided in prior years	(1,593)	(608)	44	–
Total tax expense	14,196	6,738	868	1,859

27 EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total return for the year after tax attributable to Unitholders	246,546	354,091	187,323	240,329

Notes to the Financial Statements

27 EARNINGS PER UNIT (CONT'D)

	Number of Units			
	Group		Trust	
	2016 '000	2015 '000	2016 '000	2015 '000
Weighted average number of Units:				
- outstanding during the year	2,531,808	2,513,610	2,531,808	2,513,610
- to be issued as payment of asset management fees payable in Units	29	16	29	16
	<u>2,531,837</u>	<u>2,513,626</u>	<u>2,531,837</u>	<u>2,513,626</u>

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 dilutive effect arising from the dilutive Bonds, with the potential Units weighted for the year outstanding.

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total return for the year after tax attributable to Unitholders	246,546	354,091	187,323	240,329
(Loss)/Profit impact of conversion of the dilutive potential Units	(4,829)	1,637	(4,829)	1,637
Adjusted total return for the year after tax	<u>241,717</u>	<u>355,728</u>	<u>182,494</u>	<u>241,966</u>

	Number of Units			
	Group		Trust	
	2016 '000	2015 '000	2016 '000	2015 '000
Weighted average number of Units used in calculation of basic earnings per Unit	2,531,837	2,513,626	2,531,837	2,513,626
Weighted average number of Units to be issued assuming conversion of the Bonds	54,364	132,639	54,364	132,639
Weighted average number of Units used in calculation of diluted earnings per Unit	<u>2,586,201</u>	<u>2,646,265</u>	<u>2,586,201</u>	<u>2,646,265</u>

As at 31 December 2016, the Group and the Trust had Bonds which were convertible into approximately 142,789,148 (2015: 132,638,559) Units.

28 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, office and convention segments of each property are similar in economic characteristics, nature of services and type of customer, the retail, office and convention segments of each property are aggregated accordingly to form the retail, office and convention reportable segments. 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.

Notes to the Financial Statements

28 OPERATING SEGMENTS (CONT'D)

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 2016 and 31 December 2015 related mainly to properties located in Singapore, except for 177 Pacific Highway located in Australia.

Information regarding the Group's reportable segments is presented in the table below.

Information about reportable segments

	← Office →			← Retail →			Convention	
	Suntec City	Park Mall	177 Pacific Highway	Suntec City	Park Mall	Suntec Singapore	Suntec Singapore	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016								
Gross revenue	132,709	218	14,591	100,675	237	20,816	59,349	328,595
Property expenses	(27,232)	335	(1,492)	(27,415)	558	(5,068)	(43,706)	(104,020)
Reportable segment net property income	105,477	553	13,099	73,260	795	15,748	15,643	224,575
2015								
Gross revenue	128,907	8,935	–	89,236	14,535	24,563	63,339	329,515
Property expenses	(21,932)	(2,322)	–	(25,254)	(3,849)	(4,657)	(42,284)	(100,298)
Reportable segment net property income	106,975	6,613	–	63,982	10,686	19,906	21,055	229,217

Reconciliation of reportable segment net property income

	Group	
	2016	2015
	\$'000	\$'000
Total return		
Reportable segment net property income	224,575	229,217
Unallocated amounts:		
- Other income	–	13,753
- Net finance costs	(54,705)	(47,209)
- Amortisation of intangible asset	–	(10,044)
- Asset management fees	(46,250)	(45,441)
- Other trust expenses	(3,508)	(3,597)
- Net change in fair value of financial derivatives	(423)	10,000
- Loss on disposal of an investment property	–	(2,656)
- Net change in fair value of investment properties	70,898	128,728
- Share of profit of joint ventures	84,902	100,133
Consolidated total return for the year before tax	275,489	372,884

Notes to the Financial Statements

29 COMMITMENTS

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
(a) Capital commitments				
Capital expenditure contracted but not provided for	–	127,989	–	–
Loan facilities to joint ventures	614,582	558,078	556,078	558,078
	614,582	686,067	556,078	558,078

- (b) The Group and the Trust lease out their investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group		Trust	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Receivables:				
- Within 1 year	259,090	237,108	212,961	220,476
- After 1 year but within 5 years	424,786	287,994	260,391	269,989
- More than 5 years	165,238	48,629	3,381	6,971
	849,114	573,731	476,733	497,436

Investment properties comprise commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of between three to twelve years. Subsequent renewals are negotiated with the lessees.

30 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 fails 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.

31 FINANCIAL RATIOS

	Group		Trust	
	2016	2015	2016	2015
	%	%	%	%
Expenses to weighted average net assets ¹				
- including performance component of asset management fees	0.92	1.12	0.95	1.14
- excluding performance component of asset management fees	0.64	0.83	0.64	0.83
Portfolio turnover rate ²	–	1.92	–	2.11

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

32 RELATED PARTIES

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group	
	2016	2015
	\$'000	\$'000
Acquisition fees paid to the Manager	2,837	2,410
Asset management fees paid/payable to a related corporation of the Manager	3,489	3,320
Agency commission paid/payable to a related corporation of the Manager	4,035	5,538
Divestment fees paid to the Manager	–	1,441
Rental income received/receivable from an associate of the Manager	1,671	1,672
Rental income received/receivable from related corporations of the Manager	1,109	1,037
Property management fees paid/payable (including reimbursable) to related corporations of the Manager	25,207	26,382
Professional services fees paid/payable to related corporations of the Manager	1,124	1,377

	Trust	
	2016	2015
	\$'000	\$'000
Acquisition fees paid to the Manager	2,837	2,410
Agency commission paid/payable to a related corporation of the Manager	3,363	4,988
Divestment fees paid to the Manager	–	1,441
Rental income received/receivable from an associate of the Manager	1,671	1,672
Rental income received/receivable from related corporations of the Manager	1,109	1,037
Property management fees paid/payable (including reimbursable) to a related corporation of the Manager	7,002	7,248
Professional services fees paid/payable to related corporations of the Manager	1,124	1,377

33 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 financial 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.

Notes to the Financial Statements

33 FINANCIAL RISK MANAGEMENT (CONT'D)

The Manager has established credit limits for tenants and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants. The Group establishes an allowance for impairment, based on a specific loss component that relates to individually significant exposures, that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are credit worthy.

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 the limits on total borrowings according to the CIS Code issued by the MAS.

The Group has unsecured and uncommitted term loan facility of \$16.5 million with a panel of banks. In addition, the Group has a US\$1,500.0 million (approximately \$2,170.2 million) EMTN programme, of which \$415.0 million was utilised as at 31 December 2016.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, which will affect the Group's total return or the 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 on risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. 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.

As at 31 December 2016, the Group has entered into interest rate swaps with a total notional amount of \$1,320.0 million (2015: \$1,300.0 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 secured and unsecured term loans.

Currency risk

The Group is exposed to currency risk on distributions from its Australia operations. In 2016, the Group entered into forward currency contracts with a total notional amount of \$19.4 million (2015: Nil) whereby the Group agreed with counterparties to exchange Australian dollar at specified rates, on specified dates.

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 36.4% (2015: 35.8%) as at 31 December 2016.

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. The Group's corporate family rating is Baa2.

34 SUBSEQUENT EVENT

Subsequent to 31 December 2016, the Manager declared distribution of 2.596 cents per unit in respect of the period 1 October 2016 to 31 December 2016 which was paid on 28 February 2017.

Statistics of Unitholders

DISTRIBUTION OF UNITHOLDINGS

As at 6 March 2017

Size of Unitholdings	No. of Unitholders	%	No. of units	%
1 - 99	26	0.13	604	0.00
100 - 1,000	3,889	19.22	3,789,338	0.15
1,001 - 10,000	12,069	59.63	60,733,725	2.38
10,001 - 1,000,000	4,214	20.82	198,210,916	7.78
1,000,001 AND ABOVE	41	0.20	2,284,712,765	89.69
Total	20,239	100.00	2,547,447,348	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Citibank Nominees Singapore Pte Ltd	873,651,571	34.30
2	DBS Nominees (Private) Limited	437,406,554	17.17
3	United Overseas Bank Nominees (Private) Limited	184,223,637	7.23
4	HSBC (Singapore) Nominees Pte Ltd	167,220,045	6.56
5	DBS Vickers Securities (Singapore) Pte Ltd	133,373,100	5.24
6	Raffles Nominees (Pte) Limited	101,470,245	3.98
7	DBSN Services Pte. Ltd.	96,402,671	3.78
8	Tecity Management Pte Ltd	38,386,000	1.51
9	WTP Investment (Overseas) Limited	33,523,485	1.32
10	Sword Investments Private Ltd	33,494,000	1.31
11	ARA Real Estate Investors XIII Limited	26,975,014	1.06
12	ARA Trust Management (Suntec) Limited	18,863,814	0.74
13	BNP Paribas Securities Services Singapore Branch	16,666,269	0.65
14	WII Pte. Ltd.	16,656,900	0.65
15	DB Nominees (Singapore) Pte Ltd	16,352,169	0.64
16	PCK Corporation	13,649,414	0.54
17	Chow Chung Kai	11,041,785	0.43
18	Straits Real Estate Pte Ltd	10,950,000	0.43
19	OCBC Nominees Singapore Private Limited	5,274,400	0.21
20	BNP Paribas Nominees Singapore Pte Ltd	4,579,492	0.18
Total		2,240,160,565	87.93

BONDHOLDER OF 1.75% CONVERTIBLE BONDS DUE 2021

Due Date	: 5 September 2021
Initial Conversion Premium	: 20.75% 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 on 5 September 2021 (the "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 and holding the bonds on behalf for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("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 S\$300 million Bonds in the principal amount of S\$300 million. The identity of the holders of the beneficial interests in the Bonds is not currently known.

S\$162.9 million or 55.0 per cent and S\$100.0 million or 33.8 per cent of the net proceeds from the issue had been utilised to fund the acquisition of an interest in Southgate Complex and refinance existing debt 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 announcement on 11 August 2016. The Manager will make further announcements via SGXNET when the remaining net proceeds of the issue are materially disbursed.

* In accordance with Condition 5.5(c) of the Bonds, the conversion price of the Bonds was adjusted to S\$2.061 per unit with effect from 28 February 2017.

Statistics of Unitholders

SUBSTANTIAL UNITHOLDERS

As at 6 March 2016

As shown in the Register of Substantial Unitholders

Name	Number of Units	
	Direct Interest	Deemed Interest
ARA Asset Management Limited ¹	0	153,256,038
ARA RE Investment Group (Singapore) Pte. Ltd. ²	0	126,753,699
ARA RE Investment Group Limited ²	0	126,753,699
The Straits Trading Company Limited ³	0	255,062,038
The Cairns Pte. Ltd. ⁴	0	255,062,038
Raffles Investments Limited ⁵	0	278,842,107
Aequitas Pte. Ltd. ⁶	0	278,842,107
Siong Lim Private Limited ⁷	0	278,842,107
Kambau Pte. Ltd. ⁷	0	278,842,107
Tecity Pte. Ltd ⁷	0	278,842,107
Grange Investment Holdings Private Limited ⁸	0	278,842,107
Dr Tan Kheng Lian ⁹	968,000	278,842,107
Tan Chin Tuan Pte. Ltd. ¹⁰	0	278,842,107
BlackRock, Inc. ¹¹	0	151,874,213
The PNC Financial Services Group, Inc. ¹²	0	151,874,213
Tang Gordon @ Tang Yigang @ Tang Gordon ¹³	169,130,506	29,215,000

Notes:

- 1 ARA Asset Management Limited's ("ARA") is the sole shareholder of the Manager. Accordingly, ARA is deemed to have an interest in the Units held by the Manager.
- 2 ARA RE Investment Group (Singapore) Pte. Ltd. ("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% 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 Each of Siong Lim Private Limited ("Siong Lim"), Kambau Pte. Ltd. ("Kambau") and Tecity Pte. Ltd ("Tecity") holds not less than 20 per cent. of the voting rights of Aequitas. Accordingly, each of Siong Lim, Kambau and Tecity is deemed to have an interest in the Units that Aequitas has a deemed interest in.
- 8 Grange Investment Holdings Private Limited ("Grange") holds more than 50 per cent. of the voting rights of Kambau. Accordingly, Grange is deemed to have an interest in the Units that Kambau has a deemed interest in.
- 9 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.
- 10 Tan Chin Tuan Pte. Ltd. ("TCTPL") holds more than 50 per cent. of the voting rights of Grange. Accordingly, TCTPL is deemed to have an interest in the Units that Grange has a deemed interest in.
- 11 BlackRock, Inc. ("BlackRock") holds more than 50 per cent. of the voting rights of the following entities:
(i) BlackRock (Luxembourg) S.A., (ii) BlackRock (Netherlands) B.V., (iii) BlackRock (Singapore) Limited, (iv) BlackRock Advisors (UK) Limited, (v) BlackRock Advisors, LLC, (vi) BlackRock Asset Management Canada Limited, (vii) BlackRock Asset Management Ireland Limited, (viii) BlackRock Asset Management North Asia Limited, (ix) BlackRock Asset Management Schweiz AG, (x) BlackRock Financial Management, Inc., (xi) BlackRock Fund Advisors, (xii) BlackRock Fund Managers Ltd, (xiii) BlackRock Institutional Trust Company, N.A., (xiv) BlackRock International Limited, (xv) BlackRock Investment Management (Australia) Limited, (xvi) BlackRock Investment Management (UK) Ltd, (xvii) BlackRock Investment Management, LLC, (xviii) BlackRock Japan Co Ltd, (xix) BlackRock Life Limited, (xx) iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, and so therefore deemed to have an interest in the Units held by the aforementioned entities.
- 12 The PNC Financial Services Group, Inc. is deemed shareholder through its over 20% ownership of BlackRock, Inc.
- 13 Mr Tang Gordon's deemed interest in the Units acquired by Gold Pot Developments Limited arises from the powers granted to him under a power of attorney executed by Gold Pot Developments Limited.

Statistics of Unitholders

MANAGER'S DIRECTORS' UNITHOLDINGS

(As at 21 January 2017)

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	1,000,000	0
Mr Chen Wei Ching, Vincent	400,000	0
Mr Lim Lee Meng (Resigned on 31 December 2016)	0	0
Mr Tan Kian Chew (Resigned on 31 December 2016)	250,000	0
Mr Chow Wai Wai John	2,221,729	0
Mr Yeo See Kiat (Resigned on 31 December 2016)	525,000	550,000 ¹
Mr Chan Pee Teck, Peter (Appointed on 1 January 2017)	0	0
Mrs Yu-Foo Yee Shoon (Appointed on 1 January 2017)	0	0
Mr Chan Kong Leong (Appointed on 1 January 2017)	176,000	0

Note:

¹ Deemed interested in 550,000 Units held by spouse.

FREE FLOAT

Based on information made available to the Manager as at 6 March 2017, approximately 82.2% 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 of 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 of less than \$100,000) \$'000
ARA Trust Management (Suntec) Limited and its associates		
Asset management fees	46,336	-
Rental income	2,780	-
Property management fees and reimbursables	25,207	-
Professional services fees	1,124	-
Leasing commission	4,035	-
Acquisition fee	2,837	-
HSBC Institutional Trust Services (Singapore) Limited		
Trustee fees	1,438	-
	83,757	-

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)}	168,352
Net assets	5,593,264
Percentage of total operating expenses to Net assets	3%

Notes:

⁽¹⁾ Excludes finance costs and amortisation of intangible asset.

⁽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 50.0% interest in Southgate Trust.

SUBSCRIPTION OF SUNTEC REIT UNITS

As at 31 December 2016, an aggregate of 2,536,662,773 Units were in issue. On 26 January 2017, Suntec REIT issued 3,482,590 and 7,301,985 Units to the Manager as asset management base fees for the period from 1 October 2016 to 31 December 2016 and asset management performance fees for the period from 1 January 2016 to 31 December 2016 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, Summit 1, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 18 April 2017 at 10.30 am 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 2016 and the Auditors’ Report thereon. **(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. **(Resolution 2)**
3. To endorse the appointment of each of the following persons who is a director of the Manager (the “Director”, together the “Directors”), pursuant to the Deed of Undertaking entered into between ARA Asset Management Limited (the “Undertaking”) and the Trustee:

Mr Chan Pee Teck, Peter; **(Resolution 3)**

Mrs Yu-Foo Yee Shoon; and **(Resolution 4)**

Mr Chan Kong Leong **(Resolution 5)**

[See Explanatory Notes]

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following ordinary resolution, with or without any modifications:

4. 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 Resolution was in force (notwithstanding that the authority conferred by this 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 Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this 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 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 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 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 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 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 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 Resolution.

[See Explanatory Notes]

(Resolution 6)

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

30 March 2017

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 & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 16 April 2017 at 10.30 am 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.

Notice of Annual General Meeting

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.

Explanatory Notes:

1. Resolutions 3 to 5 to be passed:

The Manager is a holder of a Capital Markets Services license for REIT management in Singapore and is required by the Monetary Authority of Singapore to comply with the proposed amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCBR") in relation to the board composition of the Manager that will take effect no later than the first annual general meeting of Suntec REIT for the financial year ended 31 December 2016.

Under the proposed amendments to the SFLCBR, the Manager's Board is required to either comprise at least half independent directors, or at least one-third independent directors if Unitholders are given the right to appoint the directors of the Manager. The Manager's Board comprises three independent directors, namely Mr Chen Wei Ching, Vincent, Mr Chan Pee Teck, Peter and Mrs Yu-Foo Yee Shoon, constituting at least one-third (less than half) of the Board.

An Undertaking is entered into between ARA Asset Management Limited, the sole shareholder of the Manager and the Trustee before the first annual general meeting of Suntec REIT for the financial year ended 31 December 2016 which gives the Unitholders the right to endorse the appointment of the relevant Directors as prescribed in the Undertaking and set out below, by way of an ordinary resolution at the relevant general meeting.

- a) ARA Asset Management Limited undertakes to the Trustee:
 - to procure the Manager to include in the agenda for each annual general meeting of Unitholders (commencing from the annual general meeting to be held in 2017), the resolutions to endorse (or re-endorse) the appointment of at least one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), where the Directors whose appointments are put forth for endorsement shall be those who will be re-elected under the Constitution of the Manager and/or pursuant to sub-paragraph (ii) below for those who are newly appointed as Director;
 - (where, at any time, a person is newly appointed as Director) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director at the next annual general meeting of Suntec REIT immediately following his appointment; and
 - to procure any person whose appointment as a Director was not endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Suntec REIT where the endorsement or re-endorsement (as the case may be) for his appointment was sought, either (i) to resign or otherwise be removed from the Board of Directors of the Manager within 60 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed and the regulatory approval for such appointment (if any) has been obtained, which appointment shall take place as soon as reasonably practicable after the relevant general meeting.
- b) The Undertaking shall not restrict the Manager or ARA Asset Management Limited from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of Singapore Exchange Securities Trading Limited) and the Constitution of the Manager.
- c) The Undertaking shall remain in force until the earlier of:
 - ARA Asset Management Limited ceasing to be the holding company (as defined in the Companies Act of Singapore, Cap. 50) of the Manager; and

Notice of Annual General Meeting

- either party giving notice in writing to terminate the Undertaking to the other party not less than 1 month in advance of the termination.
- d) Detailed information on the Directors (including their current directorships in other listed companies and details of other principal commitments) can be found in the "Board of Directors and Management Team section" in Suntec REIT's Annual Report 2016.
- e) Upon endorsement, each of the Directors will continue to serve on the Board of Directors of the Manager. Mr Chan Pee Teck, Peter will continue to serve as Independent Non-Executive Director, member of the Audit Committee and member of the Designated Committee; Mrs Yu-Foo Yee Shoon will continue to serve as Independent Non-Executive Director and member of the Audit Committee; and Mr Chan Kong Leong will continue to serve as Executive Director.
- f) The list of all current directorships in other listed companies and details of other principal commitments of the Directors are set out on pages 17 to 20 of Suntec REIT's Annual Report 2016.

2. Resolution 6 to be passed:

- (i) Ordinary Resolution 6 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 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 issued Units at the time Ordinary Resolution 6 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and 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.

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

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").

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.

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 30 March 2017.

*I/We, _____ (Name) _____ (NRIC/Passport No.)
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 the Suntec REIT to be held at Level 3, Summit 1, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 18 April 2017 at 10.30 am 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.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**
AS ORDINARY BUSINESS			
1.	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 2016.		
2.	To re-appoint KPMG LLP as Auditors of Suntec REIT and authorise the Manager to fix the Auditors' remuneration.		
3.	To endorse the appointment of Mr Chan Pee Teck, Peter as Director.		
4.	To endorse the appointment of Mrs Yu-Foo Yee Shoon as Director.		
5.	To endorse the appointment of Mr Chan Kong Leong as Director.		
AS SPECIAL BUSINESS			
6.	To authorise the Manager to issue Units and to make or grant convertible instruments.		

* 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 _____ 2017

Total number of Units held

Signature of Unitholder(s)/and, Common Seal of Corporate Unitholder



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 2017 at 10.30 am, being forty-eight (48) hours before the time set for 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 notorially 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. 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.
13. 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.

Corporate Directory

TRUSTEE

Registered Address

HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay #13-02

HSBC Building

Singapore 049320

Trustee

HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay #03-01

HSBC Building

Singapore 049320

Facsimile: +65 6534 5526

MANAGER

ARA Trust Management (Suntec) Limited

6 Temasek Boulevard #16-02

Suntec Tower Four

Singapore 038986

Telephone: +65 6835 9232

Facsimile: +65 6835 9672

DIRECTORS OF THE MANAGER

Chew Gek Khim

Chairman and Director

Lim Hwee Chiang, John

Director

Chen Wei Ching, Vincent

Independent Director

Chan Pee Teck, Peter

Independent Director

Yu-Foo Yee Shoon

Independent Director

Chow Wai Wai, John

Non-executive Director

Chan Kong Leong

Chief Executive Officer and Director

AUDIT COMMITTEE

Chen Wei Ching, Vincent

Chairman

Chan Pee Teck, Peter

Member

Yu-Foo Yee Shoon

Member

DESIGNATED COMMITTEE

Chow Wai Wai, John

Chairman

Chen Wei Ching, Vincent

Member

Chan Pee Teck, Peter

Member

Seow Bee Lian, Cheryl

Member

COMPANY SECRETARIES OF THE MANAGER

Yeoh Kar Choo Sharon

Chiang Wai Ming

LEGAL ADVISER

Allen & Gledhill LLP

One Marina Boulevard #28-00

Singapore 018989

Telephone: +65 6890 7188

Facsimile: +65 6327 3800

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

Telephone: +65 6536 5355

Facsimile: +65 6536 1360

AUDITOR OF THE TRUST

KPMG LLP

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Telephone: +65 6213 3388

Facsimile: +65 6225 2230

(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-asia.com



ARA Trust Management (Suntec) Limited
(As Manager of Suntec REIT)

ARA Trust Management (Suntec) Limited

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