



**Suntec Real Estate Investment Trust
2016 First Half and Second Quarter Unaudited Financial Statements &
Distribution Announcement**

Suntec Real Estate Investment Trust ("Suntec REIT") is a real estate investment trust constituted by the Trust Deed entered into on 1 November 2004 (as amended) between ARA Trust Management (Suntec) Limited as the Manager of Suntec REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of Suntec REIT.

Suntec REIT was listed on the Singapore Exchange Securities Trading Limited on 9 December 2004.

Suntec REIT owns Suntec City mall and certain office units in Suntec Towers One, Two and Three and the whole of Suntec Towers Four and Five, which form part of the integrated commercial development known as "Suntec City". The property portfolio also comprises 60.8 per cent effective interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ") and a one-third interest in Marina Bay Financial Centre Towers 1 and 2, and the Marina Bay Link Mall (collectively known as "MBFC Properties") and 30.0 per cent interest in Park Mall. Suntec REIT holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, North Sydney Australia which is currently under development.

The financial information for the period from 1 January 2016 to 30 June 2016 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**Financial Statements Announcement
For First Half and Second Quarter ended 30 June 2016**

SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS

	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	78,938	81,446	-3.1%	157,281	155,909	0.9%
Net property income	52,673	56,919	-7.5%	106,645	108,272	-1.5%
Distributable income	63,325	62,855	0.7%	123,328	118,852	3.8%
- from operations	55,325	56,855	-2.7%	111,328	112,852	-1.4%
- from capital ^(a)	8,000	6,000	33.3%	12,000	6,000	100.0%
Distribution per unit (cents) ^(b)	2.501	2.500	0.0%	4.872	4.730	3.0%
- from operations	2.185	2.261	-3.4%	4.398	4.491	-2.1%
- from capital ^(a)	0.316	0.239	32.2%	0.474	0.239	98.3%
Annualised distribution per unit (cents)	10.059	10.027	0.3%	9.798	9.538	2.7%

Footnote:

(a) This relates to a portion of the sale proceeds from disposal of Park Mall in December 2015 (2015: CHIJMES in January 2012) and is classified as capital distribution from a tax perspective. Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(b) Please refer to Page 12 for the distribution per unit computation.

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1 (a)(i) Statements of Total Return and Statement of Distribution for the First Half and Second Quarter ended 30 June 2016

Statement of total return	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	78,938	81,446	-3.1%	157,281	155,909	0.9%
Maintenance charges	(5,036)	(4,972)	-1.3%	(10,072)	(9,946)	-1.3%
Property management fees ^(b)	(2,367)	(2,443)	3.1%	(4,717)	(4,664)	-1.1%
Property tax ^(c)	(5,879)	(6,116)	3.9%	(11,020)	(11,986)	8.1%
Other property expenses ^(d)	(12,983)	(10,996)	-18.1%	(24,827)	(21,041)	-18.0%
Property expenses	(26,265)	(24,527)	-7.1%	(50,636)	(47,637)	-6.3%
Net property income	52,673	56,919	-7.5%	106,645	108,272	-1.5%
Other income ^(e)	-	3,103	-100.0%	-	6,011	-100.0%
Share of profit of joint ventures ^(f)	16,534	14,741	12.2%	32,528	29,643	9.7%
Finance income ^(g)	12,592	10,003	25.9%	26,722	19,016	40.5%
Finance expenses ^(g)	(21,693)	(25,304)	14.3%	(56,321)	(47,354)	-18.9%
Amortisation of intangible asset ^(h)	-	(2,310)	100.0%	-	(4,474)	100.0%
Asset management fees - base fee	(7,632)	(7,496)	-1.8%	(15,281)	(14,859)	-2.8%
Asset management fees - performance fee ⁽ⁱ⁾	(3,681)	(3,733)	1.4%	(7,496)	(7,253)	-3.4%
Trust expenses	(901)	(949)	5.1%	(1,752)	(1,880)	6.8%
Net income	47,892	44,974	6.5%	85,045	87,122	-2.4%
Net change in fair value of financial derivatives ^(j)	(1,691)	3,632	-146.6%	(3,837)	11,701	-132.8%
Total return before tax	46,201	48,606	-4.9%	81,208	98,823	-17.8%
Income tax expense ^(k)	(1,406)	(1,626)	13.5%	(2,689)	(3,138)	14.3%
Total return for the period after tax	44,795	46,980	-4.7%	78,519	95,685	-17.9%
Attributable to:						
Unitholders	43,389	44,280	-2.0%	75,808	91,357	-17.0%
Non-controlling interests	1,406	2,700	-47.9%	2,711	4,328	-37.4%
Total return for the period	44,795	46,980	-4.7%	78,519	95,685	-17.9%

Statement of distribution	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period attributable to Unitholders before distribution	43,389	44,280	-2.0%	75,808	91,357	-17.0%
Non-tax chargeable items ^(l)	(11,807)	(7,026)	-68.0%	(10,647)	(17,762)	40.1%
Taxable income	31,582	37,254	-15.2%	65,161	73,595	-11.5%
Dividend income ^(m)	23,743	19,601	21.1%	46,167	39,257	17.6%
Income available for distribution to Unitholders	55,325	56,855	-2.7%	111,328	112,852	-1.4%
Unitholders' distribution:						
- from operations	55,325	56,855	-2.7%	111,328	112,852	-1.4%
- from capital ⁽ⁿ⁾	8,000	6,000	33.3%	12,000	6,000	100.0%
Distributable amount to Unitholders	63,325	62,855	0.7%	123,328	118,852	3.8%

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Footnotes:

- (a) Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces. The decrease in Gross revenue for the current quarter was due to the divestment of Park Mall in December 2015, whilst the increase in Gross revenue for half year ended 30 June 2016 was due to the opening of Suntec City mall (Phase 3) upon the completion of the asset enhancement works partially offset by loss of revenue due to the divestment of Park Mall in December 2015. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Property management fees for the current quarter was lower due to the divestment of Park Mall in December 2015 whilst higher property management fees for the half year ended 30 June 2016 compared to the corresponding period was mainly due to the higher revenue.
- (c) Property tax for the current quarter and half year ended 30 June 2016 was lower compared to the corresponding periods mainly due to the divestment of Park Mall and the reversal of an overprovision of FY2015 property tax for Suntec Singapore in the first quarter 2016.
- (d) Other property expenses for the current quarter and half year ended 30 June 2016 was higher compared to the corresponding periods mainly due to higher operating expenses for Suntec Singapore.
- (e) Included in the Other income are the following:

	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income support in relation to MBFC Properties ⁽¹⁾	-	3,103	-100.0%	-	6,011	-100.0%
Other Income	-	3,103	-100.0%	-	6,011	-100.0%

(1) Relates to income support received from Choicewide Group Limited. The income support ended in 4QFY15 in accordance with the Deed of Income Support.

- (f) This relates to the Group's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), one-third interest in BFC Development LLP ("BFCD LLP") and 30.0% interest in Park Mall Pte. Ltd.
- (g) Included in the net financing costs are the following:

	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
Interest income						
- fixed deposits and current account	67	364	-81.6%	403	560	-28.0%
- loans to joint ventures	6,269	6,641	-5.6%	13,847	12,709	9.0%
- progress payments ⁽¹⁾	5,826	2,826	106.2%	10,937	5,523	98.0%
- interest rate swaps ⁽²⁾	430	172	150.0%	1,535	224	585.3%
	12,592	10,003	25.9%	26,722	19,016	40.5%
Finance expenses:						
Interest expense						
- bank loans, notes and convertible bonds ⁽³⁾	(19,454)	(17,057)	-14.1%	(40,960)	(32,262)	-27.0%
- interest rate swaps	(712)	(1,075)	33.8%	(1,134)	(1,437)	21.1%
Amortisation and transaction costs ⁽⁴⁾	(1,330)	(2,437)	45.4%	(13,977)	(4,856)	-187.8%
Net foreign currency exchange differences	(197)	(4,735)	95.8%	(250)	(8,799)	97.2%
	(21,693)	(25,304)	14.3%	(56,321)	(47,354)	-18.9%
Net financing costs	(9,101)	(15,301)	40.5%	(29,599)	(28,338)	-4.4%

(1) Relates to coupon earned on progress payments made in relation to 177 Pacific Highway in North Sydney Australia which is currently under development.

(2) Interest rate swaps income increased year-on-year due to higher swap offer rate.

(3) Interest expense on bank loans, notes and convertible bonds were higher year-on-year due to additional borrowings and higher swap offer rate.

(4) Amortisation and transaction costs for the half year ended 30 June 2016 were higher compared to the corresponding period due to one-time write-off of unamortised transaction costs in relation to the redemption of convertible bonds.

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- (h) This relates to the amortisation of the intangible asset relating to the income support received by Suntec REIT (please refer to note (e) above).
- (i) The asset management fees – performance fees for half year ended 30 June 2016 were higher compared to the corresponding period due to higher net property income (“NPI”) achieved as a result of completion of Phase 3 of the asset enhancement works in Suntec City mall and from Suntec Singapore.
- (j) This relates to the net gain/(loss) arising from fair value remeasurement of the foreign currency forward contracts, interest rate swaps and convertible bonds. These have no impact on distributable income.
- (k) This relates to income tax on operating profits and non-tax transparent income received. The income tax was lower year-on-year for the current quarter and half year ended 30 June 2016 due to the cessation of income support.
- (l) Included in the non-tax deductible/(chargeable) items are the following:

Non-tax deductible/(chargeable) items	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible asset	-	2,310	-100.0%	-	4,474	-100.0%
Amortisation of transaction costs	1,212	2,318	-47.7%	13,740	4,620	197.4%
Asset management fees paid/payable in units	8,373	8,314	0.7%	16,870	16,359	3.1%
Net change in fair value of financial derivatives	1,691	(3,632)	-146.6%	3,836	(11,701)	-132.8%
Net foreign currency exchange differences	157	4,744	-96.7%	289	8,789	-96.7%
Temporary differences and other adjustments ⁽¹⁾	871	431	102.1%	1,543	1,044	47.8%
Net profit from subsidiaries and/or joint ventures	(24,111)	(21,511)	12.1%	(46,925)	(41,347)	13.5%
Total	(11,807)	(7,026)	68.0%	(10,647)	(17,762)	-40.1%

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

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

	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Wholly-owned subsidiaries:						
Comina Investment Limited ⁽¹⁾	6,664	6,552	1.7%	13,010	12,943	0.5%
Suntec Harmony Pte. Ltd. ⁽²⁾	3,040	2,280	33.3%	6,080	4,560	33.3%
Suntec REIT Capital Pte. Ltd.	3,100	1,600	93.8%	5,900	3,100	90.3%
Suntec REIT (Australia) Trust ⁽³⁾	2,178	980	122.2%	4,077	1,898	114.8%
	14,982	11,412	31.3%	29,067	22,501	29.2%
Joint venture:						
BFC Development LLP ⁽⁴⁾	8,761	8,189	7.0%	17,100	16,756	2.1%
	23,743	19,601	21.1%	46,167	39,257	17.6%

- (1) Comina Investment Limited (“CIL”) has a one-third interest in ORQ.
- (2) Suntec Harmony Pte. Ltd. (“SHPL”) has a 60.8% effective interest in Suntec Singapore.
- (3) Suntec REIT (Australia) Trust (“SRAust”) has a 100% effective interest in 177 Pacific Highway.
- (4) BFC Development LLP has a one-third interest in MBFC Properties.

- (n) This relates to a portion of the sales proceed from the disposal of Park Mall in December 2015 (2015: CHIJMES in January 2012) and is classified as capital distribution from a tax perspective.

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1 (b)(i) Statements of Financial Position as at 30 June 2016

	Group		Trust	
	30/6/16	31/12/15	30/6/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	2,385	2,706	385	403
Investment properties	5,797,239	5,799,901	5,000,117	5,000,000
Interest in joint ventures ^(a)	2,449,283	2,456,648	1,459,496	1,467,060
Investments in subsidiaries ^(b)	-	-	1,063,091	982,650
Trade and other receivables ^(c)	315,651	237,629	-	-
Derivative assets ^(d)	-	6,955	-	5,063
Total non-current assets	8,564,558	8,503,839	7,523,089	7,455,176
Current assets				
Derivative assets ^(d)	470	3,040	470	3,040
Trade and other receivables ^(e)	28,086	12,832	26,079	5,536
Cash and cash equivalents	130,147	445,267	74,059	393,579
Total current assets	158,703	461,139	100,608	402,155
Total assets	8,723,261	8,964,978	7,623,697	7,857,331
Current liabilities				
Interest-bearing borrowings ^(f)	149,983	638,043	149,983	638,043
Trade and other payables	109,487	107,708	67,607	65,452
Derivative liabilities ^(d)	37	-	37	-
Current portion of security deposits	23,180	20,398	16,810	16,136
Provision for taxation	625	1,295	625	1,295
Total current liabilities	283,312	767,444	235,062	720,926
Non-current liabilities				
Interest-bearing borrowings ^(f)	2,880,831	2,574,669	2,516,436	2,210,511
Derivative liabilities ^(d)	6,209	7,895	4,176	7,895
Non-current portion of security deposits	45,813	48,686	45,813	46,922
Deferred tax liabilities	5,187	3,627	-	-
Total non-current liabilities	2,938,040	2,634,877	2,566,425	2,265,328
Total liabilities	3,221,352	3,402,321	2,801,487	2,986,254
Net assets	5,501,909	5,562,657	4,822,210	4,871,077
Represented by:				
Unitholders' funds ^(g)	5,386,004	5,444,005	4,822,210	4,871,077
Non-controlling interests	115,905	118,652	-	-
Total Equity	5,501,909	5,562,657	4,822,210	4,871,077

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Footnotes:

- (a) In respect of the Group's joint ventures, this relates to the one-third interest in ORQPL, one-third interest in BFCD LLP and 30.0% interest in Park Mall Investment Limited ("PMIL"). In respect of the Trust's joint ventures, this relates to the one-third interest in ORQPL and one-third interest in BFCD LLP.
- (b) This relates to CIL, SHPL, Suntec REIT MTN Pte. Ltd. ("SRMTN"), Suntec REIT Capital Pte. Ltd., SRAust and Suntec (PM) Pte. Ltd., which are wholly-owned subsidiaries of Suntec REIT. The increase in investment in subsidiaries is mainly due to advances extended to fund the progress payments in relation to 177 Pacific Highway in North Sydney Australia currently under development.
- (c) This relates to progress payments made in relation to 177 Pacific Highway in North Sydney Australia which is currently under development. The progress payments, which yield a coupon of 6.32% per annum, will be reclassified to investment properties upon completion. The increase is due to progress payments made during the period.
- (d) This relates to the foreign currency forward contracts and interest rate swaps at fair value through statement of total return.
- (e) The increase for both the Group and the Trust were mainly due to dividend receivable from joint ventures.
- (f) The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings relates to S\$150 million notes due in 2016. The notes will be refinanced in due course via drawdown of a term loan facility entered into in May 2016.
- (g) Please refer to statement of movements in unitholders' funds item 1(d)(i) for details.

1 (b)(ii) Aggregate amount of borrowings and debt securities

	Group		Trust	
	30/6/16	31/12/15	30/6/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Secured ^(a)	-	99,746	-	99,746
- Unsecured ^(b)				
(i) financial institutions	-	119,936	-	119,936
(ii) notes & convertible bonds	149,983	418,361	149,983	418,361
	149,983	638,043	149,983	638,043
Amount repayable after one year				
- Secured ^(a)	364,395	364,158	-	-
- Unsecured ^(b)				
(i) financial institutions	2,103,157	1,797,489	2,103,157	1,797,489
(ii) notes & convertible bonds	413,279	413,022	-	-
(iii) subsidiary	-	-	413,279	413,022
	2,880,831	2,574,669	2,516,436	2,210,511
	3,030,814	3,212,712	2,666,419	2,848,554

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Details of borrowings and collaterals

- (a) *The Group has in place secured facilities of S\$366.0 million term loan facility for a term of five years. As at 30 June 2016, the Group has drawn down S\$366.0 million facility.*

The facilities are secured on the following:

- *A first legal mortgage on Suntec Singapore (the "Property");*
- *A first fixed charge over the central rental collection account in relation to the Property;*
- *An assignment of the subsidiary's rights, title and interest in the tenancy documents and the proceeds in connection with the Property;*
- *An assignment of the subsidiary's rights, title and interest in the insurance policies in relation to the Property; and*
- *A fixed and floating charge over the assets of the Property in relation to the Property, agreements, collateral, as required by the financial institution granting the facility.*
- *An assignment of any interest rate swaps facility, which may be entered into by the subsidiary in relation to the term loan facility.*

- (b) *As at 30 June 2016, the Group has unsecured interest-bearing borrowings comprising S\$2,109.8 million from various institutional banks, S\$150.0 million from Suntec REIT's medium term note and S\$415.0 million euro medium term notes issued by SRMTN and on-lent to the Trust.*

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1 (c) Statements of Cash Flow

	Group			
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	1/1/16 to 30/6/16	1/1/15 to 30/6/15
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Net income	47,892	44,974	85,045	87,122
Adjustments for:				
Depreciation of plant and equipment	269	225	533	438
Loss on disposal of plant and equipment	-	-	11	8
Asset management fees paid/payable in units	8,373	8,314	16,870	16,359
Net financing costs ^(a)	9,101	15,301	29,599	28,338
Amortisation of intangible asset	-	2,310	-	4,474
Allowance for doubtful receivables	155	360	95	500
Share of profit of joint ventures	(16,534)	(14,741)	(32,528)	(29,643)
Operating income before working capital changes	49,256	56,743	99,625	107,596
Changes in working capital				
Inventories	-	-	-	6
Trade and other receivables	2,138	(682)	(112)	(1,228)
Trade and other payables	435	(656)	(2,344)	2,090
Cash flows generated from operations	51,829	55,405	97,169	108,464
Income tax paid	(670)	(876)	(670)	(876)
Net cash flow from operating activities	51,159	54,529	96,499	107,588
Investing activities				
Interest received	12,162	9,871	25,187	18,784
Dividend received from joint ventures	14,685	14,958	14,685	14,958
Change in investment in joint ventures	-	-	7,564	-
Deposit received on investment property held for sale	-	20,590	-	20,590
Capital expenditure on investment properties	(512)	(11,231)	(2,036)	(33,609)
Purchase of plant and equipment	(113)	(263)	(223)	(358)
Progress payments on construction	(28,642)	(15,677)	(84,885)	(23,648)
Advance to a joint venture	-	(6,177)	-	(6,177)
Loan repayment from a joint venture	-	-	-	7,000
Net cash flow (used in)/from investing activities	(2,420)	12,071	(39,708)	(2,460)
Financing activities				
Proceeds from interest-bearing loans	100,000	62,130	305,525	93,310
Financing costs paid	(20,092)	(14,484)	(43,718)	(32,997)
Repayment of convertible bonds	(5,000)	-	(280,000)	-
Repayment of interest-bearing loans	(100,000)	-	(220,000)	(15,000)
Dividend paid to non-controlling interest	(1,960)	(1,470)	(3,920)	(2,940)
Distributions to unitholders	(59,990)	(55,991)	(129,480)	(120,583)
Net cash flow used in financing activities	(87,042)	(9,815)	(371,593)	(78,210)
Net (decrease)/increase in cash and cash equivalents	(38,303)	56,785	(314,802)	26,918
Cash and cash equivalents at beginning of the period	168,669	114,926	445,267	149,536
Effect on exchange rate fluctuations on cash held	(219)	(3,305)	(318)	(8,048)
Cash and cash equivalents at end of the period	130,147	168,406	130,147	168,406

Footnote:

(a) Please refer to footnote (g) under note 1(a)(i) Statement of Total Return and Statement of Distribution for the quarter and half year ended 30 June 2016 on page 4.

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

	Group			
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	1/1/16 to 30/6/16	1/1/15 to 30/6/15
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	5,409,905	5,290,984	5,444,005	5,305,398
Operations				
Total return for the period attributable to unitholders	43,389	44,280	75,808	91,357
Net increase in net assets resulting from operations	43,389	44,280	75,808	91,357
Effective portion of changes in fair value of cash flow hedges ^(a)	(739)	(342)	(4,607)	574
Translation differences from financial statements of foreign entities	(11,990)	(1,324)	(10,596)	(7,184)
Net loss recognised directly in Unitholder's fund	(12,729)	(1,666)	(15,203)	(6,610)
Unitholders' transactions				
Creation of units				
- asset management fee paid in units ^(b)	-	-	5,445	8,045
Units to be issued				
- asset management fee payable in units ^(b)	5,429	8,314	5,429	8,314
Distributions paid/payable to unitholders	(59,990)	(55,991)	(129,480)	(120,583)
Net decrease in net assets resulting from unitholders' transactions	(54,561)	(47,677)	(118,606)	(104,224)
Unitholders' funds as at end of period	5,386,004	5,285,921	5,386,004	5,285,921

	Trust			
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	1/1/16 to 30/6/16	1/1/15 to 30/6/15
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	4,839,897	4,830,959	4,871,077	4,844,142
Operations				
Total return for the period attributable to unitholders	36,874	41,570	69,739	84,934
Net increase in net assets resulting from operations	36,874	41,570	69,739	84,934
Unitholders' transactions				
Creation of units				
- asset management fee paid in units ^(b)	-	-	5,445	8,045
Units to be issued				
- asset management fee payable in units ^(b)	5,429	8,314	5,429	8,314
Distributions paid/payable to unitholders	(59,990)	(55,991)	(129,480)	(120,583)
Net decrease in net assets resulting from unitholders' transactions	(54,561)	(47,677)	(118,606)	(104,224)
Unitholders' funds as at end of period	4,822,210	4,824,852	4,822,210	4,824,852

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Footnotes:

- (a) *This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by a subsidiary and a joint venture.*
- (b) *This represents the value of units issued and to be issued to the Manager as partial satisfaction of the asset management fee incurred for the quarter. The asset management base fee units for the quarter ended 30 June 2016 are to be issued within 30 days from quarter end.*

1 (d)(ii) Details of any changes in the units since the end of the previous period reported on

	Group and Trust			
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	1/1/16 to 30/6/16	1/1/15 to 30/6/15
	Units	Units	Units	Units
Issued units at the beginning of the period	2,526,912,798	2,506,484,326	2,521,238,831	2,502,245,610
Creation of units:				
- as payment for asset management fee	3,223,144	4,303,441	8,897,111	8,542,157
Issued units at the end of the period	2,530,135,942	2,510,787,767	2,530,135,942	2,510,787,767
Units to be issued:				
- asset management fee payable in units ^(a)	3,205,418	4,795,767	3,205,418	4,795,767
Issuable units at the end of the period	3,205,418	4,795,767	3,205,418	4,795,767
Total issued and issuable units	2,533,341,360	2,515,583,534	2,533,341,360	2,515,583,534

Footnotes:

- (a) *These are units to be issued to the Manager as partial satisfaction of asset management base fee incurred for the quarter ended 30 June 2016.*

Convertible Bonds – Group & Trust

As at 30 June 2015, Suntec REIT had S\$280.0 million principal amount of Convertible Bonds due in 2018 (the "Bonds"). The Bonds were convertible by holders into units of Suntec REIT at any time on or after 28 April 2013 at a conversion price of S\$2.111 per unit. Assuming that the Bonds were fully converted based on the conversion price, the number of new units to be issued would have been 132,638,559, representing 5.3% the total number of units of Suntec REIT in issue. The Bonds have been fully redeemed as at 30 June 2016.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures for the quarter and half year ended 30 June 2016 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and methods of computation as in the audited financial statements for the year ended 31 December 2015.

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5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There is no change in the accounting policies and methods of computation adopted.

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

Earnings per unit

	Group			
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	1/1/16 to 30/6/16	1/1/15 to 30/6/15
Weighted average number of issued units ^(a)	2,530,171,166	2,510,840,468	2,528,559,692	2,508,698,206
Earnings per unit for the period based on the weighted average number of units in issue (cents)	1.715	1.764	2.998	3.642
Weighted average number of units on a fully diluted basis	2,536,882,073	2,643,479,027	2,536,882,073	2,641,336,765
Earnings per unit for the period based on a fully diluted basis (cents) ^(b)	1.710	1.580	2.988	3.310

Footnotes:

- (a) For the purpose of calculating the basic EPU, the weighted average number of units issued/issuable took into account the asset management fees – base fees paid/payable in units. (2015: asset management fees – base and performance fees paid/payable in units.)
- (b) For the purpose of calculating the diluted EPU, the weighted average number of units in issue is adjusted to take into account the asset management fees - performance fees payable in units. (2015: asset management fees – performance fees paid/payable in units and the dilutive effect arising from full conversion of convertible bonds to units.)

Distribution per Unit

In computing the DPU, the number of units as at the end of each period is used for the computation. The DPU for the Group and Trust are the same.

	Group			
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	1/1/16 to 30/6/16	1/1/15 to 30/6/15
Number of issued and issuable units at end of period entitled to distribution ^(a)	2,533,341,360	2,515,583,534	2,533,341,360	2,515,583,534
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	2.501 ⁽¹⁾	2.500 ⁽¹⁾	4.872 ⁽²⁾	4.730 ⁽²⁾

- (1) The distribution per unit for the quarter ended 30 June 2016 of **2.501** cents per unit (30 June 2015: **2.500** cents per unit) comprised a taxable income component of **1.757** cents per unit (30 June 2015: **2.014** cents per unit), a tax exempt income component of **0.428** cents per unit (30 June 2015: **0.247** cents per unit) and a capital distribution of **0.316** cents per unit (30 June 2015: **0.239** cents per unit).
- (2) The distribution per unit for the half year ended 30 June 2016 of **4.872** cents per unit (30 June 2015: **4.730** cents per unit) comprised a taxable income component of **3.837** cents per unit (30 June 2015: **3.977** cents per unit), a tax exempt income component of **0.561** cents per unit (30 June 2015: **0.514** cents per unit) and a capital distribution of **0.474** cents per unit (30 June 2015: **0.239** cents per unit).

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Footnotes:

(a) The computation of actual DPU for the period from 1 April 2016 to 30 June 2016 is based on the number of units entitled to the distribution:

- (i) The number of units in issue as at 30 June 2016 of 2,530,135,942; and
- (ii) The units issuable to the Manager by 30 July 2016 as partial satisfaction of asset management base fees incurred for the period from 1 April 2016 to 30 June 2016 of 3,205,418.

7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 30 June 2016

	Group		Trust	
	30/6/16 ^(a)	31/12/15	30/6/16 ^(a)	31/12/15
NAV / NTA per unit (S\$)	2.126	2.154	1.903	1.928

Footnotes:

(a) The number of units used for computation of actual NAV per unit is 2,533,341,360. This comprised:

- (i) The number of units in issue as at 30 June 2016 of 2,530,135,942; and
- (ii) The units issuable to the Manager by 30 July 2016 as partial satisfaction of asset management base fees incurred for the period from 1 April 2016 to 30 June 2016 of 3,205,418.

8. Review of the performance for the First Half and Second Quarter ended 30 June 2016

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

Properties	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue:						
Suntec City	58,265	53,637	8.6%	117,394	104,462	12.4%
Park Mall ^(a)	33	5,973	-99.4%	49	12,076	-99.6%
	58,298	59,610	-2.2%	117,443	116,538	0.8%
Suntec Singapore	20,640	21,836	-5.5%	39,838	39,371	1.2%
Total gross revenue	78,938	81,446	-3.1%	157,281	155,909	0.9%
Net Property Income:						
Suntec City	44,773	41,427	8.1%	90,988	80,572	12.9%
Park Mall ^(a)	73	4,345	-98.3%	234	8,984	-97.4%
	44,846	45,772	-2.0%	91,222	89,556	1.9%
Suntec Singapore	7,827	11,147	-29.8%	15,423	18,716	-17.6%
Total net property income	52,673	56,919	-7.5%	106,645	108,272	-1.5%

Footnote:

(a) Contribution from Park Mall relates to reconciliation adjustments subsequent to the divestment on 22 December 2015.

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8(ii) Income contribution from joint ventures

	Group					
	1/4/16 to 30/6/16	1/4/15 to 30/6/15	Change	1/1/16 to 30/6/16	1/1/15 to 30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Joint ventures:						
One-third interest in ORQ:						
- Interest income	483	513	-5.8%	1,064	983	8.2%
- Dividend income	6,664	6,552	1.7%	13,010	12,943	0.5%
	7,147	7,065	1.2%	14,074	13,926	1.1%
One-third interest in MBFC Properties:						
- Income support	-	3,103	-100.0%	-	6,011	-100.0%
- Interest income	5,786	6,128	-5.6%	12,783	11,726	9.0%
- Distribution income	8,761	8,189	7.0%	17,100	16,756	2.1%
	14,547	17,420	-16.5%	29,883	34,493	-13.4%
Total income contribution	21,694	24,485	-11.4%	43,957	48,419	-9.2%

Review of performance 2Q FY16 vs 2Q FY15

Gross revenue for 2Q FY16 was S\$78.9 million, a decrease of S\$2.5 million or 3.1% lower year-on-year. The decrease was due to the divestment of Park Mall which was mitigated by the increase in revenue from the opening of Suntec City mall (Phase 3) following the completion of the asset enhancement works.

Gross office revenue for the quarter was S\$32.5 million, which was S\$2.0 million or 5.9% lower than 2Q FY15. This was mainly due to the divestment of Park Mall and partially offset by positive contribution from Suntec City Office.

Gross retail revenue for the quarter was S\$25.8 million, which was S\$0.7 million or 2.9% higher than in 2Q FY15. This was mainly due to the opening of Suntec City mall (Phase 3) and partially offset by the divestment of Park Mall.

Suntec Singapore's revenue contribution for the quarter was S\$20.6 million, comprising S\$14.8 million from convention and S\$5.8 million from retail. The S\$1.2 million or 5.5% decrease year-on-year was mainly due to lower convention revenue.

Property expenses incurred for the quarter was S\$26.3 million, which was S\$1.7 million or 7.1% higher than the corresponding period last year. This was mainly due to higher property expenses for Suntec Singapore.

Net property income of S\$52.7 million for the quarter was S\$4.2 million or 7.5% lower year-on-year. This was mainly due to the divestment of Park Mall.

The income contribution from ORQ and MBFC Properties for the quarter of S\$21.7 million was S\$2.8 million or 11.4% lower year-on-year, mainly due to the end of the income support for MBFC Properties in 4Q FY15.

Net financing costs for the quarter was S\$9.1 million, a decrease of S\$6.2 million or 40.5% lower year-on-year. This was mainly due to higher interest income and lower net foreign currency exchange differences.

The all-in financing cost for Suntec REIT averaged 2.77% for the quarter, and the consolidated gearing ratio stood at 34.7% as at 30 June 2016.

Total distributable income for the quarter of S\$63.3 million was S\$0.4 million or 0.7% higher year-on-year. The distribution per unit ("DPU") for the quarter was 2.501 cents per unit, in line with 2Q

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FY15 DPU of 2.500 cents per unit. This includes a capital distribution of S\$8.0 million or 0.316 cents per unit.

For the office portfolio, Suntec City Office committed occupancy improved to 98.1% as at 30 June 2016. ORQ committed occupancy stood at 99.6% while MBFC Properties achieved 100% committed occupancy as at 30 June 2016.

For the retail portfolio, the committed occupancy for the entire Suntec City was 97.5% as at 30 June 2016. The committed occupancy for ORQ and Marina Bay Link Mall were 100% and 99.5% respectively as at 30 June 2016.

The overall committed occupancy for the office and retail portfolio stood at 98.9% and 97.7% respectively as at 30 June 2016.

Review of performance 1H FY16 vs 1H FY15

Gross revenue for 1H FY16 was S\$157.3 million, an increase of S\$1.4 million or 0.9% higher over 1H FY15 which was mainly due to the opening of Suntec City mall (Phase 3) and partially offset by the divestment of Park Mall.

Gross office revenue for 1H FY16 was S\$65.8 million, which was S\$2.5 million or 3.7% lower than in 1H FY15. This was mainly due to the divestment of Park Mall mitigated by positive contribution from Suntec City Office.

Gross retail revenue for 1H FY16 was S\$51.7 million, which was S\$3.4 million or 7.1% higher than in 1H FY15. The increase was due to the completion of Phase 3 of the asset enhancement works in Suntec City mall and partially offset by the divestment of Park Mall.

Suntec Singapore's revenue for 1H FY16 was S\$39.8 million, an increase of \$0.5 million or 1.2% higher year-on-year, comprising S\$27.8 million from convention and S\$12.0 million from retail.

Property expenses incurred for the period was S\$50.6 million, which was S\$3.0 million or 6.3% higher than the corresponding period last year due mainly to higher property expenses for Suntec Singapore.

Notwithstanding the divestment of Park Mall, the net property income for 1H FY16 was S\$106.6 million, a decrease of S\$1.6 million or 1.5% year-on-year.

The income contribution from ORQ and MBFC Properties for 1H FY16 of S\$44.0 million was S\$4.5 million or 9.2% lower year-on-year. This was due mainly to the end of the income support for MBFC Properties in 4Q FY15.

Net financing costs for the period was S\$29.6 million, an increase of S\$1.3 million or 4.4% higher year-on-year. This was mainly due to the one-time write-off of unamortised transaction costs relating to the convertible bonds. Excluding the write-off, net financing costs would be S\$19.5 million, S\$8.8 million or 31.2% lower year-on-year due mainly to lower net foreign currency exchange differences.

The all-in financing cost for Suntec REIT, excluding the one-time write-off of unamortised transaction costs averaged 2.85% for 1H FY16.

Total distributable income for 1H FY16 was S\$123.3 million, S\$4.5 million or 3.8% higher year-on-year. The DPU for 1H FY16 was 4.872 cents per unit, which was 3.0% higher year-on-year. This includes a capital distribution of S\$12.0 million or 0.474 cents per unit.

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9. Variance between the forecast and actual results

The current results are broadly in line with the Trust's commentary made in the FY2015 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Singapore economy improved in the second quarter of 2016. Based on the report released by the Ministry of Trade and Industry on 14 July 2016, the Singapore economy grew by 2.2% on a year-on-year basis.

The Singapore office market remained sluggish in the second quarter of 2016. Demand continued to be weak amidst an uncertain global economic outlook with leasing activity primarily from tenants seeking a flight to quality to upcoming projects which are slated to complete in the next six months. For the quarter, the overall CBD rents declined by 2.9% to S\$8.80 psf/mth while the overall CBD occupancy improved marginally from 95.0% to 95.2%.¹

The Singapore retail sector continued to face challenges in the second quarter of 2016. In light of the decline in consumer spending, manpower constraints, high operating costs and competition from E-commerce, retailers are focused on rechanneling funds and manpower towards profitable outlets whilst consolidating loss-making and unprofitable outlets in Singapore.¹

The overall committed occupancy for Suntec City mall as at 30 June 2016 was 97.5%. As the asset enhancement works for Suntec City are completed, the Manager expects the retail contribution from Suntec City to remain stable.

Looking ahead, with Suntec REIT's strong office portfolio occupancy of 98.9% and the leases due to expire in 2016 reduced to only 1.8%, the Manager expects the performance of the office portfolio to remain stable.

¹ JLL, Office and Retail Market Reports 2Q 2016.

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11. Distributions

(a) Current financial period

Any distribution declared for the current period? Yes

Name of distribution Distribution for the period from 1 April 2016 to 30 June 2016

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	1.757
Tax-exempt income	0.428
Capital distribution	0.316
Total	2.501

Distribution Type

i) Taxable income
ii) Tax-exempt income
iii) Capital distribution

Par value of units Not meaningful

Tax Rate

Taxable income
These distributions are made out of Suntec REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income
Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution
Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remark Nil

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(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year?

Yes

Name of distribution

Distribution for the period from 1 April 2015 to 30 June 2015

Distribution Rate

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	2.014
Tax-exempt income	0.247
Capital distribution	0.239
Total	2.500

Distribution Type

- i) Taxable income
- ii) Tax-exempt income
- iii) Capital distribution

Par value of units

Not meaningful

Tax Rate

Taxable income

These distributions are made out of Suntec REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution

Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remark

Nil

(c) Date paid/payable:

25 August 2016

(d) Books Closure Date:

29 July 2016

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12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. Aggregate value of Interested Person Transactions under Rule 920(1)(a)(ii)

Suntec REIT does not have in place a general mandate for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Suntec REIT (the "Manager") which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 30 June 2016, statement of total return & distribution statement, cash flow statement and statement of changes in unitholders' funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

On behalf of the Board of the Manager
ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Lim Hwee Chiang, John
Director

Yeo See Kiat
Director and Chief Executive Officer

15. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Board of Directors of ARA Trust Management (Suntec) Limited (as Manager for Suntec REIT) hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

16. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Suntec REIT for the quarter ended 30 June 2016:

- a. Suntec REIT will declare a distribution which is classified as capital distribution from a tax perspective, being derived from a portion of the sales proceeds from the sale of Park Mall in December 2015, in addition to the income available for distribution for the quarter ended 30 June 2016,
- b. The Manager is satisfied on reasonable grounds that, immediately after making the distributions, Suntec REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of Suntec REIT for the quarter ended 30 June 2016 and is verified by our external tax consultant.

Suntec REIT's current distribution policy is to distribute at least 90.0% of its taxable income to Unitholders.

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

The value of units in Suntec REIT ("**Units**") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Suntec) Limited (as the manager of Suntec REIT) (the "**Manager**") or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.

BY ORDER OF THE BOARD
ARA TRUST MANAGEMENT (SUNTEC) LIMITED
AS MANAGER OF SUNTEC REAL ESTATE INVESTMENT TRUST
(Company registration no. 200410976R)

Yeo See Kiat
Director
21 July 2016