



Suntec Real Estate Investment Trust 2018 Financial Year 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 owns Suntec City Mall which comprises 813,753 sq ft of net lettable area 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 and 141,959 sq ft of net lettable area of Suntec City Mall ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ") and a one-third interest in Marina Bay Financial Centre Towers 1 and 2, and the Marina Bay Link Mall (collectively known as "MBFC Properties") and a 30.0 per cent interest in 9 Penang Road (formerly known as Park Mall). Suntec REIT also holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, Sydney, Australia, a 50.0 per cent interest in Southgate Complex and a 50.0 per cent interest in a commercial building to be developed located at Olderfleet, 477 Collins Street, Melbourne, Australia.

The financial information for the period from 1 January 2018 to 31 December 2018 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**Financial Statements Announcement
For Fourth Quarter and Financial Year ended 31 December 2018**

SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS

| | Group | | | | | |
|---|------------------------|------------------------|--------------|-----------------------|-----------------------|--------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Gross revenue | 93,453 | 87,323 | 7.0% | 363,504 | 354,196 | 2.6% |
| Net property income | 60,726 | 59,355 | 2.3% | 240,977 | 244,457 | -1.4% |
| Income contribution from joint ventures | 22,717 | 21,316 | 6.6% | 91,213 | 89,679 | 1.7% |
| Distributable income | 69,459 | 69,280 | 0.3% | 266,811 | 263,017 | 1.4% |
| - from operations | 56,959 | 59,280 | -3.9% | 227,811 | 234,017 | -2.7% |
| - from capital ^(a) | 12,500 | 10,000 | 25.0% | 39,000 | 29,000 | 34.5% |
| Distribution per unit (cents) ^(b) | 2.590 | 2.604 | -0.5% | 9.988 | 10.005 | -0.2% |
| - from operations | 2.124 | 2.228 | -4.7% | 8.529 | 8.907 | -4.2% |
| - from capital ^(a) | 0.466 | 0.376 | 23.9% | 1.459 | 1.098 | 32.9% |

Footnote:

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

(b) Please refer to Page 14 for the distribution per unit computation.

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1 (a)(i) Statements of Total Return and Statement of Distribution for the Fourth Quarter and Financial Year ended 31 December 2018

| <u>Statement of total return</u> | Group | | | | | |
|--|------------------------|------------------------|---------------|-----------------------|-----------------------|---------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Gross revenue ^(a) | 93,453 | 87,323 | 7.0% | 363,504 | 354,196 | 2.6% |
| Maintenance charges ^(b) | (9,851) | (5,036) | -95.6% | (31,378) | (20,144) | -55.8% |
| Property management fees | (2,539) | (2,402) | -5.7% | (9,908) | (9,610) | -3.1% |
| Property tax ^(c) | (5,126) | (6,501) | 21.2% | (22,801) | (24,361) | 6.4% |
| Other property expenses ^(d) | (15,211) | (14,029) | -8.4% | (58,440) | (55,624) | -5.1% |
| Property expenses | (32,727) | (27,968) | -17.0% | (122,527) | (109,739) | -11.7% |
| Net property income | 60,726 | 59,355 | 2.3% | 240,977 | 244,457 | -1.4% |
| Share of profit of joint ventures ^(e) | 44,338 | 25,023 | 77.2% | 108,488 | 80,340 | 35.0% |
| Finance income ^(f) | 6,781 | 6,165 | 10.0% | 24,929 | 21,084 | 18.2% |
| Finance expenses ^(f) | (28,188) | (21,955) | -28.4% | (97,118) | (96,692) | -0.4% |
| Asset management fees - base fee | (8,397) | (8,157) | -2.9% | (32,826) | (32,117) | -2.2% |
| Asset management fees - performance fee | (3,772) | (3,630) | -3.9% | (14,978) | (15,198) | 1.4% |
| Trust expenses ^(g) | (1,010) | (727) | -38.9% | (3,879) | (3,688) | -5.2% |
| Net income | 70,478 | 56,074 | 25.7% | 225,593 | 198,186 | 13.8% |
| Net change in fair value of financial derivatives ^(h) | (2,331) | (5,580) | 58.2% | 5,328 | (5,506) | 196.8% |
| Net surplus from revaluation of investment properties | 100,215 | 54,624 | 83.5% | 100,215 | 54,624 | 83.5% |
| Total return before tax | 168,362 | 105,118 | 60.2% | 331,136 | 247,304 | 33.9% |
| Income tax expense ⁽ⁱ⁾ | (7,829) | (11,769) | 33.5% | (12,973) | (18,290) | 29.1% |
| Total return for the period after tax | 160,533 | 93,349 | 72.0% | 318,163 | 229,014 | 38.9% |
| Attributable to: | | | | | | |
| Unitholders | 154,658 | 87,303 | 77.2% | 307,177 | 220,298 | 39.4% |
| Non-controlling interests | 5,875 | 6,046 | -2.8% | 10,986 | 8,716 | 26.0% |
| Total return for the period | 160,533 | 93,349 | 72.0% | 318,163 | 229,014 | 38.9% |

| <u>Statement of distribution</u> | Group | | | | | |
|--|------------------------|------------------------|--------------|-----------------------|-----------------------|--------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Total return for the period attributable to Unitholders before distribution | 154,658 | 87,303 | 77.2% | 307,177 | 220,298 | 39.4% |
| Non-tax chargeable items ^(j) | (124,652) | (54,559) | -128.5% | (187,498) | (95,399) | -96.5% |
| Taxable income | 30,006 | 32,744 | -8.4% | 119,679 | 124,899 | -4.2% |
| Dividend income ^(k) | 26,953 | 26,536 | 1.6% | 108,132 | 109,118 | -0.9% |
| Income available for distribution to Unitholders | 56,959 | 59,280 | -3.9% | 227,811 | 234,017 | -2.7% |
| Unitholders' distribution: | | | | | | |
| - from operations | 56,959 | 59,280 | -3.9% | 227,811 | 234,017 | -2.7% |
| - from capital ^(l) | 12,500 | 10,000 | 25.0% | 39,000 | 29,000 | 34.5% |
| Distributable amount to Unitholders | 69,459 | 69,280 | 0.3% | 266,811 | 263,017 | 1.4% |

Financial Statements Announcement For Fourth Quarter and Financial Year ended 31 December 2018

Footnotes:

- (a) Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Maintenance charges for the current quarter and the financial year ended 31 December 2018 was higher year-on-year due to sinking fund contribution for the upgrading works of the common area for all Suntec Office Towers with effect from 1 June 2018.
- (c) Property tax for the current quarter and the financial year ended 31 December 2018 was lower than the corresponding period due to a reversal of over-provision of FY2017 property tax as the reassessment has been finalised by the tax authority in the current year.
- (d) Other property expenses for the current quarter and the financial year ended 31 December 2018 was higher compared to the corresponding period mainly due to expenditures from more convention events held during the current year.
- (e) 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"), 30.0% interest in Park Mall Pte. Ltd and 50.0% interest in Southgate Trust. The increase was due to revaluation of the properties for the year, partially offset by lower share of profits.
- (f) Included in the finance income and finance expenses are the following:

| | Group | | | | | |
|--|------------------------|------------------------|---------------|-----------------------|-----------------------|-------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Finance income: | | | | | | |
| Interest income | | | | | | |
| - fixed deposits and current account | 234 | 229 | 2.2% | 734 | 536 | 36.9% |
| - loans to joint ventures | 6,115 | 5,072 | 20.6% | 23,195 | 19,661 | 18.0% |
| - interest rate swaps | 432 | - | n.m. | 1,000 | - | n.m. |
| Net foreign currency exchange differences | - | 864 | -100.0% | - | 887 | -100.0% |
| | 6,781 | 6,165 | 10.0% | 24,929 | 21,084 | 18.2% |
| Finance expenses: | | | | | | |
| Interest expense | | | | | | |
| - bank loans, notes and convertible bonds ⁽¹⁾ | (23,000) | (17,822) | -29.1% | (83,294) | (65,974) | -26.3% |
| - interest rate swaps ⁽²⁾ | (409) | (2,228) | 81.6% | (2,632) | (9,966) | 73.6% |
| Amortisation and transaction costs ⁽³⁾ | (2,892) | (1,905) | -51.8% | (9,315) | (20,752) | 55.1% |
| Net foreign currency exchange differences | (1,887) | - | n.m. | (1,877) | - | n.m. |
| | (28,188) | (21,955) | -28.4% | (97,118) | (96,692) | -0.4% |
| Net financing costs | (21,407) | (15,790) | -35.6% | (72,189) | (75,608) | 4.5% |

(1) Interest expense on bank loans, notes and convertible bonds for the current quarter was higher year-on-year due to increase in interest rates and additional borrowings.

(2) Interest rate swaps costs for the current quarter decreased year-on-year due to higher interest rates.

(3) Amortisation and transaction costs for the financial year ended 31 December 2018 were lower year-on-year due to a one-time write-off of unamortised transaction costs in relation to the conversion and redemption of convertible bonds in the corresponding period.

- (g) Trust expenses for the current quarter and the financial year ended 31 December 2018 was higher compared to the corresponding period mainly due to higher professional fees incurred.
- (h) This relates to the net gains or losses arising from fair value remeasurement of the foreign currency forward contracts, interest rate swaps and convertible bonds. These have minimal impact on distributable income.
- (i) This relates to income tax on operating profits and non-tax transparent income received as well as deferred tax provision. The income tax was lower for the current quarter and financial year ended 31 December 2018 mainly due to a subsidiary's underprovision of prior year deferred tax accounted for in 2017.

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

| Non-tax deductible/(chargeable) items | Group | | | | | |
|--|------------------------|------------------------|----------------|-----------------------|-----------------------|---------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Amortisation of transaction costs | 2,328 | 1,785 | -30.4% | 8,394 | 20,276 | 58.6% |
| Asset management fees paid/payable in units | 9,002 | 8,716 | -3.3% | 35,371 | 35,022 | -1.0% |
| Net change in fair value of financial derivatives | 2,331 | 5,908 | 60.5% | (5,467) | 5,404 | 201.2% |
| Net foreign currency exchange differences | 1,114 | 159 | -600.6% | 1,312 | 36 | -3544.4% |
| Temporary differences and other adjustments ⁽¹⁾ | 3,975 | 3,291 | -20.8% | 12,057 | 3,467 | -247.8% |
| Deferred tax recognised at group level | 8,180 | 8,670 | 5.7% | 8,180 | 8,670 | 5.7% |
| Net surplus from revaluation of investment properties | (100,215) | (54,624) | -83.5% | (100,215) | (54,624) | -83.5% |
| Net profit from subsidiaries and/or joint ventures | (51,367) | (28,464) | -80.5% | (147,130) | (113,650) | -29.5% |
| Total | (124,652) | (54,559) | -128.5% | (187,498) | (95,399) | -96.5% |

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

(k) This relates to the dividend/distribution income received and receivable from:

| | Group | | | | | |
|--|------------------------|------------------------|-------------|-----------------------|-----------------------|--------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Wholly-owned subsidiaries: | | | | | | |
| Comina Investment Limited ⁽¹⁾ | 4,940 | 5,980 | -17.4% | 22,552 | 26,826 | -15.9% |
| Suntec Harmony Pte. Ltd. ⁽²⁾ | 2,736 | 2,280 | 20.0% | 10,944 | 9,120 | 20.0% |
| Suntec REIT Capital Pte. Ltd. ⁽³⁾ | 5,800 | 5,650 | 2.7% | 22,150 | 20,100 | 10.2% |
| Suntec REIT (Australia) Trust ⁽⁴⁾ | 6,047 | 4,286 | 41.1% | 19,878 | 17,132 | 16.0% |
| | 19,523 | 18,196 | 7.3% | 75,524 | 73,178 | 3.2% |
| Joint venture: | | | | | | |
| BFC Development LLP ⁽⁵⁾ | 7,430 | 8,340 | -10.9% | 32,608 | 35,940 | -9.3% |
| | 26,953 | 26,536 | 1.6% | 108,132 | 109,118 | -0.9% |

(1) Comina Investment Limited ("CIL") has a one-third interest in ORQ.

(2) Suntec Harmony Pte. Ltd. ("SHPL") has a 60.8% effective interest in Suntec Singapore.

(3) Suntec REIT Capital Pte. Ltd provides shareholder loans to Suntec REIT (Australia) Trust ("SRAust") for its investments in Australia.

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

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

(l) This relates to a portion of the sales proceed from the disposal of Park Mall in December 2015 and is classified as capital distribution from a tax perspective.

**Financial Statements Announcement
For Fourth Quarter and Financial Year ended 31 December 2018**

1 (b)(i) Statements of Financial Position as at 31 December 2018

| | Group | | Trust | |
|--|------------------|------------------|------------------|------------------|
| | 31/12/18 | 31/12/17 | 31/12/18 | 31/12/17 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non-current assets | | | | |
| Plant and equipment | 1,860 | 2,109 | 231 | 382 |
| Investment properties ^(a) | 6,493,964 | 6,387,338 | 5,110,000 | 5,011,000 |
| Interest in joint ventures ^(b) | 2,855,238 | 2,660,234 | 1,466,196 | 1,463,696 |
| Investments in subsidiaries ^(c) | - | - | 1,539,802 | 1,367,549 |
| Derivative assets ^(d) | 573 | 803 | 573 | 170 |
| Total non-current assets | 9,351,635 | 9,050,484 | 8,116,802 | 7,842,797 |
| Current assets | | | | |
| Derivative assets ^(d) | 943 | 243 | 943 | 243 |
| Trade and other receivables ^(e) | 23,168 | 18,232 | 16,220 | 13,413 |
| Cash and cash equivalents | 136,657 | 172,655 | 96,432 | 120,801 |
| Total current assets | 160,768 | 191,130 | 113,595 | 134,457 |
| Total assets | 9,512,403 | 9,241,614 | 8,230,397 | 7,977,254 |
| Current liabilities | | | | |
| Interest-bearing borrowings ^(f) | 513,770 | 237,004 | 513,770 | 237,004 |
| Trade and other payables ^(g) | 112,749 | 108,889 | 54,844 | 56,395 |
| Derivative liabilities ^(d) | 3,408 | 456 | 3,408 | 456 |
| Current portion of security deposits | 19,744 | 25,387 | 17,107 | 23,211 |
| Total current liabilities | 649,671 | 371,736 | 589,129 | 317,066 |
| Non-current liabilities | | | | |
| Interest-bearing borrowings ^(f) | 2,978,075 | 2,993,867 | 2,613,884 | 2,628,756 |
| Non-current portion of security deposits | 49,133 | 39,899 | 46,352 | 37,079 |
| Derivative liabilities ^(d) | 27,397 | 40,141 | 26,474 | 40,141 |
| Deferred tax liabilities ^(h) | 40,021 | 28,996 | - | - |
| Total non-current liabilities | 3,094,626 | 3,102,903 | 2,686,710 | 2,705,976 |
| Total liabilities | 3,744,297 | 3,474,639 | 3,275,839 | 3,023,042 |
| Net assets | 5,768,106 | 5,766,975 | 4,954,558 | 4,954,212 |
| Represented by: | | | | |
| Unitholders' funds ⁽ⁱ⁾ | 5,636,523 | 5,639,074 | 4,954,558 | 4,954,212 |
| Non-controlling interests | 131,583 | 127,901 | - | - |
| Total Equity | 5,768,106 | 5,766,975 | 4,954,558 | 4,954,212 |

Footnotes:

(a) The increase was mainly attributed to the net surplus from revaluation of investment properties in December 2018.

(b) In respect of the Group's joint ventures, this relates to the one-third interest in ORQPL, one-third interest in BFCD LLP, 30.0% interest in Park Mall Investment Limited ("PMIL") and 50.0% interest in Southgate Trust. In respect of the Trust's joint ventures, this relates to the one-third interest in BFCD LLP. The increase is mainly due to the acquisition of an additional 25.0% effective interest in Southgate Complex in May 2018.

(c) This relates to CIL, SHPL, Suntec REIT MTN Pte. Ltd. ("SRMTN"), Suntec REIT Capital Pte. Ltd., SRAust and Suntec (PM) Pte. Ltd., which are wholly-owned subsidiaries of Suntec REIT.

(d) This relates to the foreign currency forward contracts and interest rate swaps at fair value through profit or loss and the embedded derivative relating to convertible bonds.

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- (e) *The increase for both the Group and the Trust was mainly due to dividend receivable from a joint venture.*
- (f) *The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 31 December 2018 relates to a S\$20 million revolving credit facility, a portion of S\$800 million loan facility due in the second quarter of 2019 and S\$87.5 million convertible bonds due in 2021 which will be redeemable on 5 September 2019.*
- (g) *The increase in trade and other payables mainly relate to higher accruals of progress billings for Olderfleet, 477 Collins Street at the group level whilst the trust recorded lower trade payables.*
- (h) *The increase in deferred tax liabilities mainly relates to the provision of deferred tax on the valuation gains on Australian investment properties for the year ended 31 December 2018.*
- (i) *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 | |
|--|-----------|-----------|-----------|-----------|
| | 31/12/18 | 31/12/17 | 31/12/18 | 31/12/17 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Amount repayable in one year or less, or on demand | | | | |
| - Unsecured ^(b) | | | | |
| (i) financial institutions | 429,796 | 132,138 | 429,796 | 132,138 |
| (ii) notes & convertible bonds | 83,974 | 104,866 | 83,974 | - |
| (iii) subsidiary | - | - | - | 104,866 |
| | 513,770 | 237,004 | 513,770 | 237,004 |
| Amount repayable after one year | | | | |
| - Secured ^(a) | 364,191 | 365,111 | - | - |
| - Unsecured ^(b) | | | | |
| (i) financial institutions | 1,500,019 | 1,765,013 | 1,500,019 | 1,765,013 |
| (ii) notes & convertible bonds | 1,113,865 | 863,743 | 275,686 | 355,237 |
| (iii) subsidiary | - | - | 838,179 | 508,506 |
| | 2,978,075 | 2,993,867 | 2,613,884 | 2,628,756 |
| | 3,491,845 | 3,230,871 | 3,127,654 | 2,865,760 |

Details of borrowings and collaterals

- (a) *The Group has in place a secured S\$366.0 million term loan facility and S\$40.0 million revolving credit facility for a term of five years. As at 31 December 2018, the Group has drawn down S\$366.0 million.*

The facility is secured on the following:

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

- (b) *As at 31 December 2018, the Group has unsecured interest-bearing borrowings comprising S\$1,937.5 million from various institutional banks, S\$387.5 million of convertible bonds and S\$840.0 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 | | | |
|---|------------------------|------------------------|-----------------------|-----------------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Operating activities | | | | |
| Net income | 70,478 | 56,074 | 225,593 | 198,186 |
| Adjustments for: | | | | |
| Depreciation of plant and equipment | 205 | 318 | 1,056 | 1,189 |
| (Gain)/Loss on disposal of plant and equipment | (2) | - | 9 | 15 |
| Asset management fees paid/payable in units | 9,002 | 8,716 | 35,371 | 35,022 |
| Net financing costs ^(a) | 21,407 | 15,790 | 72,189 | 75,608 |
| (Reversal of)/allowance for doubtful receivables | (759) | (43) | 521 | 1,901 |
| Share of profit of joint ventures | (44,338) | (25,023) | (108,488) | (80,340) |
| Operating income before working capital changes | 55,993 | 55,832 | 226,251 | 231,581 |
| Changes in working capital | | | | |
| Trade and other receivables | (4,154) | (895) | (5,020) | (7,887) |
| Trade and other payables | (4,256) | 250 | (11,804) | 2,433 |
| Cash flows generated from operations | 47,583 | 55,187 | 209,427 | 226,127 |
| Income tax refund/(paid) | 920 | (1) | 920 | (1) |
| Net cash flow from operating activities | 48,503 | 55,186 | 210,347 | 226,126 |
| Investing activities | | | | |
| Interest received | 6,288 | 5,288 | 23,851 | 20,171 |
| Dividend received from joint ventures | 30,384 | 32,985 | 65,123 | 71,781 |
| Change in investment in joint ventures ^(b) | (8,098) | - | (174,854) | (5,128) |
| Capital expenditure on investment properties | (2,753) | (898) | (5,763) | (7,986) |
| Acquisition of an investment property | - | - | - | (53,093) |
| Purchase of plant and equipment | (258) | (447) | (886) | (1,029) |
| Proceeds from disposal of plant and equipment | 2 | - | 3 | - |
| Progress payments on construction ^(c) | (11,198) | (3,722) | (41,576) | (16,292) |
| Loans to joint ventures | (2,500) | (2,200) | (2,500) | (2,200) |
| Net cash flow from/(used in) investing activities | 11,867 | 31,006 | (136,602) | 6,224 |
| Financing activities | | | | |
| Proceeds from interest-bearing loans | 898,640 | - | 923,536 | 600,000 |
| Proceeds from euro medium term notes | - | - | 330,000 | 200,000 |
| Unit issue costs paid | - | - | (30) | (33) |
| Financing costs paid | (25,170) | (19,330) | (94,552) | (82,348) |
| Proceeds from convertible bonds | - | 300,000 | - | 300,000 |
| Repayment of convertible bonds | - | - | - | (45,500) |
| Repayment of interest-bearing loans | (756,000) | (296,200) | (888,342) | (951,200) |
| Repayment of euro medium term notes | (105,000) | - | (105,000) | - |
| Dividend paid to non-controlling interest | (1,764) | (1,470) | (7,056) | (5,880) |
| Distributions to unitholders | (66,397) | (65,880) | (266,636) | (257,184) |
| Net cash flow used in financing activities | (55,691) | (82,880) | (108,080) | (242,145) |
| Net increase/(decrease) in cash and cash equivalents | 4,679 | 3,312 | (34,335) | (9,795) |
| Cash and cash equivalents at beginning of the period | 133,119 | 169,078 | 172,655 | 182,450 |
| Effect on exchange rate fluctuations on cash held | (1,141) | 265 | (1,663) | - |
| Cash and cash equivalents at end of the period | 136,657 | 172,655 | 136,657 | 172,655 |

Footnote:

- (a) Please refer to footnote (f) under note 1(a)(i) Statement of Total Return and Statement of Distribution for the quarter ended 31 December 2018 on page 4.
- (b) This relates mainly to the acquisition of an additional 25.0% effective interest in Southgate Complex, Australia in May 2018 as well as capital calls for Southgate Complex and 9 Penang Road.
- (c) This relates to progress payments made in relation to Olderfleet, 477 Collins Street in Melbourne, Australia which is currently under development.

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

| | Group | | | |
|---|------------------------|------------------------|-----------------------|-----------------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at the beginning of the period | 5,561,047 | 5,610,299 | 5,639,074 | 5,468,935 |
| Operations | | | | |
| Total return for the period attributable to unitholders | 154,658 | 87,303 | 307,177 | 220,298 |
| Net increase in net assets resulting from operations | 154,658 | 87,303 | 307,177 | 220,298 |
| Effective portion of changes in fair value of cash flow hedges ^(a) | 540 | 1,788 | 1,248 | 861 |
| Translation differences from financial statements of foreign entities | (31,161) | (12,426) | (80,188) | (271) |
| Net (loss)/gain recognised directly in Unitholders' funds | (30,621) | (10,638) | (78,940) | 590 |
| Unitholders' transactions | | | | |
| Creation of units | | | | |
| - conversion of convertible bonds ^(b) | - | - | 500 | 174,155 |
| - asset management fees payable in units ^(c) | - | - | 17,405 | 17,051 |
| Units to be issued | | | | |
| - asset management fees payable in units ^(c) | 17,964 | 17,970 | 17,964 | 17,970 |
| Unit issue expenses | - | - | (30) | (33) |
| Distributions paid to unitholders ^(d) | (66,525) | (65,860) | (266,627) | (259,892) |
| Net decrease in net assets resulting from unitholders' transactions | (48,561) | (47,890) | (230,788) | (50,749) |
| Unitholders' funds as at end of period | 5,636,523 | 5,639,074 | 5,636,523 | 5,639,074 |

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| | Trust | | | |
|--|------------------------|------------------------|-----------------------|-----------------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at the beginning of the period | 4,884,435 | 4,968,799 | 4,954,212 | 4,835,536 |
| Operations | | | | |
| Total return for the period attributable to unitholders | 118,684 | 33,303 | 231,134 | 169,425 |
| Net increase in net assets resulting from operations | 118,684 | 33,303 | 231,134 | 169,425 |
| Unitholders' transactions | | | | |
| Creation of units | | | | |
| - conversion of convertible bonds ^(b) | - | - | 500 | 174,155 |
| - asset management fees payable in units ^(c) | - | - | 17,405 | 17,051 |
| Units to be issued | | | | |
| - asset management fees payable in units ^(c) | 17,964 | 17,970 | 17,964 | 17,970 |
| Unit issue expenses | - | - | (30) | (33) |
| Distributions paid to unitholders ^(d) | (66,525) | (65,860) | (266,627) | (259,892) |
| Net decrease in net assets resulting from unitholders' transactions | (48,561) | (47,890) | (230,788) | (50,749) |
| Unitholders' funds as at end of period | 4,954,558 | 4,954,212 | 4,954,558 | 4,954,212 |

Footnotes:

- (a) This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by a subsidiary and a joint venture.
- (b) This represents the value at closing market prices of 242,718 units issued on conversion of convertible bonds on 25 January 2018 and 28 February 2018.
- (c) This represents the value of units issued and to be issued to the Manager as partial satisfaction of the asset management fee incurred for the quarter. The asset management base fee units for the quarter ended 31 December 2018 and asset management performance fee units for the financial year ended 31 December 2018 are to be issued within 30 days from quarter end.
- (d) This includes tax withheld in relation to distribution paid during the quarter.

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

| | Group and Trust | | | |
|--|------------------------|------------------------|-----------------------|-----------------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
| | Units | Units | Units | Units |
| Issued units at the beginning of the period | 2,667,480,805 | 2,649,334,617 | 2,652,435,452 | 2,536,662,773 |
| Creation of units: | | | | |
| - conversion of convertible bonds in Units | - | - | 242,718 | 95,689,646 |
| - as payment for asset management fee | 3,151,946 | 3,100,835 | 17,954,581 | 20,083,033 |
| Issued units at the end of the period | 2,670,632,751 | 2,652,435,452 | 2,670,632,751 | 2,652,435,452 |
| Units to be issued: | | | | |
| - asset management fee payable in Units ^(a) | 9,904,077 | 8,415,529 | 9,904,077 | 8,415,529 |
| - conversion of convertible bonds in Units | - | 121,359 | - | 121,359 |
| Issuable units at the end of the period | 9,904,077 | 8,536,888 | 9,904,077 | 8,536,888 |
| Total issued and issuable units | 2,680,536,828 | 2,660,972,340 | 2,680,536,828 | 2,660,972,340 |

Footnotes:

(a) These are units to be issued to the Manager as partial satisfaction of asset management base fee incurred for the quarter ended 31 December 2018 and asset management performance fees incurred for the financial year ended 31 December 2018.

Convertible Bonds – Group & Trust

(a) Convertible Bonds due 2021

On 5 September 2016, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2021 ("CB 2021"), with \$88.0 million of CB 2021 outstanding at the beginning of the period.

On 15 January 2018 and 20 February 2018, conversion notices for the conversion of \$500,000 in principal amount of CB 2021 were received pursuant to condition 5.2(c)(i) of the Terms and Conditions. Pursuant to the aforementioned conversion notices received, a total of 242,718 new units were issued on 25 January 2018 and 28 February 2018 at a conversion price of S\$2.06 per new unit. Accordingly, S\$500,000 in principal amount of CB 2021 had been converted and cancelled in accordance with the Terms and Conditions.

As at 31 December 2018, S\$87.5 million (31 December 2017: S\$88.0 million) of CB 2021 remained outstanding which are convertible by holders into units of Suntec REIT at any time on or after 16 October 2016 at an adjusted conversion price of S\$2.04 per unit. (31 December 2017: S\$2.06 per unit).

Unless previously redeemed by the bondholders on 5 September 2019, or by the Trust at any time on or after 5 September 2019 and not less than 7 business days prior to 5 September 2021, the final redemption date of the bonds will be 5 September 2021.

Assuming CB 2021 are fully converted based on the adjusted conversion price, the number of new units to be issued would be 42,892,156 (31 December 2017: 42,718,446), representing 1.60% (31 December 2017: 1.61%) of the total number of units of Suntec REIT in issue as at 31 December 2018.

(b) Convertible Bonds due 2024

On 30 November 2017, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2024 ("CB 2024") which are convertible by holders into units of Suntec REIT at any time on or after 9 January 2018 at an initial conversion price of S\$2.189 per unit.

There is no conversion of CB 2024 since the date of the issue.

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Unless previously redeemed by the bondholders on 30 November 2020, or by the Trust at any time on or after 30 November 2020 and not less than 7 business days prior to 30 November 2024, the final redemption date of the bonds will be 30 November 2024.

Assuming CB 2024 are fully converted based on the adjusted conversion price, the number of new units to be issued would be 137,048,880 (31 December 2017: 137,048,880), representing 5.11% (31 December 2017: 5.15%) of the total number of units of Suntec REIT in issue as at 31 December 2018.

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 financial year ended 31 December 2018 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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2017.

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

The Group has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 January 2018 as follows:

(i) 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.

There was no significant impact to the financial statements of the Group arising from the adoption of FRS 115.

(ii) FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets, and hedge accounting.

FRS 109 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.

There was no significant change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial

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assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model. This did not have any significant impact to the financial statements of the Group. Accordingly, the Group did not recognise any adjustments to the opening unitholders' funds on 1 January 2018.

The Group's existing hedges that are designated in effective hedging relationships continue to qualify for hedge accounting under FRS 109.

6. Earnings per unit ("EPU") and Distribution per unit ("DPU")

Earnings per unit

| | Group | | | |
|---|------------------------|------------------------|-----------------------|-----------------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
| Weighted average number of issued/issuable units ^(a) | 2,670,740,404 | 2,652,526,924 | 2,665,874,457 | 2,609,077,074 |
| Earnings per unit for the period based on the weighted average number of units in issue (cents) | 5.791 | 3.291 | 11.522 | 8.444 |
| Weighted average number of units on fully diluted basis | 2,860,477,864 | 2,660,850,980 | 2,860,477,864 | 2,622,050,795 |
| Earnings per unit for the period based on fully diluted basis (cents) ^(b) | 5.324 | 3.281 | 10.629 | 8.402 |

Footnotes:

- (a) *For the purpose of calculating the basic EPU, the weighted average number of units issued/issuable took into account the asset management fees – base fees paid/payable in units and new units issued from the conversion of \$500,000 of the convertible bonds.*
- (b) *For the purpose of calculating the diluted EPU, the weighted average number of units in issue is adjusted to take into account the asset management fees – base and performance fees payable in units and dilutive effect arising from full conversion of convertible bonds to units.*

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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 | | | |
|--|------------------------|------------------------|-----------------------|-----------------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
| Number of issued and issuable units at end of period entitled to distribution ^(a) | 2,680,536,828 | 2,660,972,340 | 2,680,536,828 | 2,660,972,340 |
| Distribution per unit for the period based on the total number of units entitled to distribution (cents) | 2.590 ⁽¹⁾ | 2.604 ⁽¹⁾ | 9.988 ⁽²⁾ | 10.005 ⁽²⁾ |

- (1) *The distribution per unit for the quarter ended 31 December 2018 of **2.590** cents per unit (31 December 2017: **2.604** cents per unit) comprised a taxable income component of **1.871** cents per unit (31 December 2017: **1.787** cents per unit), a tax exempt income component of **0.253** cents per unit (31 December 2017: **0.441** cents per unit) and a capital distribution of **0.466** cents per unit (31 December 2017: **0.376** cents per unit).*
- (2) *The distribution per unit for the year ended 31 December 2018 of **9.988** cents per unit (31 December 2017: **10.005** cents per unit) comprised a taxable income component of **7.303** cents per unit (31 December 2017: **7.540** cents per unit), a tax exempt income component of **1.226** cents per unit (31 December 2017: **1.367** cents per unit) and a capital distribution of **1.459** cents per unit (31 December 2017: **1.098** cents per unit).*

Footnotes:

- (a) *The computation of actual DPU for the period from 1 October 2018 to 31 December 2018 is based on the number of units entitled to the distribution:*
- (i) *The number of units in issue as at 31 December 2018 of 2,670,632,751; and*
- (ii) *The units issuable to the Manager by 30 January 2019 as partial satisfaction of asset management base fees incurred for the period from 1 October 2018 to 31 December 2018 of 3,298,867 and asset management performance fees incurred for the period 1 January 2018 to 31 December 2018 of 6,605,210.*

7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 31 December 2018

| | Group | | Trust | |
|--------------------------|-------------------------|----------|-------------------------|----------|
| | 31/12/18 ^(a) | 31/12/17 | 31/12/18 ^(a) | 31/12/17 |
| NAV / NTA per unit (S\$) | 2.103 | 2.119 | 1.848 | 1.862 |

Footnotes:

- (a) *The number of units used for computation of actual NAV per unit is 2,680,536,828. This comprised:*
- (i) *The number of units in issue as at 31 December 2018 of 2,670,632,751; and*
- (ii) *The units issuable to the Manager by 30 January 2019 as partial satisfaction of asset management base fees incurred for the period from 1 October 2018 to 31 December 2018 of 3,298,867 and asset management performance fees incurred for the period 1 January 2018 to 31 December 2018 of 6,605,210.*

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8. Review of the performance for the Fourth Quarter and Financial Year ended 31 December 2018

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

| Properties | Group | | | | | |
|----------------------------------|------------------------|------------------------|-------------|-----------------------|-----------------------|--------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Gross Revenue: | | | | | | |
| Suntec City | 58,979 | 57,868 | 1.9% | 233,641 | 234,988 | -0.6% |
| 177 Pacific Highway | 10,672 | 8,715 | 22.5% | 40,228 | 40,870 | -1.6% |
| Suntec Singapore | 23,802 | 20,740 | 14.8% | 89,635 | 78,338 | 14.4% |
| Total gross revenue | 93,453 | 87,323 | 7.0% | 363,504 | 354,196 | 2.6% |
| Net Property Income: | | | | | | |
| Suntec City | 43,377 | 43,978 | -1.4% | 172,020 | 179,918 | -4.4% |
| 177 Pacific Highway | 9,246 | 7,550 | 22.5% | 34,672 | 35,364 | -2.0% |
| Suntec Singapore | 8,103 | 7,827 | 3.5% | 34,285 | 29,175 | 17.5% |
| Total net property income | 60,726 | 59,355 | 2.3% | 240,977 | 244,457 | -1.4% |

8(ii) Income contribution from joint ventures

| | Group | | | | | |
|--|------------------------|------------------------|-------------|-----------------------|-----------------------|-------------|
| | 1/10/18 to 31/12/18 | 1/10/17 to 31/12/17 | Change | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Joint ventures: | | | | | | |
| One-third interest in ORQ: | | | | | | |
| - Interest income | 585 | 510 | 14.7% | 2,242 | 1,988 | 12.8% |
| - Dividend income | 4,940 | 5,980 | -17.4% | 22,552 | 26,826 | -15.9% |
| | 5,525 | 6,490 | -14.9% | 24,794 | 28,814 | -14.0% |
| One-third interest in MBFC Properties: | | | | | | |
| - Interest income | 5,530 | 4,562 | 21.2% | 20,952 | 17,673 | 18.6% |
| - Distribution income | 7,430 | 8,340 | -10.9% | 32,608 | 35,940 | -9.3% |
| | 12,960 | 12,902 | 0.4% | 53,560 | 53,613 | -0.1% |
| 50% interest in Southgate Complex ^(a) : | | | | | | |
| - Dividend/Distribution income | 4,232 | 1,924 | 120.0% | 12,859 | 7,252 | 77.3% |
| | 4,232 | 1,924 | 120.0% | 12,859 | 7,252 | 77.3% |
| Total income contribution | 22,717 | 21,316 | 6.6% | 91,213 | 89,679 | 1.7% |

Footnote:

(a) The effective interest was increased from 25.0% to 50.0% after the completion of the acquisition of an additional 25.0% effective interest in May 2018.

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Review of performance 4Q FY18 vs 4Q FY17

For 4Q FY18, the gross revenue was S\$93.5 million, an increase of S\$6.1 million or 7.0% higher year-on-year. The increase was mainly due to higher revenue from Suntec Singapore (by S\$3.1 million to S\$23.8 million), higher revenue from 177 Pacific Highway (by S\$2.0 million to S\$10.7 million) and higher revenue from Suntec City (by S\$1.1 million to S\$59.0 million). The increase in retail revenue of S\$1.4 million due to positive rental reversion was partially mitigated by S\$0.3 million decline in office revenue.

Suntec Singapore's revenue contribution for the quarter of S\$23.8 million comprises S\$18.8 million from convention and S\$5.0 million from retail, an increase of 17.8% and 4.4% respectively compared to 4Q FY17.

The net property income for 4Q FY18 was S\$60.7 million, 2.3% higher year-on-year. This was mainly attributable to higher contribution from retail operations and 177 Pacific Highway, partially offset by sinking fund contribution for Suntec City office upgrading works amounting to S\$4.8 million. Excluding the sinking fund contribution which has no impact on distributable income, the net property income for 4Q FY18 of S\$65.5 million was S\$6.2 million or 10.4% higher year-on-year.

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for the quarter was S\$22.7 million, 6.6% higher mainly due to the additional 25% interest in Southgate Complex, partially offset by lower contributions from ORQ due to the lower occupancy during the period.

Net financing costs for the quarter was S\$21.4 million, an increase of S\$5.6 million mainly due to additional borrowings and higher interest rates. The all-in financing cost for Suntec REIT was 2.95% per annum for the quarter and the consolidated gearing stood at 36.7% as at 31 December 2018.

Total distributable income for the quarter of S\$69.5 million was S\$0.2 million or 0.3% higher year-on-year. The distribution per unit ("DPU") for the quarter was 2.590 cents per unit, 0.5% lower than 4Q FY17 DPU of 2.604 cents per unit. This includes a capital distribution of S\$12.5 million or 0.466 cents per unit, which was 25.0% and 23.9% higher year-on-year respectively.

The overall committed occupancy for the office and retail portfolios stood at 98.7% and 99.1% respectively as at 31 December 2018.

For the Singapore office portfolio, the committed occupancy of Suntec City Office was 98.6%, while ORQ and MBFC Properties committed occupancies were 96.1% and 100% respectively as at 31 December 2018. In Australia, the committed occupancy for 177 Pacific Highway was maintained at 100% while the committed occupancy for Southgate Complex improved to 98.8% as at 31 December 2018.

For the Singapore retail portfolio, the committed occupancy for the entire Suntec City improved to 99.6%, while the committed occupancy for Marina Bay Link Mall was 99.2% as at 31 December 2018. In Australia, the committed occupancy for Southgate Complex (retail) was 90.9% as at 31 December 2018.

Review of performance FY18 vs FY17

For FY18, the gross revenue was S\$363.5 million, an increase of S\$9.3 million or 2.6% higher. The increase was contributed by higher revenue from Suntec Singapore (by S\$11.3 million to S\$89.6 million), and an increase in retail revenue from Suntec City Mall (by S\$3.7 million to S\$103.9 million), partially offset by lower office revenue (by S\$5.7 million to S\$170.0 million). The decrease in office revenue was mainly due to the transitory downtime from replacement leases at Suntec City Office.

Suntec Singapore's revenue of S\$89.6 million comprises S\$69.9 million from convention and S\$19.7 million from retail. The increase was similarly mainly due to higher convention revenue achieved for FY18, an increase of 17.1% and 5.7% respectively compared to FY17.

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Net property income for FY18 was S\$241.0 million, 1.4% lower year-on-year, mainly attributable to the sinking fund contribution for Suntec City Office upgrading works amounting to S\$11.2 million. Excluding the sinking fund contribution which has no impact on distributable income, the net property income for FY18 of S\$252.2 million was S\$7.8 million or 3.2% higher year-on-year.

The total income contribution from joint ventures for FY18 was S\$91.2 million, 1.7% higher year-on-year due to higher contribution from Southgate Complex arising from the increased stake. This was partially offset by one-off income in FY17 from ORQ.

Net financing costs for FY18 was S\$72.2 million, a decrease of S\$3.4 million or 4.5% lower. This was mainly due to a one-time write-off of unamortised transaction costs in relation to the convertible bonds in 2Q FY17. The all-in financing cost for Suntec REIT was 2.82% for FY18 (FY17: 2.50%).

Total distributable income for FY18 of S\$266.8 million, was S\$3.8 million or 1.4% higher. The DPU for FY18 was 9.988 cents per unit, which was 0.2% lower than FY17. This includes a capital distribution of S\$39.0 million or 1.459 cents per unit, which was 34.5% and 32.9% higher year-on-year respectively.

9. Variance between the forecast and actual results

The current results are broadly in line with the Trust's commentary made in the FY2017 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

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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 fourth quarter of 2018. Based on the report released by the Ministry of Trade and Industry ("MTI") on 2 January 2019, the Singapore economy grew by 2.2% on a year-on-year basis. For 2018, the economy grew by 3.3%.

The Singapore office market continued to improve in the fourth quarter of 2018. Against the backdrop of a firm leasing market and tightening of supply, overall CBD rents grew by 2.3% to S\$10.16 psf/mth while the overall CBD occupancy increased by 1.3% to 92.9%. For 2018, overall CBD rents grew 10.8% year-on-year¹.

Looking ahead, given the limited supply coming on-stream in 2019, the occupancy and rental levels for the Singapore office portfolio are expected to further improve. The Manager will continue its proactive asset management to strengthen the office proposition.

The Singapore retail market was stable in the fourth quarter of 2018. Demand for retail space remained firm consisting mainly from F&B and entertainment sectors.¹ In 2018, the Manager had completed its multi-pronged strategy to reposition Suntec City mall. Looking ahead, the mall is poised to continue to perform well, notwithstanding the continuing challenges in the retail sector.

According to the Australian Bureau of Statistics, the Australian economy on a year-on-year basis, grew by 2.8% in the third quarter of 2018. On 4 December 2018, the Reserve Bank of Australia maintained the cash rate unchanged at 1.5%.

In Australia, the national office CBD occupancy increased by 0.3% to 90.9% in the third quarter of 2018. Leasing activity continues to be positive in the Sydney and Melbourne office markets driven mainly by flight to quality and expansionary activities. Looking ahead in 2019, occupancy and rental levels are expected to remain high given the strong occupier demand coupled with limited new supply.²

In view of the rising interest rate environment, the Manager will continue its prudent capital management strategy and proactively manage the refinancing of a loan due in 2019.

¹ JLL, Office and Retail Market Reports 4Q 2018.

² JLL, Australia Office Overview and Outlook, Sydney CBD Office, North Shore Office and Melbourne CBD Office Market Reports 3Q 2018.

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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 October 2018 to 31 December 2018

Distribution Rate

| Distribution Type | Distribution Rate Per Unit (cents) |
|--------------------------|---|
| Taxable income | 1.871 |
| Tax-exempt income | 0.253 |
| Capital distribution | 0.466 |
| Total | 2.590 |

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 October 2017 to 31 December 2017

Distribution Rate

| Distribution Type | Distribution Rate Per Unit (cents) |
|----------------------|------------------------------------|
| Taxable income | 1.787 |
| Tax-exempt income | 0.441 |
| Capital distribution | 0.376 |
| Total | 2.604 |

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:

28 February 2019

(d) Books Closure Date:

31 January 2019

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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

Not applicable.

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. Segmented revenue and results for business or geographical segments (of the group)

Business segments

As at 31 December 2018, Suntec REIT's portfolio comprises office and retail properties in Suntec City, a 30.0% interest in 9 Penang Road (formerly known as Park Mall), 60.8% interest in Suntec Singapore, one-third interest in ORQ, one-third interest in MBFC Properties, strategically located within Singapore's Marina Bay Precinct and Civic and Cultural Precinct. Suntec REIT also holds a 100.0% interest in the commercial building located at 177 Pacific Highway, North Sydney, a 50.0% interest in Southgate Complex, Melbourne and a 50.0% interest in the commercial building to be developed located at Olderfleet, 477 Collins Street, Melbourne, Australia.

Suntec REIT's interest in Suntec City includes Suntec City Mall comprising 813,753 sq ft of net lettable area, 59% of Suntec Office Towers, as well as 60.8% of Suntec Singapore comprising the convention centre and 141,959 sq ft of net lettable area of Suntec City Mall.

| | Office 1/1/18 to 31/12/18 \$'000 | Retail 1/1/18 to 31/12/18 \$'000 | Convention 1/1/18 to 31/12/18 \$'000 | Total 1/1/18 to 31/12/18 \$'000 |
|-------------------------------------|---|---|---|--|
| 2018 | | | | |
| Property income and expenses | | | | |
| Gross revenue | 169,990 | 123,573 | 69,941 | 363,504 |
| Property expenses | (36,372) | (34,975) | (51,180) | (122,527) |
| Segment net property income | 133,618 | 88,598 | 18,761 | 240,977 |
| | Office 1/1/17 to 31/12/17 \$'000 | Retail 1/1/17 to 31/12/17 \$'000 | Convention 1/1/17 to 31/12/17 \$'000 | Total 1/1/17 to 31/12/17 \$'000 |
| 2017 | | | | |
| Property income and expenses | | | | |
| Gross revenue | 175,653 | 118,834 | 59,709 | 354,196 |
| Property expenses | (31,743) | (33,074) | (44,922) | (109,739) |
| Segment net property income | 143,910 | 85,760 | 14,787 | 244,457 |

Suntec REIT's interest in 9 Penang Road (formerly known as Park Mall), ORQ, MBFC Properties and Southgate Complex are held through joint ventures and are equity accounted for. They are therefore not in the above segment analysis.

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17. In the review of performance, the factors leading to any changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Section 8 for the review of the performance.

18. Breakdown of sales

| | Group | | |
|--|-----------------|-----------------|-------------|
| | FY18 S\$'000 | FY17 S\$'000 | Change % |
| Gross revenue reported for period from 1 January to 30 June | 181,240 | 175,741 | 3.1% |
| Total return after tax for the period from 1 January to 30 June | 121,451 | 80,794 | 50.3% |
| Gross revenue reported for the period from 1 July to 31 December | 182,264 | 178,455 | 2.1% |
| Total return after tax for the period from 1 July to 31 December | 196,712 | 148,220 | 32.7% |

19. Breakdown of the total distribution for the financial year ended 31 December 2018

Annual distribution paid/payable to Unitholders

| | 1/1/18 to 31/12/18 | 1/1/17 to 31/12/17 |
|------------------------------------|-----------------------|-----------------------|
| | S\$'000 | S\$'000 |
| 1 July 2018 to 30 September 2018 | 66,525 | - |
| 1 April 2018 to 30 June 2018 | 65,993 | - |
| 1 January 2018 to 31 March 2018 | 64,817 | - |
| 1 October 2017 to 31 December 2017 | 69,292 | - |
| 1 July 2017 to 30 September 2017 | - | 65,860 |
| 1 April 2017 to 30 June 2017 | - | 66,048 |
| 1 January 2017 to 31 March 2017 | - | 61,852 |
| 1 October 2016 to 31 December 2016 | - | 66,132 |
| | 266,627 | 259,892 |

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there is no person occupying managerial positions in ARA Trust Management (Suntec) Limited (the "Company") or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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21. 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 31 December 2018:

- 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 31 December 2018,
- 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 31 December 2018 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.

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)

Chong Kee Hiong
Director
23 January 2019