SUNTEC
Real Estate Investment Trust

RESILIENCE & FORTITUDE

Annual Report 2022

ABOUT SUNTEC REIT

Listed on 9 December 2004 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Suntec Real Estate Investment Trust ("Suntec REIT") is one of the leading real estate investment trusts in Singapore, owning income-producing real estate that is primarily used for office and/or retail purposes. As at 31 December 2022, Suntec REIT has assets under management of over S$12 billion with properties in Singapore and key Australian cities of Sydney, Melbourne and Adelaide as well as in London, United Kingdom.

In Singapore, Suntec REIT's portfolio comprises office and retail properties in Suntec City, 66.3% interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), one-third interest in One Raffles Quay ("ORQ"), one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("MBLM" and collectively known as the "MBFC Properties"). The properties in Australia include 177 Pacific Highway and 21 Harris Street in Sydney, 50.0% interest in Southgate Complex and 50.0% interest in Olderfleet, 477 Collins Street in Melbourne and 55 Currie Street in Adelaide. In United Kingdom, Suntec REIT owns a 50.0% interest in Nova Properties and The Minster Building in London.

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

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA").

ARA is part of the ESR Group (the "Group"), APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US$156 billion in total assets under management (AUM), ESR Group's fully integrated development and investment management platform extends across key APAC markets, including Greater China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. The Group provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across the private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR Group is the largest sponsor and manager of REITs in APAC with a total AUM of US$46 billion. Its purpose — Space and Investment Solutions for a Sustainable Future — drives ESR Group to manage sustainably and impactfully and it considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR Group is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

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

OUR VISION

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

Contents

UNWAVERING FOCUS TO DELIVER VALUE TO UNITHOLDERS


SUNTEC CITY
Fountain Of Wealth


DBS
HSBC

MBFC Properties, Singapore

QUALITY ASSETS PROVIDE RESILIENCE AND STABILITY

COMMITMENT TO DRIVE PERFORMANCE AND SUSTAINABLE GROWTH

Nova Properties, London

At a Glance

DISTRIBUTABLE INCOME
S$255.5 million
+3.4% Y-O-Y

ASSETS UNDER MANAGEMENT
S$12.3 billion
+0.8% Y-O-Y

DISTRIBUTION PER UNIT
8.884 cents
+2.5% Y-O-Y

SUSTAINABILITY AWARDS
- GRESB Global Sector Leader for Office-Listed Category
- GRESB 5 Star rating

PORTFOLIO OCCUPANCY
98.3% Office
97.5% Retail

NET ASSET VALUE PER UNIT
S$2.12

AGGREGATE LEVERAGE RATIO
42.4%

ALL-IN FINANCING COST
2.94% per annum

Reviewing Year 2022

JANUARY

- Achieved distributable income from operations of S$129.0 million for the half year from 1 July 2021 to 31 December 2021. Distribution per unit ("DPU") for the half year amounted to 4.512 cents.
- Completion of the acquisition of ARA Asset Management Limited by ESR Group Limited (formerly known as ESR Cayman Limited).

APRIL

- Unitholders approved all resolutions tabled at Suntec REIT's annual general meeting held virtually on 20 April 2022.
- Achieved distributable income of S$68.7 million for the quarter from 1 January 2022 to 31 March 2022. DPU to unitholders for the quarter amounted to 2.391 cents.
- Entered into a S$500 million sustainability-linked loan facility.
- Announced the retirement of Mr Chow Wai Wai, John as Non-Executive Director and Chairman of the Designated Committee.
- Announced the appointment of Mr Jeffrey David Perlman as Non-Executive Director.

2022

JULY

- Achieved distributable income of S$138.1 million for the half year from 1 January 2022 to 30 June 2022.
- DPU to unitholders for the half year amounted to 4.810 cents (including DPU of 2.391 cents for the quarter from 1 January 2022 to 31 March 2022).

OCTOBER

- Retained the GRESB highest accolade of Global Sector Leader for Office-Listed category and highest GRESB 5 Star rating.
- Achieved distributable income of S$60.0 million for the quarter from 1 July 2022 to 30 September 2022. DPU to unitholders for the quarter amounted to 2.084 cents.

NOVEMBER

- Olderfleet, 477 Collins Street awarded winner for Best Tall Building 100–199 metres category at the Council on Tall Building and Urban Habitat Conference.

DECEMBER

- Entered in a S$400 million sustainability-linked loan facility.

Letter to Unitholders

Dear Unitholders

On behalf of the Board of ARA Trust Management (Suntec) Limited ("Board"), it is my pleasure to present to you the annual report of Suntec REIT for the financial year ended 31 December 2022 ("FY 2022").

Suntec REIT delivered a set of stable results in 2022, underpinned by our portfolio of quality assets in strategic and diversified locations which provides resilience and stability through market cycles. This was despite an extremely volatile and uncertain macro environment due to the war in Ukraine; the rise in energy and commodity prices; unprecedented interest rate hikes; geopolitical and trade tensions as well as high inflation, all of which derailed the recovery of economies and businesses.

FINANCIAL PERFORMANCE IMPACTED BY HIGHER INTEREST RATES

As a testament to the portfolio's strong fundamentals, Suntec REIT's gross revenue increased 19.3% to S$427.3 million, while net property income and income contributions from joint ventures rose 24.0% and 3.3% respectively to S$315.8 million and S$118.8 million. However, Suntec REIT's distributable income from operations of S$232.5 million was 5.9% lower year-on-year. This was mainly due to higher financing costs arising from higher interest rates and a higher proportion of asset management units received in cash.

Suntec REIT's total distributable income for FY 2022 was S$255.5 million, 3.4% higher year-on-year, resulting in a 2.5% increase in distribution per unit ("DPU") to 8.884 cents. This was mainly due to the resumption of capital distribution amounting to S$23.0 million which was previously put on hold during the pandemic.

STRONG OPERATING PERFORMANCE ACROSS PORTFOLIO

The Singapore office portfolio continued to post strong results, achieving 18 consecutive quarters of positive rent reversions. The underlying resilience of our Singapore office portfolio, together with our proactive asset management, resulted in a committed occupancy of 98.5% as at 31 December 2022, which was well above the market occupancy of 94.7% for Core CBD offices.

Asset enhancement works to upgrade the lifts, lobbies and restrooms of Suntec City Office Towers were fully completed and well-received by our office tenants. Committed occupancy at Suntec City Office improved to 99.9% as at 31 December 2022 with healthy rent reversion achieved for the year.

Our office towers at One Raffles Quay and Marina Bay Financial Centre also performed well with robust rent reversions. One Raffles Quay achieved 100% committed occupancy while the committed occupancy of Marina Bay Financial Centre Towers 1 and 2 was 94.1%.

Committed occupancies for our Australian portfolio remained healthy at 97.6% as at 31 December 2022, higher than the nationwide CBD office occupancy of 85.8%. 177 Pacific Highway and 55 Currie Street achieved 100% committed occupancy while the committed occupancy for Southgate Complex, 21 Harris Street and Olderfleet, 477 Collins Street increased to 92.3%, 97.0% and 99.5% respectively. All our Australian properties registered strong rent reversions for the year as tenants continued to be attracted by our good quality assets in excellent locations.

In the United Kingdom, committed occupancy at Nova Properties was maintained at 100% while committed occupancy at The Minster Building stood at 96.7% as at 31 December 2022. Both assets had outperformed the Central London office occupancy of 91.6%.

On the retail front, efforts to elevate the retail and dining experience at Suntec City Mall with new-to-market brands and activity-based concepts over the past two years have borne fruit. Despite a 84% recovery in mall traffic in 2022 compared to 2019, monthly tenant sales have surpassed pre-pandemic level since April 2022 when safe management measures were significantly eased in Singapore. Improvement in business sentiments helped the mall achieve three consecutive quarters of positive rent reversion with committed occupancy improving to 98.3% as at 31 December 2022.

Suntec Convention returned to profitability in 2022 as recovery of the Meetings, Incentives, Conventions and Exhibitions ("MICE") industry in Singapore gathered pace following the easing of border restrictions and safe management measures.

WELL DIVERSIFIED PORTFOLIO WITH STRONG CORE IN SINGAPORE

As at end 2022, Suntec REIT's assets under management ("AUM") stood at S$12.3 billion. Suntec REIT continues to be Singapore-centric with 74% of its AUM in Singapore with the remaining 16% and 10% in Australia and the United Kingdom respectively.

DISCIPLINED APPROACH TO CAPITAL MANAGEMENT

Suntec REIT remains focused on proactive capital management. Our capital structure and healthy balance sheet are supported by diversified sources of funding. As at 31 December 2022, the aggregate leverage ratio ("ALR") improved to 42.4% while the average financing cost for FY 2022 was 2.94% per annum with approximately 66.0% of the debt fixed or hedged. With the adjusted interest cover ratio of 2.4 times, there is an adequate headroom to the ALR limit of 45.0%. In navigating the trend of rising interest rates, we will continue to safeguard and strengthen the balance sheet, through active capital management and potential divestment of our mature assets.

SUSTAINABILITY CONTINUED TO BE A BEDROCK OF OUR BUSINESS

Suntec REIT is fully committed to sustainable operations and sound practices in areas of Environment, Social and Governance ("ESG") and we continue to make progress in these areas.

We are pleased to report that in recognition of our sustainability leadership, Suntec REIT retained GRESB's highest accolade of Global Sector Leader for the "Office-Listed" category and GRESB highest 5-Star rating in 2022. GRESB is one of the leading ESG benchmarks for real estate and infrastructure investments globally and our achievements were testament to Suntec REIT's commitment towards sustainability practices, the positive impact to the community and the environment as well as our investment in people.

Sustainability continues to be a core aspect of Suntec REIT's long-term business strategy. In 2022, Suntec REIT refinanced borrowings amounting to S$900 million with sustainability-linked loans, bringing our green loans to 27% of our total borrowings. In addition, an environmental risk assessment was conducted during the year and the results were integrated into Suntec REIT's enterprise risk management framework. This will help us better identify and manage climate-related risks and opportunities and attain Net-Zero Carbon status for all our assets by 2050.

To enhance our sustainability reporting, we are aligning our climate-related disclosures with the Task Force on Climate-Related Financial Disclosures recommendations. More information can be found in our Sustainability Report which will be available in electronic form on SGXNet and our website by end-May 2023.

NAVIGATING CHALLENGING BUSINESS ENVIRONMENT

The current economic outlook of caution is likely to dampen demand for office spaces. Positive rent reversion for our Singapore office portfolio is expected to continue at a moderated rate, with revenue strengthening on the back of past quarters of positive rent reversion.

Revenue performance from Suntec City Mall is expected to improve, underpinned by higher occupancy and rent. The rebound of MICE events and return of tourists will help boost mall traffic and tenant sales. However, the growth of tenant sales, which is currently above pre-pandemic level, is expected to slow down in 2023.

The recovery of the convention business will be driven by a strong pipeline of international MICE events and the return of larger-scale consumer and corporate events. The easing of China's travel restrictions is expected to bring positive impact from the second half of 2023. Despite recovery gaining strong momentum, income contribution will remain impacted in 2023. Full recovery of the convention business is expected in 2024.

Our Australian office portfolio will remain resilient, underpinned by strong occupancy, annual rent escalations and long lease tenure. While rent reversion is expected to be positive, revenue will be impacted by leasing downtime and incentives. Existing rent guarantees for the vacant spaces at 21 Harris Street and Olderfleet, 477 Collins Street lend further support to income stability from the Australian portfolio.

In the United Kingdom, office revenue is expected to remain resilient, underpinned by high occupancy and long weighted average lease expiry with minimal lease expiry until 2028.

While we have increased our fixed interest rate borrowings and foreign currency income hedge; rising interest rates, the weaker Australian dollar and Pound Sterling as well as higher energy costs, are expected to erode our improved operational performance and impact our distribution significantly in the near term.

Nonetheless, Suntec REIT's sound fundamentals, underpinned by our portfolio of high-quality assets and resilient income stream, have anchored Suntec REIT well through different market challenges and will continue to do so in the current trying environment.

Our unwavering focus to create value has been the driving force in delivering sustainable returns to unitholders. We will be able to navigate the current macro challenges and position Suntec REIT well for its next phase of growth.

IN APPRECIATION

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

CHEW GEK KHIM PJG
Chairman and Non-Executive Director
23 March 2023

Financial Highlights

CONSOLIDATED STATEMENT OF TOTAL RETURN FOR THE FINANCIAL YEAR	2022	2021
Gross Revenue	S$427.3m	S$358.1m
Net Property Income	S$315.8m	S$254.6m
Income Contribution From Joint Ventures[1]	S$118.8m[2]	S$115.0m[2]
Distributable Income	S$255.5m	S$247.2m
— from operations	*S$232.5m*	*S$247.2m*
— from capital	*S$23.0m*	—
Distribution Per Unit ("DPU")	8.884¢	8.666¢
— from operations	*8.084¢*	*8.666¢*
— from capital	*0.800¢*	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 DEC 2022	31 DEC 2021
Investment Properties	S$7,906.8m	S$7,913.1m
Interest in Joint Ventures[3]	S$3,424.1m	S$3,444.8m
Total Assets	S$11,711.4m	S$11,688.7m
Debt at Amortised Cost	S$4,843.5m	S$4,919.0m
Total Liabilities	S$5,127.2m	S$5,189.9m
Unitholders' Funds	S$6,116.4m	S$6,051.8m
Net Asset Value Per Unit	S$2.12	S$2.11
Aggregate Leverage Ratio[4]	42.4%	43.7%
Interest Coverage Ratio[5]	2.6 times	2.9 times
Adjusted Interest Coverage Ratio[6]	2.4 times	2.6 times

Notes:

1 Refers to the share of profits[2] and interest income from loans to joint ventures (if any), from the one-third interest in One Raffles Quay, one-third interest in MBFC Properties, 50.0% interest in Southgate Complex, 50.0% interest in Nova Properties and 30.0% interest in 9 Penang Road which was divested on 16 June 2021.

2 Excludes share of profits relating to gain/(loss) on fair value adjustments of $64.9 mil for the financial year ended 31 December 2022 and $20.7 mil for the financial year ended 31 December 2021.

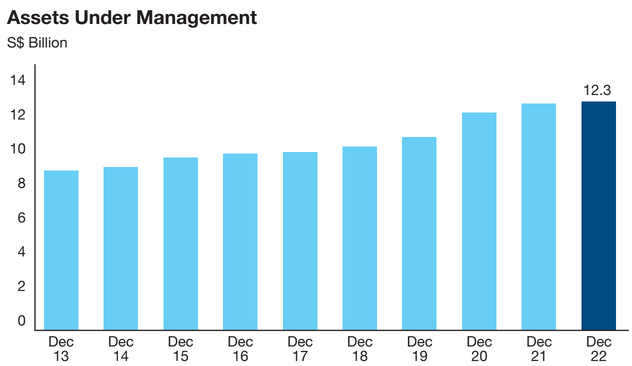
3 Refers to the one-third interest in One Raffles Quay, one-third interest in the MBFC Properties, 50.0% interest in Southgate Complex, 50.0% interest in Nova Properties and 30.0% interest in 9 Penang Road which was divested on 16 June 2021.

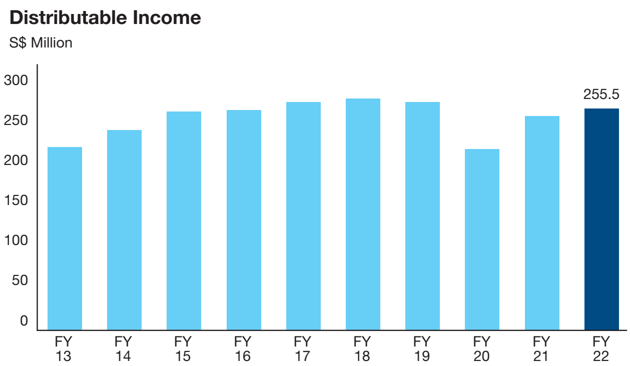
4 Refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of joint ventures and deferred payments (if any)) to the value of the Deposited Property in accordance with Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "Property Funds Appendix").

5 Calculation is based on dividing the trailing 12 months total return before interest, tax, sinking fund contribution, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees (if any).

6 Calculation is based on dividing the trailing 12 months total return before interest, tax, sinking fund contribution, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities (if any).

10 YEARS PERFORMANCE TRACK RECORD





Unit Performance

UNIT PERFORMANCE AS AT[1]	2022	2021	2020	2019	2018
Last Done Unit Price	S$1.38	S$1.51	S$1.490	S$1.840	S$1.780
Highest Unit Price	S$1.85	S$1.61	S$1.880	S$1.990	S$2.250
Lowest Unit Price	S$1.28	S$1.40	S$1.110	S$1.770	S$1.670
Market Capitalisation[2] (m)	S$3,969	S$4,308	S$4,210	S$5,154	S$4,754
Traded Volume for the Financial Year (m)	2,812	2,840	3,360	2,180	1,823

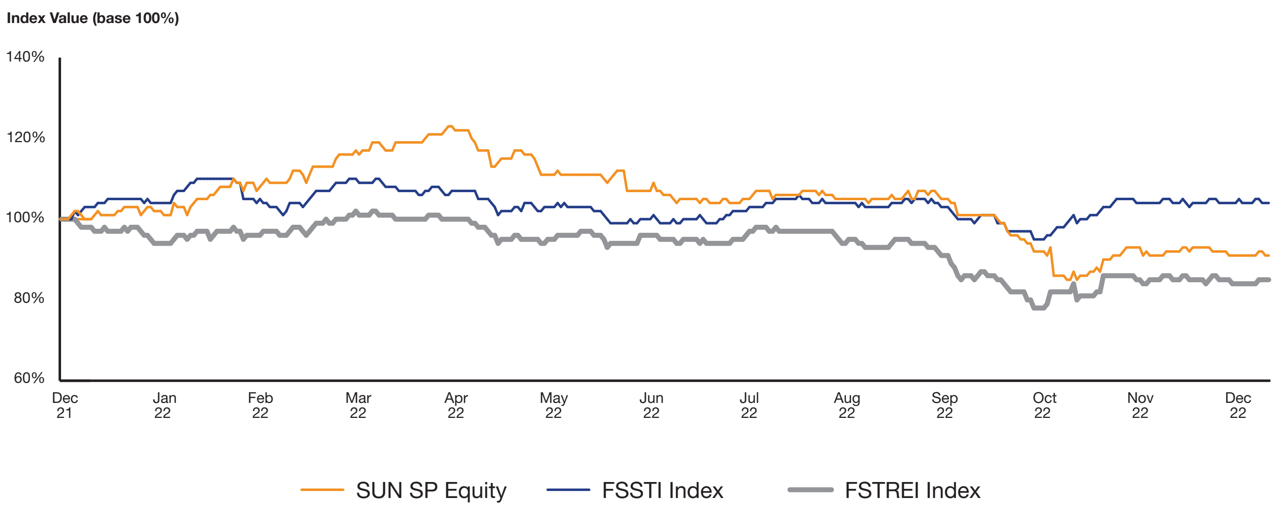
Notes:
1 Unit performance statistics as at 31 December are for the respective financial years.
2 Based on 2,671 million units, 2,801 million units, 2,825 million units, 2,853 and 2,876 million units in issue as at 31 December 2018, 2019, 2020, 2021 and 2022 respectively.

UNIT PERFORMANCE AS AT[1]	2022	2021	2020	2019	2018
Traded Yield (based on DPU[2]) (%)	6.44	5.74	4.97	5.17	5.61
Singapore Government 10-Year Bond[1] (%)	3.09	1.67	0.84	1.74	2.04

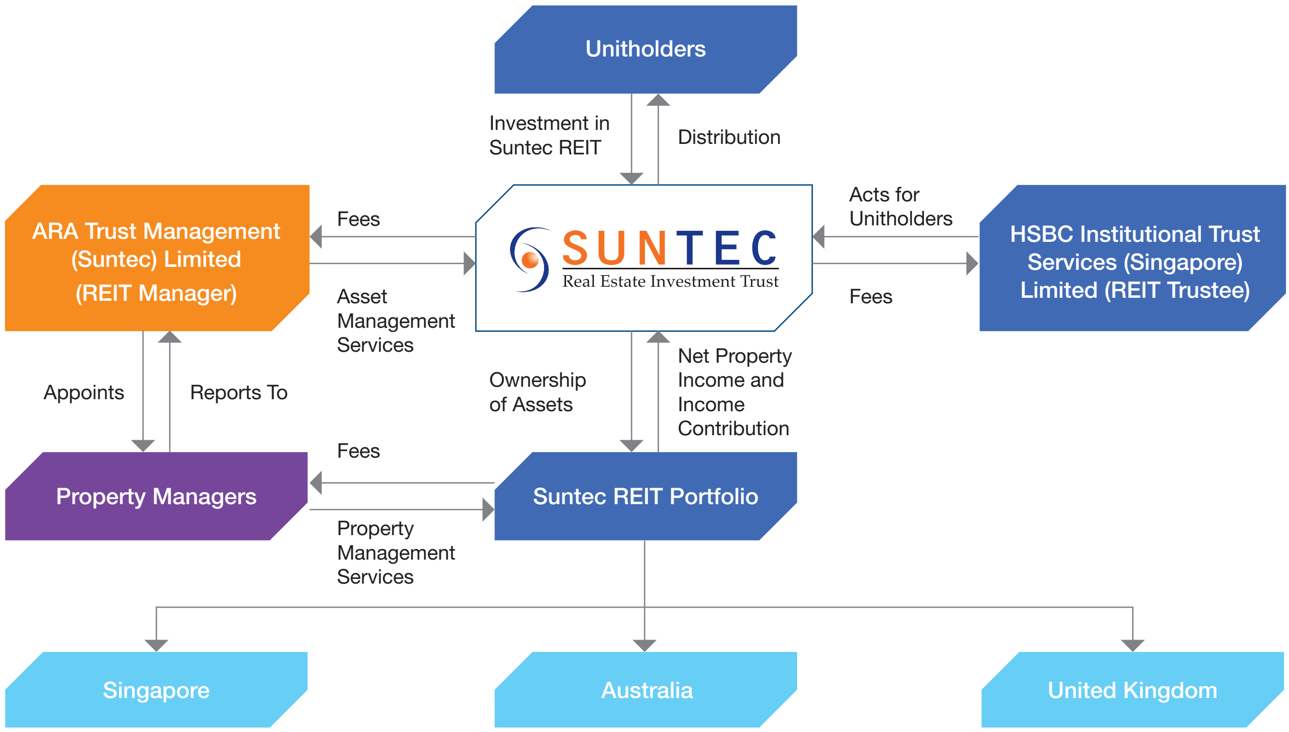
Notes:
1 As at 31 December for the respective years.
2 Based on the last done unit price (as stated in the table above) and the full year DPU based on the period from 1 January to 31 December. Calculations were based on a DPU of 9.988 cents, 9.507 cents, 7.402 cents, 8.666 cents and 8.884 cents for FY 2018, FY 2019, FY 2020, FY 2021 and FY 2022 respectively.

For FY 2022, Suntec REIT's unit opening price was S$1.52 and closed at S$1.38 with a market capitalisation of S$4.0 billion as at 31 December 2022. Suntec REIT's FY 2022 DPU yield of 6.44% has also outperformed the Singapore Government 10-year bond yield at 3.09%. As at end FY 2022, Suntec REIT unitholders would have achieved a total return of 207.0% since listing. As one of Singapore's most liquid listed REITs, the overall traded volume was 2,812 million units for the 12 months ended 31 December 2022. Suntec REIT is also a constituent member of major global indices such as the MSCI Global Small Cap Index, FTSE EPRA Nareit Global Real Estate Index and the Global Property Research 250 Index series. It is also a constituent of the FTSE Straits Times Mid Cap Index and FTSE Straits Times Real Estate Index in Singapore.

RELATIVE PERFORMANCE INDICES FOR THE FINANCIAL YEAR 2022



Trust Structure



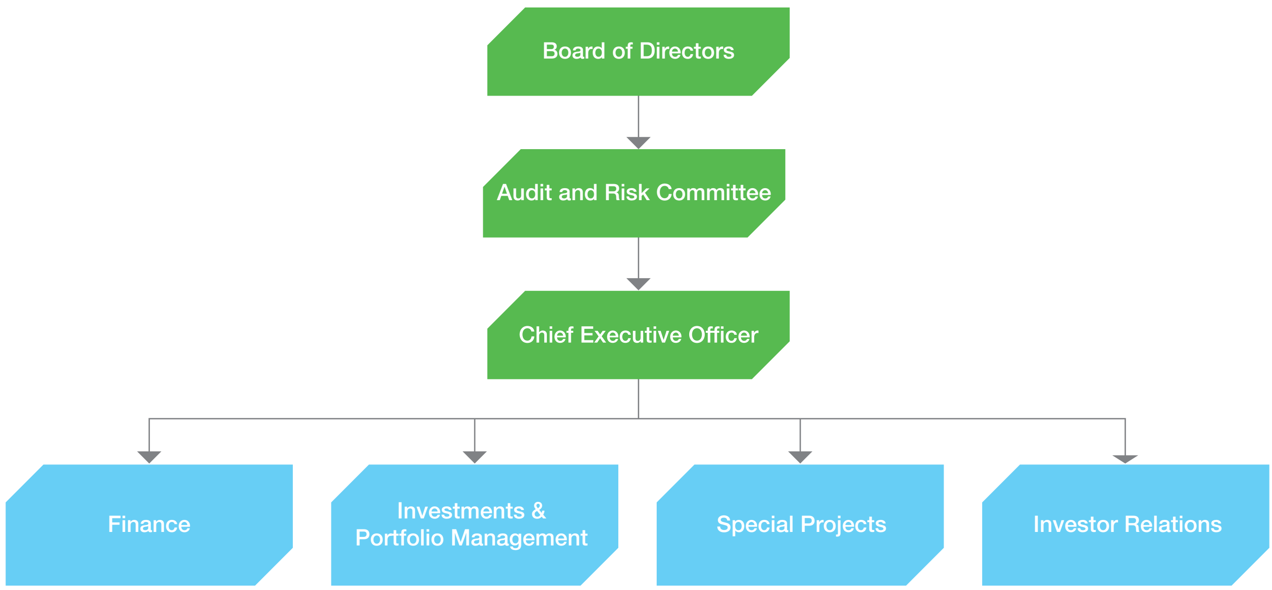
- Suntec City
- Suntec Singapore[1] (66.3% interest)
- One Raffles Quay (one-third interest)
- MBFC Properties[2] (one-third interest)

- 177 Pacific Highway, Sydney
- 21 Harris Street, Sydney
- Southgate Complex, Melbourne (50.0% interest)
- Olderfleet, 477 Collins Street, Melbourne (50.0% interest)
- 55 Currie Street, Adelaide

- Nova Properties[3] (50.0% interest)
- The Minster Building

Organisation Structure

ARA TRUST MANAGEMENT (SUNTEC) LIMITED



Notes:

1 Refers to Suntec Singapore Convention & Exhibition Centre.
2 Refers to Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall.
3 Refers to Nova North, Nova South and The Nova Building.

Board of Directors

CHEW GEK KHIM PJG

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Chairman and Non-Executive Director

Ms Chew Gek Khim joined the Board on 21 January 2014 and was appointed Chairman on 17 April 2014.

Ms Chew Gek Khim is a lawyer by training. She has been Executive Chairman of The Straits Trading Company Limited since 24 April 2008. Ms Chew is also Executive Chairman of the Tecity Group. In addition, she is Chairman of Malaysia Smelting Corporation Berhad and she sits on the Board of Singapore Exchange Limited. She is also Deputy Chairman of the Tan Chin Tuan Foundation.

She is a member of the Board of Governors of S. Rajaratnam School of International Studies, NUS Board of Trustees and the Governing Board of Lee Kuan Yew School of Public Policy.

Ms Chew graduated from the National University of Singapore in 1984. She was awarded the Chevalier de l'Ordre National du Mérite in 2010, the Singapore Businessman of the Year 2014 at the Singapore Business Awards in 2015, and the Meritorious Service Medal at the National Day Awards in 2016. Ms Chew was conferred an Honorary Degree of Doctor of Letters (honoris causa) by the Nanyang Technology University in 2021.

LIM HWEE CHIANG, JOHN PBM

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Non-Executive Director

Mr Lim Hwee Chiang, John joined the Board on 30 August 2004. Mr Lim is the Chairman of JL Family Office. He is also the Senior Advisor and Non-Executive Director of ESR Group Limited and serves as a Non-executive Director of ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited.

In the preceding three years, Mr Lim was an Independent Director of Teckwah Industrial Corporation Limited which was delisted from the Singapore Stock Exchange on 24 November 2020.

Mr Lim is Chairman of the Asia Pacific Real Assets Association (APREA) and the Consultative Committee to the Department of Real Estate, National University of Singapore. He is also a Patron of the Securities Investors Association of Singapore (SIAS) and a Council Member of Singapore Chinese Chamber of Commerce and Industry.

Mr Lim co-founded ARA Asset Management in 2002 and was its Group CEO for 18 years and Deputy Chairman from February 2021 to January 2022.

Mr Lim has over 40 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2020 and 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur Of the Year Singapore 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, was a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community.

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

Board of Directors

YAP CHEE MENG

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Lead Independent, Non-Executive Director

Mr Yap Chee Meng is the Lead Independent Director and Chairman of the audit and risk committee. He joined the Board on 22 April 2019.

Mr Yap was the Chief Operating Officer of KPMG International for Asia Pacific and a member of its Global Executive Team. Prior to his appointment as the regional Chief Operating Officer of KPMG International in 2010, he was a Senior Partner in KPMG Singapore, the Regional Head of Financial Services in Asia Pacific, and Country Head of Real Estates and Specialised REITs Group in Singapore.

In his career spanning 37 years of experience in the financial sector, Mr Yap has served in the committees of various professional and regulatory bodies including Singapore's Accounting & Corporate Regulatory Authority and the Institute of Certified Public Accountants of Singapore.

Mr Yap is currently Non-Executive Chairman of the RHB Asset Management Group and Lead Independent Director of HSBC Life (Singapore) Pte Ltd (formerly known as AXA Insurance Pte Ltd). He is also an independent director of RHB Investment Bank Berhad and HSBC Insurance (Singapore) Pte Limited. He is a council member of the Charity Council of Singapore.

In the preceding three years, Mr Yap also held independent directorships in Keppel Land Limited, The Esplanade Co Ltd and SATS Ltd.

Mr Yap's past independent board memberships included those in SMRT Corporation Ltd and the National Research Foundation of Singapore. He qualified as a UK Chartered Accountant in 1981, and is now a nonpractising Fellow of the Institute of Singapore Chartered Accountants and a non practising Fellow of the Institute of Chartered Accountants in England & Wales.

CHAN PEE TECK, PETER

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Independent Non-Executive Director

Mr Chan Pee Teck, Peter is an Independent Director and member of the audit and risk committee. He joined the Board on 1 January 2017.

Mr Chan is the founder and Managing Partner of Crest Capital Asia, a regional private equity firm investing mainly in Singapore and Australia, specializing in customizing alternative direct investment programmes for clients and managing assets under these mandates.

Mr Chan was a board member of Techwah Industrial Corporation Limited which was delisted from the Singapore Stock Exchange on 24 November 2020.

In the preceding three years, Mr Chan started his private equity career in 1987 with one of the earliest US private equity firms in Asia. Then, he started a division of ING Barings Asia Private Equity as Managing Director in 1996 to set up ING's private equity investment Asian offices in Singapore, Indonesia, India, China, Taiwan and South Korea. He acquired the business to set up Crest Capital Asia in 2004. Mr Chan is responsible for the strategic management of the funds, innovating new fund strategies as well as investor communication.

Mr Chan graduated with a Bachelor of Accountancy (Hons) Degree from the National University of Singapore and is a Fellow Member of the Certified Public Accountants of Australia. Mr Chan is also board member of Clarity Singapore Ltd, a not-for-profit organization which mission is to provide healing, training and support for people with mental and emotional conditions to regain self-confidence and re-discover their abilities and beauty in life.

YU-FOO YEE SHOON

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Independent Non-Executive Director

Mrs Yu-Foo Yee Shoon is an Independent Director and member of the audit and risk committee. She joined the Board on 1 January 2017. Mrs Yu-Foo is currently the Lead Independent Director and Deputy Chairman of Singapura Finance Ltd and an Independent Director of KOP Limited. She is also Advisor of Nuri Holdings (S) Pte Ltd and Honorary Advisor to the Singapore China Friendship Association — Women's Alliance. Mrs Yu-Foo is a Justice of Peace and Deputy Registrar of Marriages, MSF. She also sits on the Board of Visiting Justices, MHA.

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

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

LOCK WAI HAN

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Independent Non-Executive Director

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

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

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

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

Board of Directors

JEFFREY DAVID PERLMAN

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Non-Executive Director

Mr Jeffrey David Perlman, is a Non-Executive Director and he joined the Board on 15 April 2022. Mr Perlman is currently the Non-Executive Chairman of ESR Group Limited and Managing Director, Head of Southeast Asia and Asia Pacific Real Estate and a member of the Executive Management Group at Warburg Pincus. Mr Perlman leads Warburg Pincus' investments in Southeast Asia in addition to the firm's real estate efforts across the greater Asia-Pacific region.

Mr Perlman currently also serves on the Board of Directors for ESR-LOGOS Funds Management (S) Limited (the REIT Manager of ESR-LOGOS REIT), BW Industrial Development JSC, Lodgis Hospitality Holdings, Mofang Apartments, Nova Property Investment, NWP Retail, Trax Technology Solutions, Online Pajak, Momo, Weave Co-Living Cayman Limited, Asia Self Storage, Circles Asia Cayman Limited, Princeton Digital Group Limited and Aseana Insurance Holdings Investments. Prior to joining Warburg Pincus in 2006, he worked in the Real Estate Investment Banking Group at Credit Suisse.

Mr Perlman received a bachelor's degree in business administration (B.B.A.) from the Ross School of Business at the University of Michigan.

CHONG KEE HIONG

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Chief Executive Officer and Executive Director

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

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

Mr Chong is currently president of the General Committee of Orchid Country Club and Aranda Country Club as well as Chairman and Non-Executive Director of Foodfare Catering Pte Ltd. Mr Chong is also an elected Member of Parliament for Bishan-Toa Payoh GRC.

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

Management Team

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

MR CHONG KEE HIONG
Chief Executive Officer and Executive Director

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

MS DAWN LAI
Chief Operating Officer

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

Ms Lai has more than 30 years of experience in the real estate sector. She was with CapitaLand Ltd for 19 years where she was responsible for the marketing and leasing of commercial properties with a total asset value of more than S$10 billion.

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

MS NG EE SAN
Finance Director

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

Ms Ng has more than 20 years of experience in accounting and finance. Prior to joining the Manager, she was the Finance Manager at Ascott Residence Trust Management Limited, the manager of Ascott Residence Trust. She was also previously an Accountant at Wing Tai Holdings Limited and The Hour Glass Limited, and has held various positions with PSA Corporation Limited and Deloitte & Touche LLP.

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

MR RAYMOND ONG
Director, Special Projects

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

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

Mr Ong has more than 30 years of experience in real estate development, project and property management.

Prior to joining the Group, he worked with public listed property companies Centrepoint Properties Ltd, Parkway Holdings Ltd and Wing Tai Property Management Pte Ltd, and with private property companies Kallang Development Pte Ltd and SK Land Pte Ltd. He had held positions as Executive Director and General Manager taking charge of development and property management.

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

MS MELISSA CHOW
Manager, Investor Relations

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

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

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

Manager's Report

YEAR IN REVIEW

Suntec REIT achieved a total distributable income of S$255.5 million and distribution per unit ("DPU") of 8.884 cents for the financial year ended 31 December 2022 ("FY 2022"). As at end FY 2022, Suntec REIT's assets under management ("AUM") has grown to approximately S$12.3 billion, underpinned by a 4.4 million square feet ("sq ft") of office portfolio and 1.0 million sq ft of retail portfolio strategically located in the prime districts of Singapore, Australia and the United Kingdom.

FINANCIAL PERFORMANCE

Suntec REIT achieved gross revenue of S$427.3 million in FY 2022 which was 19.3% higher compared to the corresponding period in 2021 ("FY 2021"). This was mainly due to higher contribution from Suntec City Office and Suntec City Mall due to the higher occupancy and rent, higher revenue from Suntec Convention, 21 Harris Street and Olderfleet, 477 Collins Street as well as the full year contribution from The Minster Building. Lower revenue from 177 Pacific Highway due to the lower occupancy and the absence of received in 2021, as well as the weaker Australian dollar partially offset the higher contribution.

The net property income for FY 2022 was S$315.8 million, an increase of 24.0% year-on-year, which was attributable to higher revenue from Suntec City, Suntec Singapore, 21 Harris Street and Olderfleet, 477 Collins Street as well as The Minster Building, and partially offset by lower contribution from 177 Pacific Highway and 55 Currie Street.

The total income contribution from joint ventures, excluding gain/loss on change in fair value adjustments, was S$118.8 million. This mainly comprised share of profits (excluding net change in fair value of investment properties) and interest income from loans to joint ventures (if any) of S$27.7 million from One Raffles Quay, S$53.1 million from MBFC Properties, S$11.3 million from Southgate Complex and S$26.7 million from Nova Properties.

The total income contribution from joint ventures for FY 2022 was 3.3% higher mainly due to the absence of performance fee paid to a fund manager for 9 Penang Road in FY 2021, higher contribution from One Raffles Quay due to higher occupancy and rent as well as lower provision for bad debts at Nova Properties. The increase was partially offset by higher interest expense at One Raffles Quay and Southgate Complex and higher property expenses at MBFC Properties.

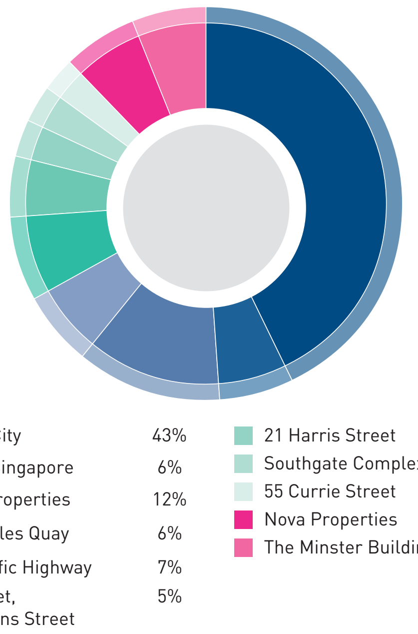
Suntec REIT's distributable income from operations of S$232.5 million attained in FY 2022 was 5.9% lower year-on-year. This was mainly due to higher financing costs arising from higher interest rates and higher proportion of asset management units received in cash. This was partially offset by the higher net property income and income contribution from joint ventures. Total distributable income for FY 2022 was S$255.5 million, 3.4% higher year-on-year due to the capital distribution of S$23.0 million. The DPU for FY 2022 was 8.884 cents, 2.5% higher year-on-year due to the capital distribution.

In FY 2022, the total rent guarantee received amounted to approximately S$8.7 million. This translated to 0.301 cents of FY 2022 DPU.

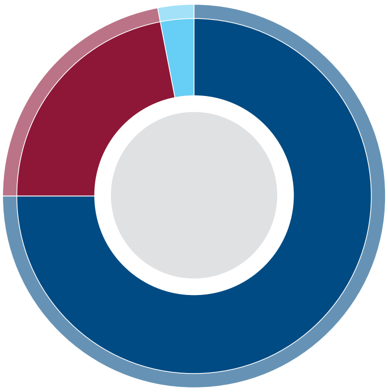
	FY 2022	FY 2021
Distribution Per Unit	8.884¢	8.666¢
— *from operations*	*8.084¢*	*8.666¢*
— *from capital*	*0.800¢*	—

Net Property Income & Income Contribution from Joint Ventures

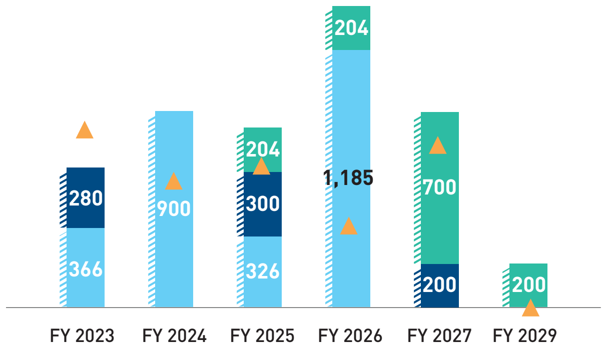
Contribution by Asset FY 2022



Net Property Income & Income Contributions from Joint Ventures
Contribution by Segment FY 2022



Debt Maturity Profile

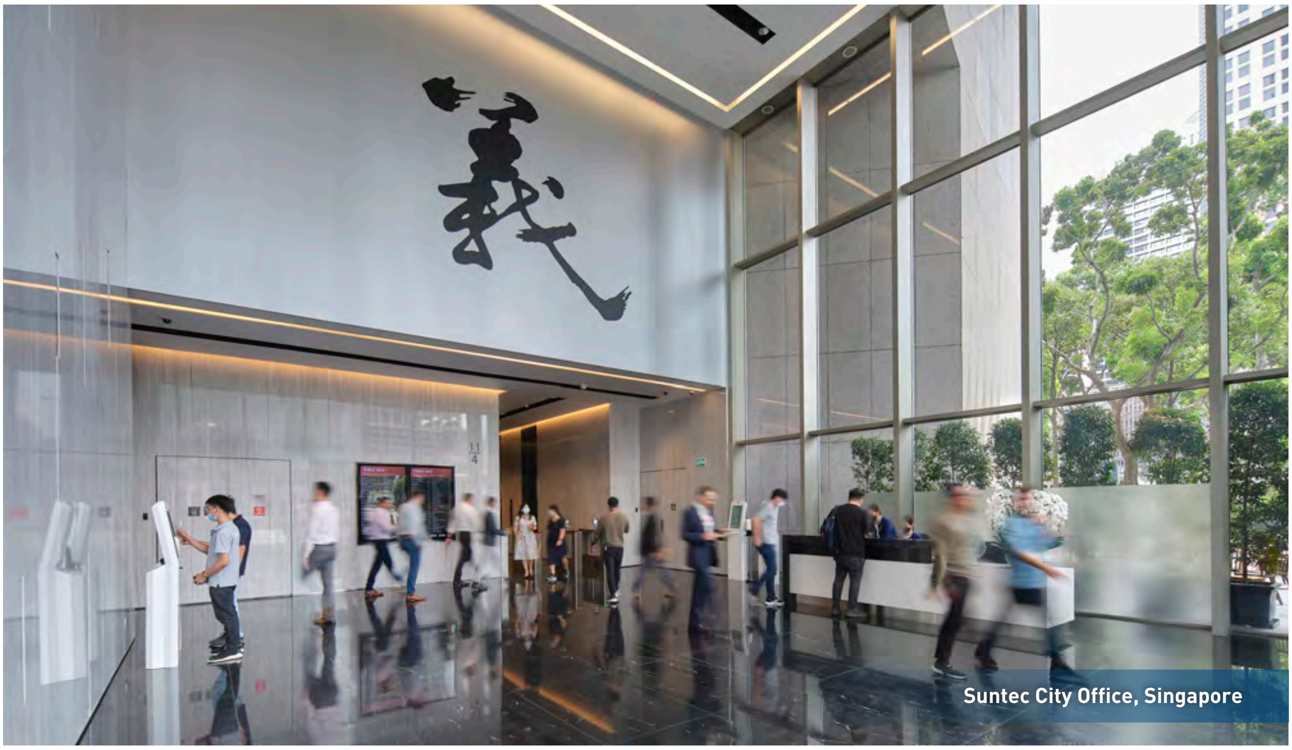


CAPITAL STRUCTURE

Suntec REIT's total consolidated debt stood at S$4,865.2 million, with an aggregate leverage ratio of 42.4% as at 31 December 2022. The all-in cost of financing of Suntec REIT's debt portfolio for FY 2022 was 2.94% per annum.

In FY 2022, Suntec REIT refinanced loans and medium term notes amounting to S$900 million with two sustainability-linked loans.

Suntec REIT's exposure to derivatives is elaborated in the Financial Statements. The fair value of derivatives for FY 2022, which is included in the Financial Statements as "Derivative assets" and "Derivative liabilities", was S$84.4 million and S$3.2 million respectively. The net fair value of derivatives represented 1.2% of the net assets of Suntec REIT as at 31 December 2022.



Suntec City Office, Singapore

Manager's Report

PROPERTY PORTFOLIO

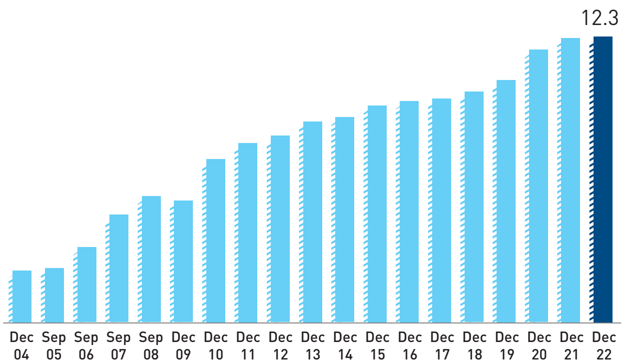
In Singapore, to cater to the evolving needs of the office tenants, upgrading works for Suntec City Office Towers were fully completed in 2022. Tenants now enjoy an enhanced sense of arrival at the upgraded lift lobbies, new lift interior finishes, a state-of-the-art visitor management system and new washrooms.

In Australia, fully fitted office suites were created in 55 Currie Street and Southgate Complex to satisfy tenants' various workspace requirements.

In view of the economic uncertainty and market volatility, the feasibility of the potential redevelopment of the retail podium and construction of a new office tower at Southgate Complex is being re-evaluated.

Suntec REIT's property portfolio comprising approximately 4.4 million sq ft of office space and more than 1.0 million sq ft of retail and convention space was valued at S$11.8 billion and together with cash and other assets, the total AUM was S$12.3 billion as at 31 December 2022, or 0.8% higher than the preceding year. This was mainly due to increase in valuation of the Singapore portfolio, partially offset by lower valuations of the Australia and the United Kingdom portfolios. The net asset value of Suntec REIT and its subsidiaries stood at S$2.12 per unit as at 31 December 2022.

Assets Under Management
S$'bil



Property Valuation[1] (S$ millions)	31 Dec 2022	31 Dec 2021
Suntec City[2]	5,215.0	4,997.0
Suntec Singapore[2]	463.7	438.9
One Raffles Quay[2]	1,323.3	1,250.0
MBFC Properties[2]	1,767.7	1,683.3
177 Pacific Highway[3]	645.4	707.9
21 Harris Street[3]	272.0	301.8
Southgate Complex[4]	337.7	389.3
Olderfleet, 477 Collins Street[3]	433.3	466.5
55 Currie Street[3]	130.5	149.6
Nova Properties[5,6]	707.5	818.2
The Minster Building[7,8]	512.3	633.8
Total	**11,808.4**	**11,836.3**

Notes:

1 Reflects Suntec REIT's interest in its respective properties.
2 Colliers International Consultancy & Valuation (Singapore) Pte Ltd.
3 Based on the valuation by Cushman & Wakefield (Valuations) Pty Ltd.
4 Based on the valuation by CIVAS (VIC) Pty Limited.
5 Based on valuation by Savills (UK) Limited for the report as at 31 December 2022, and Jones Lang LaSalle Limited for the report as at 31 December 2021.
6 The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is £471.8 million as of 31 December 2021, £473.0 million as of 30 June 2022 and £455.0 million as of 31 December 2022.
7 Based on valuation by Jones Lang LaSalle Limited.
8 The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is £365.5 million as of 31 December 2021/30 June 2022 and is £329.7 million as of 31 December 2022.

STRONG OCCUPANCY

Suntec REIT's asset portfolio performance continued to remain strong. As at 31 December 2022, the Singapore office portfolio achieved an overall committed occupancy of 98.5%, or 3.8 percentage points higher than the overall Core CBD occupancy of 94.7%[1]. For the Singapore retail portfolio, the overall committed occupancy as at 31 December 2022 was 98.1%.

In Australia, the office portfolio achieved an overall committed occupancy of 98.0%, 12.2 percentage points higher than the nationwide CBD occupancy of 85.8%[2].

In the United Kingdom, the overall portfolio achieved a committed occupancy of 98.3%, 6.7 percentage points higher than the Central London Office occupancy of 91.6%[2].

Suntec REIT's overall committed occupancy for the office and retail portfolio stood at 98.3% and 97.5% respectively as at 31 December 2022.

Committed Office Occupancy	31 Dec 2022	31 Dec 2021
Suntec City Office	99.9%	97.2%
One Raffles Quay	100%	98.5%
MBFC Tower 1 & 2	94.1%	97.3%
Singapore Office Portfolio	**98.5%**	**97.5%**
177 Pacific Highway	100%	93.8%
21 Harris Street[3]	97.0%	91.0%
Southgate Complex	93.2%	91.7%
55 Currie Street	100%	95.7%
Olderfleet, 477 Collins Street[3]	99.5%	98.3%
Australia Office Portfolio	**98.0%**	**94.2%**
Nova Properties	100%	100%
The Minster Building	96.7%	96.7%
United Kingdom Office Portfolio	**98.3%**	**98.3%**
Overall Office Portfolio	**98.3%**	**96.4%**

Committed Retail Occupancy	31 Dec 2022	31 Dec 2021
Suntec City Mall	98.3%	94.7%
Marina Bay Link Mall	92.7%	92.2%
Singapore Retail Portfolio	**98.1%**	**94.6%**
Southgate Complex	86.1%	85.6%
Australia Retail Portfolio	**86.1%**	**85.6%**
Overall Retail Portfolio	**97.5%**	**94.1%**

Notes:
1 Source: CBRE
2 Source: JLL
3 Rent guarantee on vacant spaces.

LEASING ACHIEVEMENTS

For the office portfolio, a total of 913,476 sq ft of new and renewal leases were secured in FY 2022. The tenant retention rate for FY 2022 was 58.9%. The average rent secured for FY 2022 for the Singapore, Australia and the United Kingdom office portfolios were S$10.40 per square foot per month ("psf/mth"), S$8.06 psf/mth and S$11.82 psf/mth respectively.

Office Leasing Activities	Tenants	NLA (sq ft)
Renewal Leases	93	537,732
New Leases	104	375,744
Total	**197**	**913,476**

Retail Leasing Activities	Tenants	NLA (sq ft)
Renewal Leases	143	193,496
New Leases	82	89,650
Total	**225**	**283,146**

For the retail portfolio, a total of 283,146 sq ft of new and renewal leases were secured in FY 2022. The tenant retention rate for FY 2022 was 68.3%.

Property Portfolio

HIGH QUALITY COMMERCIAL ASSETS

Strategically Located in Prime Districts of Singapore, Australia and the United Kingdom

Suntec REIT's portfolio comprises prime commercial properties in Suntec City, 66.3% interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), one-third interest in One Raffles Quay and one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall ("MBLM" and collectively known as "MBFC Properties"). These properties are located within Singapore's Central Business District, Marina Bay and the Civic and Cultural District. In Australia, Suntec REIT holds a 100% interest in 177 Pacific Highway and 21 Harris Street, both located in Sydney, 50.0% interest in Southgate Complex and 50.0% interest in Olderfleet, 477 Collins Street, both located in Melbourne, as well as 100% interest in 55 Currie Street in Adelaide. In the United Kingdom, Suntec REIT owns a 50.0% interest in Nova North, Nova South and The Nova Building (collectively known as "Nova Properties") and 100% interest in The Minster Building which are both located in London.

Spanning a total net lettable area ("NLA") of approximately 5.4 million square feet ("sq ft"), the properties provide a steady stream of income from a well-diversified pool of strong office and retail tenants.

	% (Based on Suntec REIT's interest)
Office NLA	4,396,537
Retail NLA	999,605
Total NLA	**5,396,142**
No. of tenants (Office)	494
No. of tenants (Retail)	489
Total	**983**
Valuation	**S$11,808.4M**
Committed Occupancy (Office)	98.3%
Committed Occupancy (Retail)	97.5%

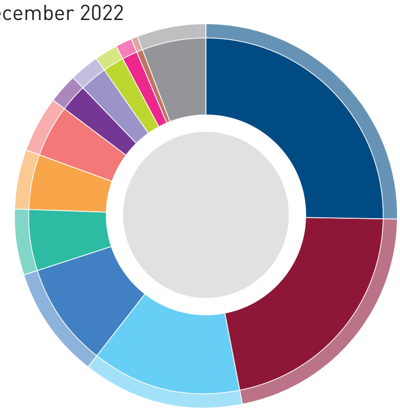
UNITED KINGDOM

AUSTRALIA

The Minster Building | Nova Properties | 21 Harris Street | 55 Currie Street | Southgate Complex

Office Portfolio Business Sector Analysis

(By Gross Rental Income[1])
As at 31 December 2022

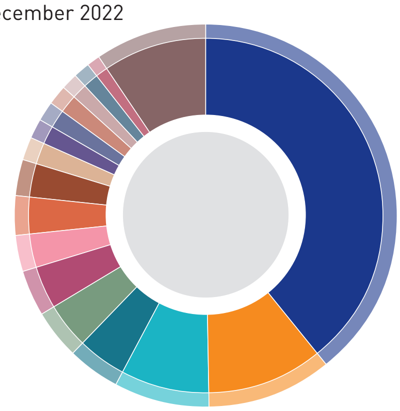


Technology, Media and Telecommunications	25.5%
Banking, Insurance and Financial Services	21.5%
Consultancy / Services	13.8%
Real Estate and Property Services	9.4%
Energy and Natural Resources	5.6%
Government and Government-Linked Offices	5.0%
Trading and Investments	4.7%
Legal	2.5%
Manufacturing	2.4%
Shipping and Freight Forwarding	2.0%
Pharmaceutical and Healthcare	1.4%
Hospitality / Leisure	0.5%
Others	5.7%

Note:
[1] Based on Suntec REIT's interest in its respective properties.

Retail Portfolio Business Sector Analysis

(By Gross Rental Income[1])
As at 31 December 2022



Food and Beverage	39.3%
Fashion and Accessories	10.6%
Leisure and Entertainment	8.0%
Sporting Goods and Apparel	4.5%
Fitness	4.2%
Homeware and Home furnishings	3.7%
Hair and Beauty & Wellness	3.3%
Hypermart/Supermarket	3.2%
Specialty and Gifts	3.0%
Kids' fashion, Toys and Kids' specialty	1.9%
Books Stationery and Education	1.8%
Optical	1.7%
Electronics and Technology	1.7%
Jewellery and Watches	1.4%
Pharmacy	1.2%
Beauty Essentials	1.2%
Services and Others	9.3%

Note:
[1] Based on Suntec REIT's interest in its respective properties.

DIVERSE TENANT MIX

Suntec REIT's office portfolio leases are well diversified across more than 13 business sectors. 47.0% of the total gross office rental income for the month of December 2022 was attributable to the major business sectors of Technology, Media and Telecommunications, and Banking, Insurance and Financial Services. The top 10 tenants of the office portfolio contributed 21.5% of Suntec REIT's total gross rental income for the month of December 2022 and occupied an area representing 24.6% of the REIT's total office portfolio area.

For the retail portfolio, 49.9% of the total gross retail rental income for the month of December 2022 was attributable to the major business sectors of Food and Beverage, and Fashion and Accessories. The top 10 tenants of the retail portfolio contributed 18.8% of Suntec REIT's total gross rental income for the month of December 2022 and occupied an area representing 28.8% of the REIT's total retail portfolio area.

Olderfleet, 477 Collins Street | 177 Pacific Highway | One Raffles Quay | MBFC Properties | Suntec City

Property Portfolio

OFFICE PORTFOLIO — TOP 10 TENANTS (By Gross Rental Income[1]) As at 31 December 2022

Properties	Tenant	Business Sector	NLA (sq ft)	% of Total Office NLA	% of Total Monthly Office Gross Rental Income
Olderfleet, 477 Collins Street	Deloitte Services Pty Ltd	Banking, Insurance and Financial Services	154,953	3.8%	2.8%
177 Pacific Highway	CIMIC Group Limited	Real Estate and Property Services	114,206	2.8%	2.3%
177 Pacific Highway	TPG Telecom Limited	Technology, Media and Telecommunications	107,360	2.6%	2.2%
55 Currie Street, Southgate Complex	Commonwealth of Australia	Government and Government-Linked Offices	178,996	4.4%	2.2%
21 Harris Street	Publicis Groupe	Consultancy / Services	110,935	2.7%	2.2%
MBFC Towers 1 & 2	Standard Chartered Bank	Banking, Insurance and Financial Services	70,220	1.7%	2.1%
One Raffles Quay	Deutsche Bank	Banking, Insurance and Financial Services	72,495	1.8%	2.1%
Suntec City Office	WeWork Singapore Pte. Ltd.	Real Estate and Property Services	64,724	1.6%	1.9%
Suntec City Office	PayPal Pte. Ltd.	Technology, Media and Telecommunications	73,668	1.8%	1.9%
The Minster Building	Charles Taylor Ltd	Banking, Insurance and Financial Services	58,888	1.4%	1.8%
Total			**1,006,445**	**24.6%**	**21.5%**

RETAIL PORTFOLIO — TOP 10 TENANTS (By Gross Rental Income[1]) As at 31 December 2022

Properties	Tenant	Business Sector	NLA (sq ft)	% of Total Retail NLA	% of Total Monthly Retail Gross Rental Income
Suntec City Mall	Pure Yoga (Suntec) Pte Ltd	Fitness	41,464	4.5%	3.1%
Suntec City Mall	Golden Village Multiplex Pte Ltd	Leisure and Entertainment	60,098	6.5%	2.5%
Suntec City Mall, One Raffles Quay, MBLM	Cold Storage Singapore (1983) Pte Ltd	Hypermart/Supermarket, Pharmacy, Services & Others	30,957	3.4%	2.5%
Suntec City Mall	Arcade Planet Pte. Ltd.	Leisure and Entertainment	26,919	2.9%	2.1%
Suntec City Mall	Food Republic Pte. Ltd.	Food and Beverage	13,134	1.4%	1.6%
Suntec City Mall	DreamUs SPS Pte. Ltd.	Leisure and Entertainment	28,794	3.1%	1.5%
Suntec City Mall	Cotton On Singapore Pte. Ltd.	Fashion and Accessories, Specialty and Gifts	14,881	1.6%	1.5%
Suntec City Mall	Broadway Food Centre (Holdings) Pte Ltd	Food and Beverage	12,688	1.4%	1.4%
Suntec City Mall	Pertama Merchandising Pte Ltd	Electronics and Technology	22,217	2.4%	1.4%
Suntec City Mall	Uniqlo (S) Pte Ltd	Fashion and Accessories	14,437	1.6%	1.2%
Total			**265,589**	**28.8%**	**18.8%**

Note:

1 Reflects Suntec REIT's interest in its respective properties.

LEASE EXPIRY PROFILE

In FY 2022, approximately 913,476 sq ft of office space was renewed and replaced, including forward renewal of approximately 432,517 sq ft of the office leases expiring in FY 2023 and FY 2024.

As at 31 December 2022, 42.2% of the total office NLA is due to expire during the period from FY 2023 to FY 2025, while 56.0% is due to expire in FY 2026 and beyond.

For the retail portfolio as at 31 December 2022, 69.4% of the total retail NLA is due to expire during the period from FY 2023 to FY 2025, while 27.4% is due to expire in FY 2026 and beyond.

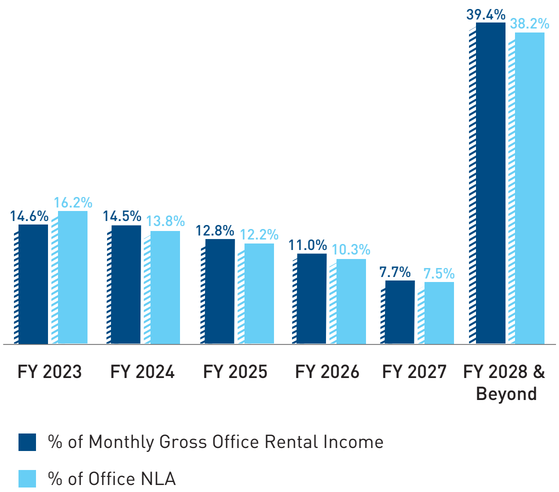
WEIGHTED AVERAGE LEASE EXPIRY PROFILE

The weighted average lease expiry ("WALE") of the overall office portfolio was 4.55 years as at 31 December 2022. The Singapore and overseas office portfolios' WALE was 2.68 years and 6.49 years respectively. The WALE of the office leases committed in FY 2022 was 4.54 years. These leases contribute 21.2% to the total monthly gross office rental income.

The WALE of the overall retail portfolio was 2.35 years as at 31 December 2022. The Singapore and overseas retail portfolios' WALE was 2.32 years and 2.87 years respectively. The WALE of the retail leases committed in FY 2022 was 2.44 years. These leases contribute 37.1% to the total monthly gross retail rental income.

Office Portfolio Lease Expiry Profile[1]

As at 31 December 2022

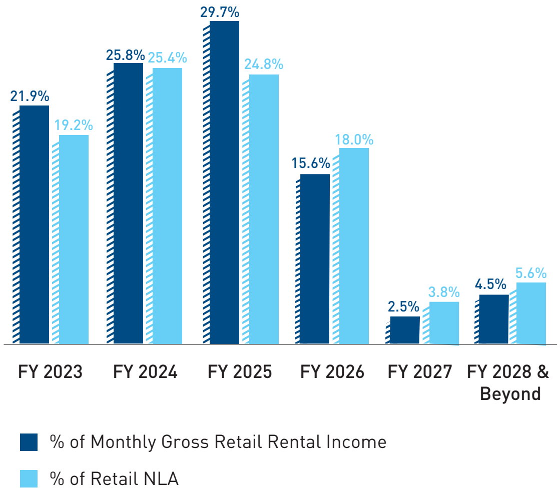


Note:

[1] Based on Suntec REIT's interest in its respective properties.

Retail Portfolio Lease Expiry Profile[1]

As at 31 December 2022



Note:

[1] Based on Suntec REIT's interest in its respective properties.

Property Details

SUNTEC CITY, SINGAPORE

- **Total Net Lettable Area**
  2,169,890 sq ft[1]
- **Office**
  1,254,976 sq ft
- **Retail**
  914,914 sq ft[1]

Property Statistics As at 31 December 2022	
Location	3, 5, 6, 7, 8 and 9 Temasek Boulevard, Singapore 038983/85/86/87/88/89 and 1 Raffles Boulevard, Singapore 039593
Title	Leasehold 99 years from 1989
Number of tenants	617
Car Park Lots[2]	3,066
Purchase Price[3]	S$2,351.7 million
Market Valuation[4]	S$5,678.7 million (31 December 2021: S$5,435.9 million)
Gross Revenue	S$300.7 million[5] (31 December 2021: S$242.9 million)
Net Property Income	S$212.4 million (31 December 2021: S$160.9 million)
Committed Occupancy	99.2% (31 December 2021: 96.2%)

Notes:

1 Based on Suntec REIT's interest in Suntec Singapore and includes space occupied by recreational facilities.
2 Owned and managed by the Management Corporation Strata Title Plan No. 2197 ("MCST 2197").
3 Includes the investment of 66.3% interest in Suntec Singapore and the divestment of a portfolio of Suntec City Office strata units which was completed on 21 September 2021.
4 Includes the value of a 66.3% interest in Suntec Singapore of S$463.7 million.
5 Comprises gross rental income of S$234.6 million, other income of S$6.2 million, and S$59.9 million from Suntec Singapore.

Suntec City is an iconic integrated commercial development located in the Marina Central Business Improvement District.

A premier business, MICE[1], shopping and lifestyle destination, Suntec City comprises five Grade A office towers, one of Singapore's largest shopping malls and a world-class convention and exhibition centre. The development is interlinked by street level plazas and underground walkways, with the iconic Fountain of Wealth nestled in the heart of the development.

Suntec City Office Towers had achieved the Building and Construction Authority (BCA) Green Mark Platinum award, the highest of the four BCA Green Mark ratings. With this achievement, the entire Suntec City is now fully Green Mark compliant.

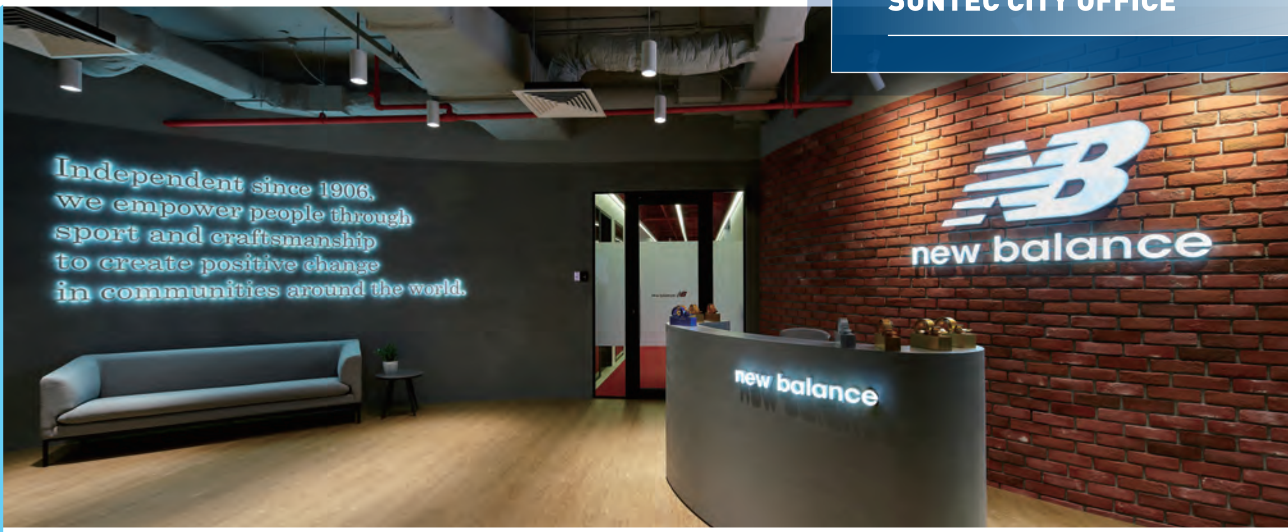
Suntec REIT owns 55.7% of Suntec City Office, 100% of Suntec City Mall, and 66.3% interest in Suntec Singapore Convention and Exhibition Centre ("Suntec Singapore"). Easily accessible by car and public transport, Suntec City houses more than 3,000 carpark lots over two basement levels. It is directly connected to the Promenade and Esplanade Mass Rapid Transit ("MRT") stations and is also a 5-minute walk to City Hall MRT station.

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

Note:
[1] Meetings, Incentives, Conventions and Exhibitions.

Property Details

SUNTEC CITY OFFICE



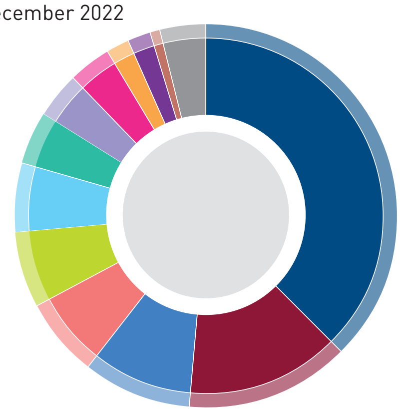
Suntec REIT owns a net lettable area ("NLA") of approximately 1.3 million sq ft of Suntec City Office, comprising strata units across Towers 1, 2 and 3, and all strata units in Towers 4 and 5. Towers 1 to 4 are 45-storey buildings with typical floor plates ranging from 10,000 sq ft to 14,000 sq ft, whilst Tower 5 is an 18-storey building with large floor plates of about 28,000 sq ft.

With good building specifications and a strong ecosystem, Suntec City Office attracts a good stream of diverse multinational firms from sectors such as Technology, Media and Telecommunications, Banking, Insurance and Financial Services and Real Estate and Property Services.

In 2018, MCST 2197 received approval for the upgrading works for Suntec City Office. Upgrading works were completed in phases as of June 2022 and office tenants now enjoy a seamless access experience via facial recognition, a new visitor management system at the upgraded lift lobbies, new lift interior finishes and new washrooms.

Suntec City Office Business Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



Technology, Media and Telecommunications	37.6%
Banking, Insurance and Financial Services	13.8%
Real Estate and Property Services	9.2%
Trading and Investments	6.8%
Shipping and Freight Forwarding	6.3%
Consultancy / Services	5.8%
Energy and Natural Resources	4.5%
Manufacturing	3.8%
Pharmaceutical and Healthcare	3.7%
Government and Government-Linked Offices	2.0%
Legal	1.8%
Hospitality / Leisure	1.0%
Others	3.7%

DIVERSE TENANT MIX

For the month of December 2022, 37.6% of the total gross office rental income was attributable to the Technology, Media and Telecommunications sector, followed by 13.8% and 9.2% from the Banking, Insurance and Financial Services sector and Real Estate and Property Services sector respectively.

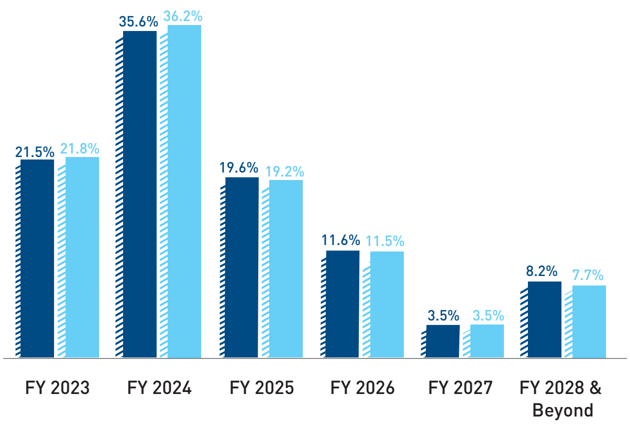
The Technology, Media and Telecommunications sector, Banking, Insurance and Financial Services sector, and Real Estate and Property Services sector, constitute 38.2%, 13.7% and 8.5% of Suntec City's Office NLA respectively as at 31 December 2022.

The top 10 office tenants of Suntec City Office contributed 17.7% of Suntec City's total gross revenue for the month of December 2022, representing 34.0% of the Suntec City Office NLA owned by Suntec REIT.

LEASE EXPIRY PROFILE

As at 31 December 2022, 77.2% of Suntec City's office NLA is due to expire during the period from FY 2023 to FY 2025, whilst 22.7% is due to expire in FY 2026 and beyond.

Suntec City Office Lease Expiry Profile



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

Property Details

SUNTEC CITY MALL

Suntec City houses over 340 retail establishments featuring a wide range of speciality stores, food and beverage options and entertainment concepts.

In addition to local residents and tourists, the mall caters to the needs of the working population in and around Suntec City, as well as the vast network of local and international delegates who convene at Suntec Singapore for exhibitions, seminars and conferences.

EVENTS AT SUNTEC CITY

In 2022, the Purple Parade — a unifying national platform to promote awareness and celebrate the abilities of Persons with Disabilities, celebrated their 10th anniversary and marked their first physical parade post-pandemic. The 2022 edition was also the seventh consecutive year that Suntec City was the supporting partner for the Purple Parade.

Throughout the year, Suntec City also played host to a myriad of activities in the mall. These include brand activations and roadshows at our atria and event spaces, mall campaigns to delight our shoppers and festive celebrations to inject a vibrant atmosphere.

Suntec City Retail Business Sector Analysis

(By Gross Rental Income[1])
As at 31 December 2022

Food and Beverage	36.4%	Specialty and Gifts	3.2%
Fashion and Accessories	11.3%	Kids' fashion, Toys and Kids' specialty	2.1%
Leisure and Entertainment	8.7%	Books Stationery and Education	1.9%
Sporting Goods and Apparel	4.9%	Optical	1.8%
Fitness	4.5%	Electronics and Technology	1.8%
Homeware and Home furnishings	4.0%	Jewellery and Watches	1.5%
Hypermart / Supermarket	3.4%	Pharmacy	1.3%
Hair and Beauty & Wellness	3.3%	Beauty Essentials	1.2%
		Services and Others	8.7%

Note:
1 Includes 66.3% interest in Suntec Singapore (Retail).

The Food and Beverage, Leisure and Entertainment, and Fashion and Accessories sectors made up 28.6%, 14.8% and 10.9% of Suntec City's retail NLA as at 31 December 2022.

The top 10 retail tenants of Suntec City, occupying 31.0% of the mall's total NLA, contributed 9.7% of Suntec City's total gross rental income for the month of December 2022.

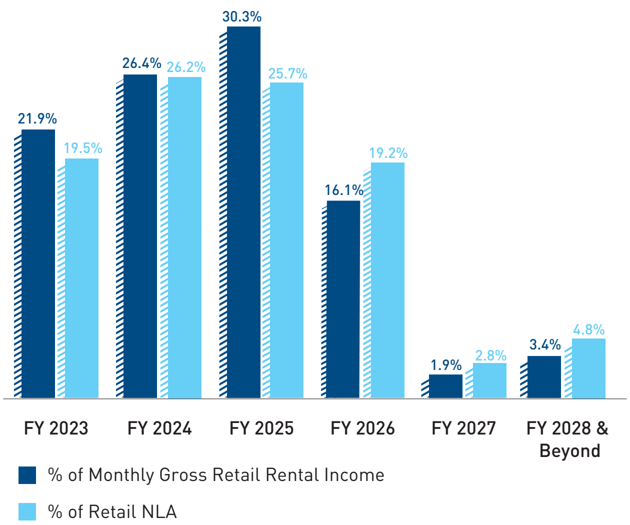
ATTRACTIVE TENANT MIX

For the month of December 2022, 36.4% of the total gross retail rental income was attributable to the Food and Beverage sector, followed by 11.3% and 8.7% from Fashion and Accessories sector and Leisure and Entertainment sector respectively.

LEASE EXPIRY PROFILE

As at 31 December 2022, 71.4% of Suntec City's total retail NLA is due to expire during the period from FY 2023 to FY 2025, whilst 26.8% is due to expire in FY 2026 and beyond.

Suntec City Retail Lease Expiry Profile[1]



Note:
1 Includes 66.3% interest in Suntec Singapore (Retail).

Property Details

SUNTEC SINGAPORE CONVENTION & EXHIBITION CENTRE

Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore") is a world-class meeting, convention and exhibition venue.

The award-winning facility offers flexible and customisable spaces that can cater to events for 10 to 10,000 attendees. The venue has direct access to approximately 5,800 hotel rooms, 1,000 retail outlets, 300 restaurants and is within close proximity to Singapore's entertainment and cultural attractions.

Since 1995, Suntec Singapore has hosted many notable events such as the World Trade Organization Ministerial Meetings in 1996, the Annual Meetings of the Board of Governors of the International Monetary Fund and World Bank Group in 2006, the Leaders Week in 2009 and the 33rd ASEAN Summit Meetings in 2018. Suntec Singapore also served as one of the largest sporting venues for the inaugural Youth Olympic Games in 2010.

On 1 July 2020, to support the convention business which was severely impacted by border closures, travel restrictions and prohibition of large-scale events due to the COVID-19 pandemic, S$40.0 million was injected into Suntec Singapore, increasing Suntec REIT's equity interest from 60.8% to 66.3%.

Business recovery at Suntec Singapore and the broader MICE industry in Singapore remained impacted in 2022. In the first half of 2022, domestic demand for physical-virtual hybrid events and meetings were the key business drivers for the convention business. New revenue streams from long-term licensees such as One World International School and TeamSport Singapore also helped to cushion the business impact. Following the significant easing of safe management measures and travel restrictions in April 2022, Suntec Singapore saw the return of international MICE events, albeit on a smaller scale.

Property Details

ONE RAFFLES QUAY, SINGAPORE

- **Total Net Lettable Area**
  1,324,482 sq ft
- **Number of tenants**
  66
- **Market Valuation**
  S$1,323.3 million
- **Net Income Contribution**
  S$27.7 million

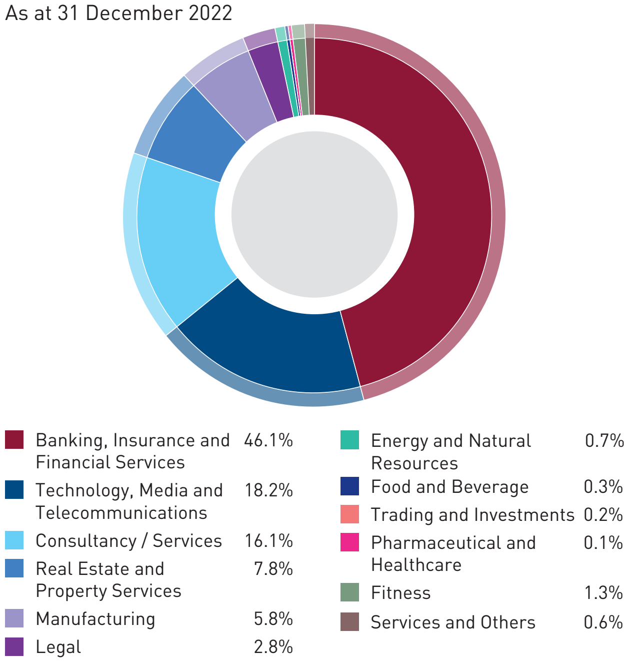
One Raffles Quay is a prime landmark commercial development strategically located in Marina Bay.

Designed by internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, One Raffles Quay comprises a 50-storey office tower (the "North Tower") and a 29-storey office tower (the "South Tower"). An underground pedestrian network connects the development directly to the Downtown and Raffles Place MRT stations and the major buildings within Marina Bay and Raffles Place. The development has a sheltered plaza serving as a drop-off point and a hub car park with 713 car park lots.

Property Statistics As at 31 December 2022	
Location	1 Raffles Quay, Singapore 048583
Title	Leasehold 99 years from 2001
Net Lettable Area[1]	441,494 sq ft
Car Park Lots	713
Purchase Price[1]	S$941.5 million
Market Valuation[1]	S$1,323.3 million (31 December 2021: S$1,250.0 million)
Net Income Contribution[2]	S$27.7 million (31 December 2021: S$26.0 million)
Committed Occupancy	100% (31 December 2021: 98.5%)

Notes:
1 Based on Suntec REIT's interest in the property.
2 Comprises share of profits (excluding net change in fair value of investment properties) and interest income from loan to the joint venture.

One Raffles Quay Business Sector Analysis
(By Gross Rental Income)
As at 31 December 2022



In recognition of its outstanding achievements in environmental sustainability, One Raffles Quay retained its BCA Green Mark Platinum Award in 2022.

One Raffles Quay has a large and diversified tenant base comprising 61 office tenants and five retail tenants. The major office tenants include Deutsche Bank, Ernst & Young, L'Oreal and TikTok.

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

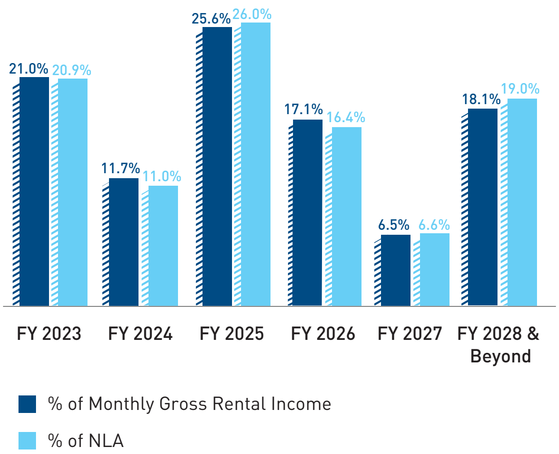
STRONG TENANT MIX

For the month of December 2022, 46.1% of the total gross rental income was attributable to the Banking, Insurance and Financial Services sector.

LEASE EXPIRY PROFILE

As at 31 December 2022, 57.9% of the total NLA of One Raffles Quay is due to expire during the period from FY 2023 to FY 2025, whilst 42.0% is due to expire in FY 2026 and beyond.

ORQ Lease Expiry Profile



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

Property Details

MBFC PROPERTIES, SINGAPORE

- Total Net Lettable Area
  1,724,121 sq ft
- Number of tenants
  121
- Market Valuation
  S$1,767.7 million
- Net Income Contribution
  S$53.1 million

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

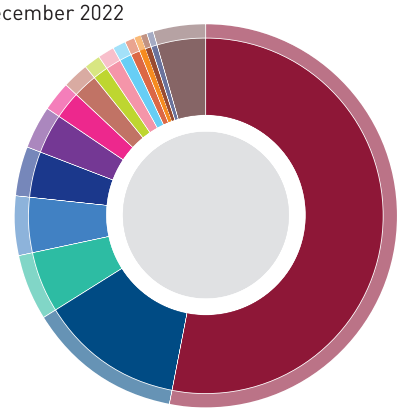
Designed by the internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, Phase 1 of the development comprises a 33-storey office tower ("Tower 1"), a 50-storey office tower ("Tower 2"), Marina Bay Residences and the Marina Bay Link Mall which consists of approximately 95,934 sq ft of NLA for retail use and 695 car park lots. It is directly connected to the Downtown MRT station and is easily accessible via an underground pedestrian network to the Raffles Place MRT station.

Property Statistics As at 31 December 2022	
Location	8, 8A and 10 Marina Boulevard, Singapore 018981/83/84
Title	Leasehold 99 years from 2005
Net Lettable Area[1]	574,707 sq ft
Car Park Lots	695
Purchase Price[1]	S$1,495.8 million
Market Valuation[1]	S$1,767.7 million (31 December 2021: S$1,683.3 million)
Net Income Contribution[2]	S$53.1 million (31 December 2021: S$52.6 million)
Committed Occupancy	94.0% (31 December 2021: 97.0%)

Notes:
[1] Based on Suntec REIT's interest in the property.
[2] Comprises share of profits (excluding net change in fair value of investment properties) and interest income from loan to the joint venture.

MBFC Properties Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



Banking, Insurance and Financial Services	59.2%
Technology, Media and Telecommunications	13.8%
Energy and Natural Resources	5.1%
Real Estate and Property Services	4.9%
Food and Beverage	3.6%
Legal	3.1%
Pharmaceutical and Healthcare	1.7%
Hospitality / Leisure	1.6%
Shipping and Freight Forwarding	0.7%
Hair and Beauty & Wellness	0.4%
Consultancy / Services	0.4%
Hypermarket / Supermarket	0.2%
Fashion and Accessories	0.1%
Specialty and Gifts	0.1%
Optical	0.1%
Services and Others	5.0%

In recognition of its achievements in environmental sustainability, the development retained its BCA Green Mark Platinum Award in 2022.

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

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

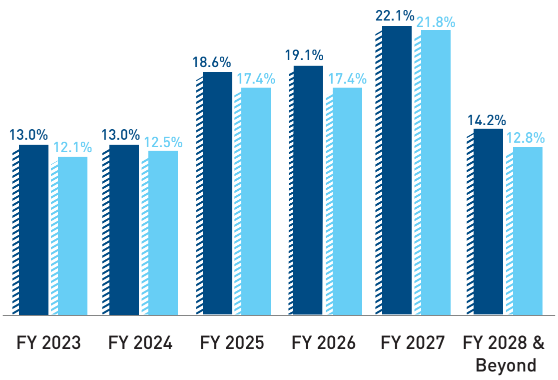
STRONG TENANT MIX

For the month of December 2022, 59.2% the total gross rental income was attributable to the Banking, Insurance and Financial Services sector.

LEASE EXPIRY PROFILE

As at 31 December 2022, 42.0% of the total NLA of the MBFC Properties is due to expire during the period from FY 2023 to FY 2025, whilst 52.0% is due to expire in FY 2026 and beyond.

MBFC Properties Lease Expiry Profile



% of Monthly Gross Rental Income
% of NLA

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

Property Details

177 PACIFIC HIGHWAY, SYDNEY

- Total Net Lettable Area
  430,915 sq ft
- Number of tenants
  11
- Market Valuation
  S$645.4 million
- Net Property Income
  S$30.8 million

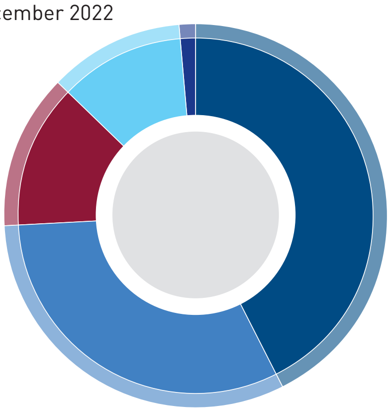
177 Pacific Highway is a 31-storey Grade A commercial tower strategically located in North Sydney Central Business District.

The 31-storey landmark building is designed by award-winning architecture firm Bates Smart and boasts state-of-the-art design and harbour views. The property's prime location enjoys direct access to a number of major surrounding roadways and is well served by public transport. The property is a 5-minute walk from North Sydney station.

Property Statistics As at 31 December 2022	
Location	177 Pacific Highway, North Sydney NSW 2060
Title	Freehold
Net Lettable Area	430,915 sq ft
Car Park Lots	112
Purchase Price	S$457.5 million[1]
Market Valuation[2]	S$645.4 million (31 December 2021: S$707.9 million)
Gross Revenue	S$37.4 million[3] (31 December 2021: S$42.8 million[4])
Net Property Income	S$30.8 million[3] (31 December 2021: S$36.5 million[4])
Committed Occupancy	100% (31 December 2021: 93.8%)

Notes:
1. Based on total actual progress payment made, at an average exchange rate of A$1.00 = S$1.107.
2. The change in valuation is due to cap rate expansion and lower AUD exchange rate, which were based on A$1.00 = $0.9065 and A$1.00 = S$0.9832 as at 31 December 2022 and 31 December 2021 respectively.
3. Based on exchange rate of A$1.00 = S$0.9557.
4. Based on exchange rate of A$1.00 = S$1.0062.

177 Pacific Highway Business Sector Analysis
(By Gross Rental Income)
As at 31 December 2022



177 Pacific Highway's premier tenant base include CBRE, CIMIC Group Limited, Cisco Systems, Jacobs Engineering Group Inc, Objective Corporation, Pepper Group Limited and TPG Telecom Limited.

The building has a 5 Star Green Star — Office Design v3 Certified Rating, 6 Star NABERS Energy Rating and 5 Star NABERS Water Rating.

STRONG TENANT MIX

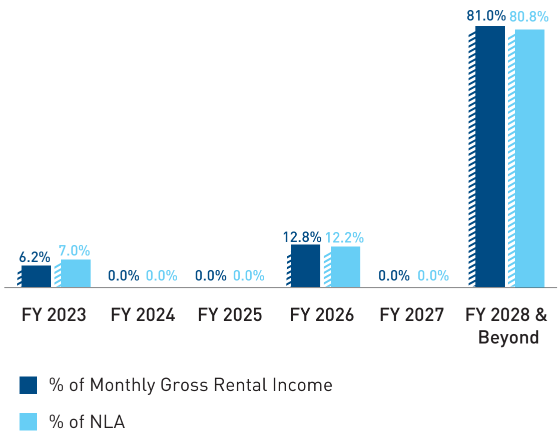
For the month of December 2022, 42.6% of the total gross rental income was attributable to the Technology, Media and Telecommunications sector.

LEASE EXPIRY PROFILE

As at 31 December 2022, 7.0% of the total NLA of 177 Pacific Highway is due to expire in FY 2023, whilst 93.0% is due to expire in FY 2026 and beyond.

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

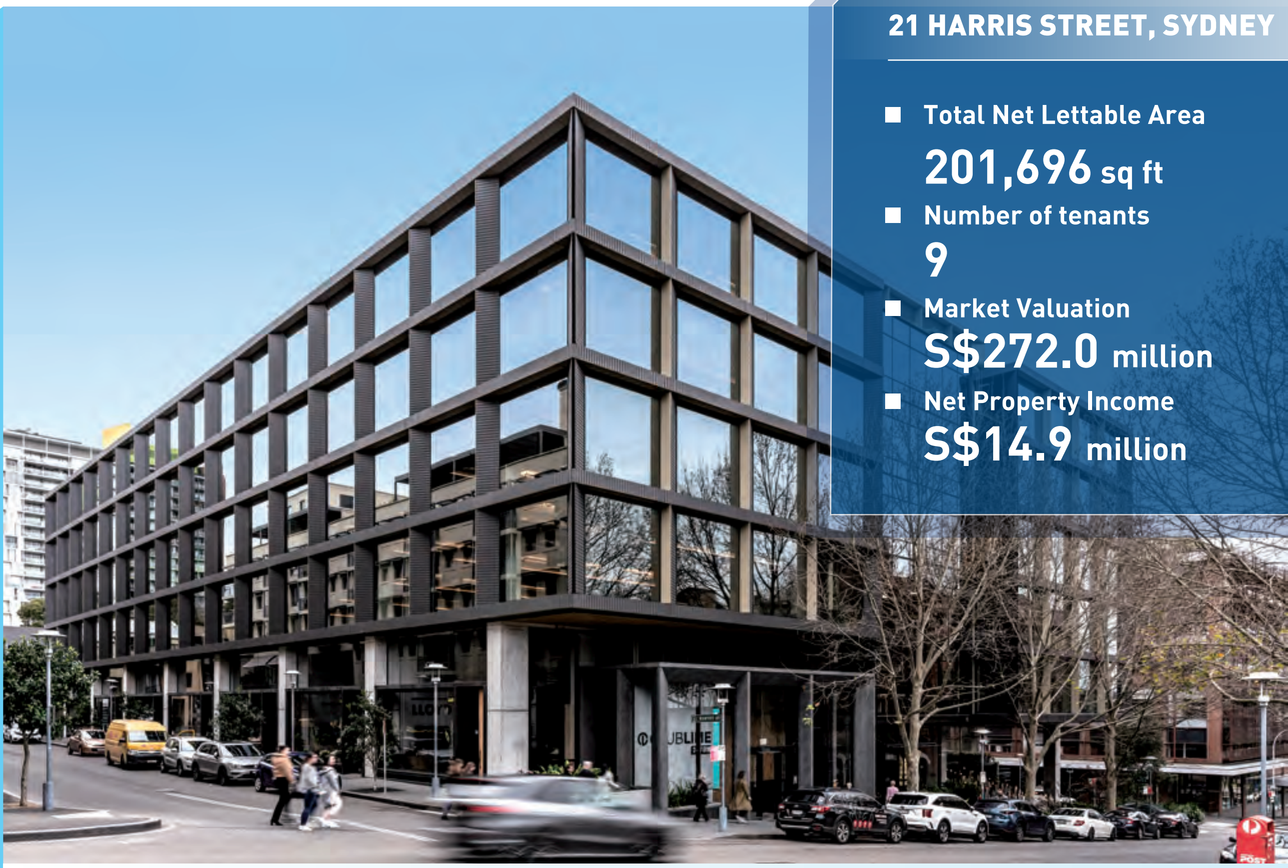
177 Pacific Highway Lease Expiry Profile



Property Details

21 HARRIS STREET, SYDNEY

- **Total Net Lettable Area**
  201,696 sq ft
- **Number of tenants**
  9
- **Market Valuation**
  S$272.0 million
- **Net Property Income**
  S$14.9 million



21 Harris Street is a new freehold Grade A office building located in Pyrmont, an inner-city fringe area 2km west of Sydney's CBD. The building received its practical completion on 2 April 2020.

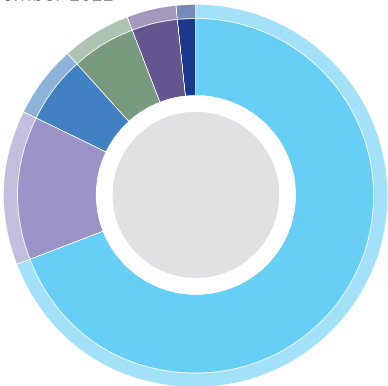
Property Statistics As at 31 December 2022	
Location	21 Harris Street, Pyrmont, NSW 2009
Title	Freehold
Net Lettable Area	201,696 sq ft
Car Park Lots	171
Purchase Price[1]	S$257.4 million
Market Valuation[2]	S$272.0 million (31 December 2021: S$301.8 million)
Gross Revenue	S$18.8 million[3] (31 December 2021: S$16.5 million[4])
Net Property Income	S$14.9 million[3] (31 December 2021: S$13.1 million[4])
Committed Occupancy	97.0% (31 December 2021: 91.0%)

Notes:

1 Based on exchange rate of A$1.00 = S$0.8726 at the time of acquisition.
2 The change in valuation is due to cap rate expansion and lower AUD exchange rate, which were based on A$1.00 = $0.9065 and A$1.00 = S$0.9832 as at 31 December 2022 and 31 December 2021 respectively.
3 Based on exchange rate of A$1.00 = S$0.9557.
4 Based on exchange rate of A$1.00 = S$1.0062.

21 Harris Street Business Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



Consultancy / Services	69.3%	Fitness	5.9%
Manufacturing	13.1%	Books Stationery and Education	4.3%
Real Estate and Property Services	6.0%	Food and Beverage	1.4%

Suntec REIT deepened its footprint in Australia with the acquisition of a second asset in Sydney in 2019. The property is a strategic fit with Suntec REIT's portfolio of high quality assets and further enhances the stability of the REIT's income.

The nine storey campus style building has amenities including a café, childcare, gymnasium, basement carpark and end-of-trip facility.

The Pyrmont precinct has evolved into Sydney's technology media and entertainment hub and the property is within a 10-minute drive or 15 to 20 minutes' walk to Sydney core CBD. It is also next to John Street Light Rail Station which is a 15 minutes' direct ride to Sydney's Central Train Station.

Key tenants at 21 Harris Street include Lloyd Group, Medium Rare Content Agency, Publicis Groupe, Strandbags Group and Viva Leisure.

The building has a 6 Star Green Star Rating and a 6 Star NABERS Energy Rating.

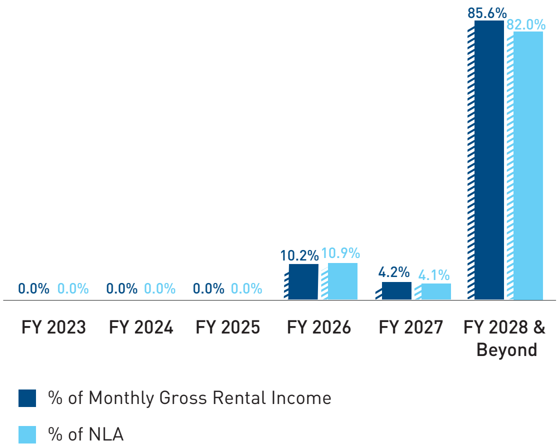
STRONG TENANT MIX

For the month of December 2022, 69.3% of the total gross revenue was attributable to the Consultancy / Services sector.

LEASE EXPIRY PROFILE

As at 31 December 2022, 97.0% of the total NLA of 21 Harris Street is due to expire in FY 2026 and beyond.

21 Harris Street Lease Expiry Profile



The Manager's objective for 21 Harris Street is to generate sustainable growth from the property for Suntec REIT unitholders.

Property Details

SOUTHGATE COMPLEX, MELBOURNE

- Total Net Lettable Area
  814,304 sq ft
- Number of tenants
  80
- Market Valuation
  S$337.7 million
- Net Income Contribution
  S$11.3 million

Southgate Complex is a freehold, landmark waterfront integrated development located alongside the Yarra River in the Southbank arts and leisure precinct of Melbourne. Southgate Complex comprises two Grade A office towers, the 30-storey "IBM Tower", the 25-storey "HWT Centre", a 3-storey retail podium and a car park with 975 lots.

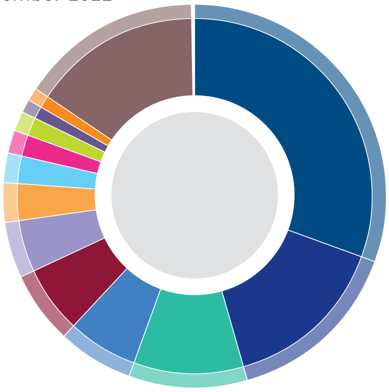
Property Statistics As at 31 December 2022	
Location	40 and 60 City Road, 3 Southbank Avenue, Southbank, Melbourne, VIC 3006
Title	Freehold
Net Lettable Area[1]	407,152 sq ft Office: 354,440 sq ft Retail: 52,712 sq ft
Car Park Lots	975
Purchase Price[2]	S$299.8 million
Market Valuation[1,3]	S$337.7 million (31 December 2021: S$389.3 million)
Net Income Contribution[4]	S$11.3 million[5] (31 December 2021: S$14.2 million[6])
Committed Occupancy	92.3% (31 December 2021: 91.0%)

Notes:

1 Based on Suntec REIT's interest in the property.
2 Based on an exchange rate of A$1.00 = S$1.0615 and A$1.00 = S$1.013 being the exchange rates at the time of acquisitions.
3 The change in valuation is due to cap rate expansion and lower AUD exchange rate, which were based on A$1.00 = S$0.9065 and A$1.00 = S$0.9832 as at 31 December 2022 and 31 December 2021 respectively.
4 Comprises share of profits (excluding net change in fair value of investment properties).
5 Based on exchange rate of A$1.00 = S$0.9557.
6 Based on exchange rate of A$1.00 = S$1.0062.

Southgate Complex Business Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



- Technology, Media and Telecommunications 31.3%
- Food and Beverage 15.2%
- Energy and Natural Resources 10.1%
- Real Estate and Property Services 6.6%
- Banking, Insurance and Financial Services 6.2%
- Manufacturing 4.7%
- Government and Government-Linked Offices 3.3%
- Consultancy / Services 2.7%
- Pharmaceutical and Healthcare 1.9%
- Shipping and Freight Forwarding 1.8%
- Books Stationery and Education 0.2%
- Fashion and Accessories 0.2%
- Services and Others 15.8%

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

Southgate Complex has a premier tenant base with major office tenants including Alinta, IBM Australia, JB Hi-Fi and The Herald and Weekly Times.

IBM Tower has a 4.5 Star NABERS Energy Rating and a 5.5 Star NABERS Water Rating while HWT Centre has a 4.5 Star NABERS Energy Rating and 5.0 Star NABERS Water Rating.

On 31 May 2018, Suntec REIT increased its interest in Southgate Complex from 25.0% to 50.0%. The remaining 50.0% is owned by PIP Trust.

In June 2020, a development application was submitted to relevant authorities in Melbourne for the potential redevelopment of the retail podium and construction of a new office tower. The planning control amendments had been approved by the authorities in December 2021. Suntec REIT is re-evaluating the feasibility of the redevelopment in view of the economic uncertainty.

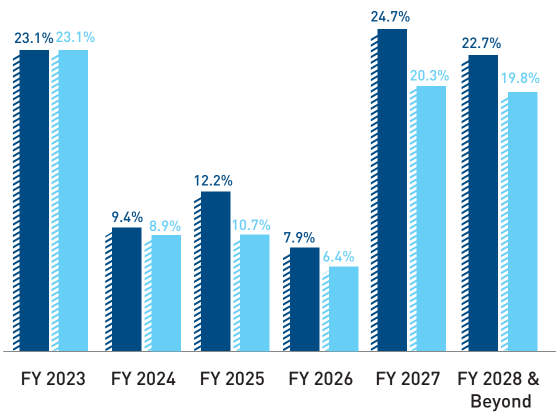
STRONG TENANT MIX

For the month of December 2022, 31.3% of the total gross rental income was attributable to the Technology, Media and Telecommunications sector.

LEASE EXPIRY PROFILE

As at 31 December 2022, 42.7% of the total NLA of Southgate Complex is due to expire during the period from FY 2023 to FY 2025 and 46.5% is due to expire in FY 2026 and beyond.

Southgate Complex Lease Expiry Profile



- % of Monthly Gross Rental Income
- % of NLA

The Manager's objective for Southgate Complex is to generate sustainable growth from the property for Suntec REIT unitholders.

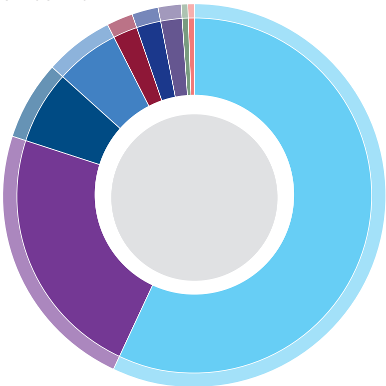
Property Details

Olderfleet, 477 Collins Street is a new premium grade office building within Melbourne CBD. Designed by award winning Grimshaw Architects, the main entrance incorporates facades of three heritage listed buildings. The 39-level state-of-the-art building received practical completion on 31 July 2020.

Property Statistics As at 31 December 2022	
Location	477 Collins Street, Melbourne, VIC 3000
Title	Freehold
Net Lettable Area[1]	315,351 sq ft
Car Park Lots	416
Purchase Price[2]	S$430.9 million
Market Valuation[1,3]	S$433.3 million (31 December 2021: S$466.5 million)
Gross Revenue[1]	S$28.2 million[4] (31 December 2021: S$26.7 million[5])
Net Property Income[1]	S$22.3 million[4] (31 December 2021: S$21.1 million[5])
Committed Occupancy	99.5% (31 December 2021: 98.3%)

Notes:
1 Based on Suntec REIT's interest in the property.
2 Based on total actual progress payment made, at an average exchange rate of A$1.00 = S$1.0041.
3 The change in valuation is due to cap rate expansion and lower AUD exchange rate, which were based on A$1.00 = $0.9065 and A$1.00 = S$0.9832 as at 31 December 2022 and 31 December 2021 respectively.
4 Based on exchange rate of A$1.00 = S$0.9557.
5 Based on exchange rate of A$1.00 = S$1.0062.

Olderfleet, 477 Collins Street Business Sector Analysis
(By Gross Rental Income)
As at 31 December 2022



Consultancy / Services	57.1%
Legal	23.1%
Technology, Media and Telecommunications	6.5%
Real Estate and Property Services	5.9%
Banking, Insurance and Financial Services	2.3%
Food and Beverage	2.2%
Books Stationery and Education	1.8%
Fitness	0.8%
Trading and Investments	0.3%

The development achieved 6 Star Green Star rating, 5.0 Star NABERS Energy rating, 5.5 Star NABERS Water rating as well as International WELL Platinum rating for Core & Shell. The property provides market leading amenities including a business lounge, fitness studio, childcare centre and hotel-style end-of-trip facilities and concierge services.

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

In recognition of its architectural excellence, Olderfleet, 477 Collins Street won the prestigious World Architecture Festival (WAF) 2021 Awards for Office — Completed Buildings category and awarded winner for the Best Tall Building 100–199 metres category at the Council on Tall Building and Urban Habitat conference in 2022.

Olderfleet, 477 Collins Street premier tenant base includes Deloitte, Lander & Rogers, Norton Rose, Urbis and Workclub.

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

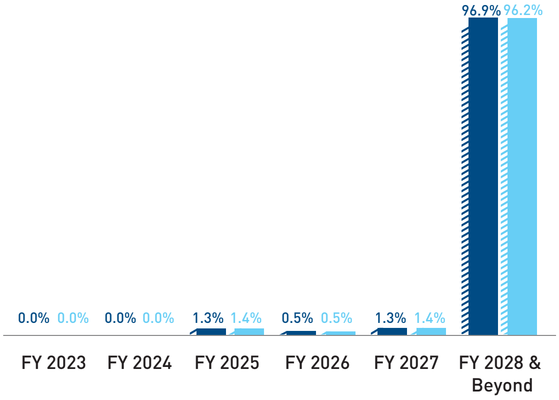
STRONG TENANT MIX

For the month of December 2022, 57.1% of the total gross rental income was attributable to the Consultancy / Services sector.

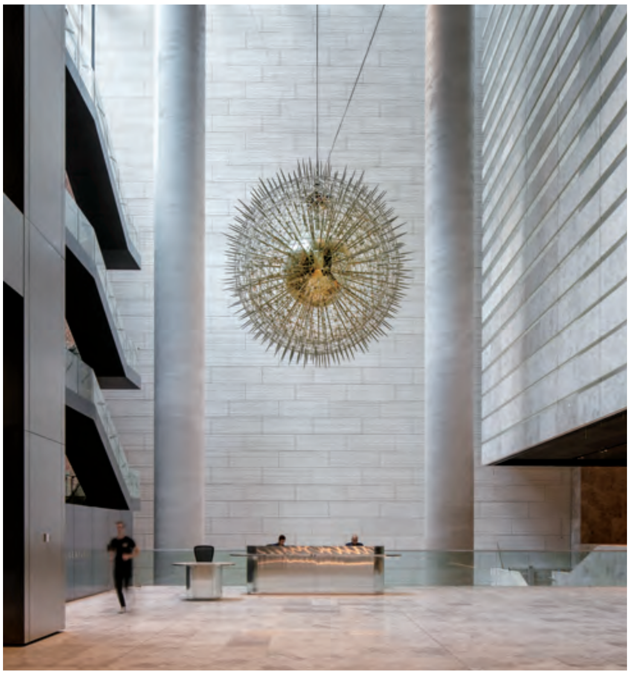
LEASE EXPIRY PROFILE

As at 31 December 2022, 96.2% of the total NLA of Olderfleet, 477 Collins Street is due to expire in FY 2028 and beyond.

Olderfleet, 477 Collins Street Lease Expiry Profile



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



Property Details

55 CURRIE STREET, ADELAIDE

- Total Net Lettable Area
  281,987 sq ft
- Number of tenants
  11
- Market Valuation
  S$130.5 million
- Net Property Income
  S$10.7 million

55 Currie Street is a freehold Grade A office development located in the heart of Adelaide's CBD.

The 12-storey property had undergone several rounds of refurbishment and in the asset enhancement exercise completed in 2018, major mechanical and electrical plant and equipment were upgraded and solar panels were installed. In addition, end-of-trip facilities were installed together with the upgrading of the central atrium, lift lobbies and toilets. The property has a 5.5 NABERS Energy rating and a 4 Star NABERS Water rating.

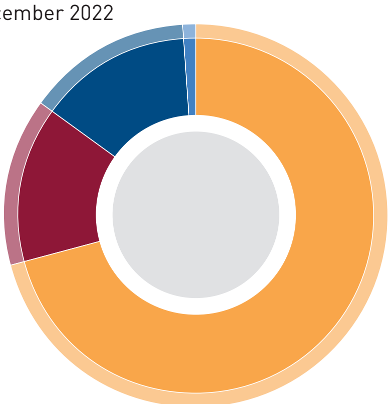
Property Statistics As at 31 December 2022	
Location	55 Currie Street, Adelaide, SA 5000
Title	Freehold
Net Lettable Area	281,987 sq ft
Car Park Lots	95
Purchase Price[1]	S$138.9 million
Market Valuation[2]	S$130.5 million (31 December 2021: S$149.6 million)
Gross Revenue	S$18.8 million[3] (31 December 2021: S$16.6 million[4])
Net Property Income	S$10.7 million[3] (31 December 2021: S$11.6 million[4])
Committed Occupancy	100% (31 December 2021: 95.7%)

Notes:

1. Based on exchange rate of A$1.00 = S$0.9364 at the time of acquisition.
2. The change in valuation is due to cap rate expansion and lower AUD exchange rate, which were based on A$1.00 = S$0.9065 and A$1.00 = S$0.9832 as at 31 December 2022 and 31 December 2021 respectively.
3. Based on exchange rate of A$1.00 = S$0.9557.
4. Based on exchange rate of A$1.00 = S$1.0062.

55 Currie Street Business Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



The property is a 5-minute walk to Adelaide railway station and is also strategically located at the center of Adelaide's burgeoning laneway network.

Key tenants at 55 Currie Street include Commonwealth of Australia, South Australia Government, Allianz and Data Action.

STRONG TENANT MIX

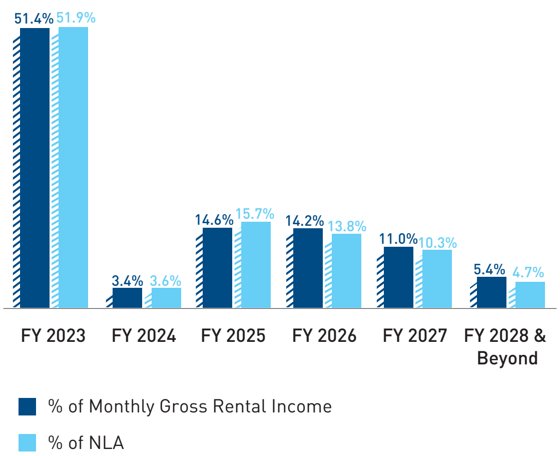
For the month of December 2022, 71.0% of the total gross rental income was attributable to the Government and Government-Linked Offices sector.

LEASE EXPIRY PROFILE

Based on the committed leases as at 31 December 2022, 71.2% of the total NLA of 55 Currie Street is due to expire during the period from FY 2023 to FY 2025 and 28.8% is due to expire in FY 2026 and beyond.

The Manager's objective for 55 Currie Street is to generate sustainable growth from the property for Suntec REIT unitholders.

55 Currie Street Lease Expiry Profile



Property Details

NOVA PROPERTIES, LONDON

- Total Net Lettable Area
  559,103 sq ft
- Number of tenants
  33
- Market Valuation
  S$707.5 million
- Net Income Contribution
  S$26.7 million

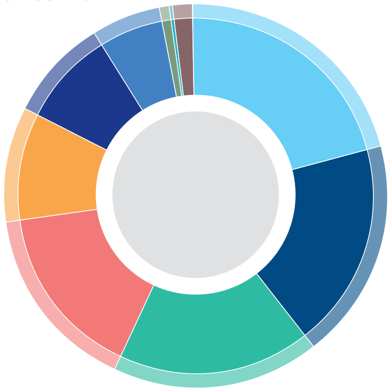
Property Statistics As at 31 December 2022	
Location	Nova Estate, Buckingham Palace Road and Bressenden Place, London SW1
Title	Leasehold expiring on 27 April 3062
Net Lettable Area[1]	279,552 sq ft
Car Park Lots	20
Purchase Price[2]	S$772.6 million
Market Valuation[1, 3, 4]	S$707.5 million (31 December 2021: S$818.2 million)
Net Income Contribution[5]	S$26.7 million[6] (31 December 2021: S$25.4 million[7])
Committed Occupancy	100% (31 December 2021: 100%)

Notes:

1. Based on Suntec REIT's interest in the property.
2. Based on exchange rate of £$1.00 = S$1.7942 at the time of acquisition.
3. The drop in valuation is due to cap rate expansion and the lower Pound exchange rate, which were based on £1.00 = S$1.6301 and £1.00 = S$1.8193 as at 31 December 2022 and 31 December 2021 respectively.
4. The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is £471.8 million as of 31 December 2021, £473.0 million as of 30 June 2022 and £455.0 million as of 31 December 2022.
5. Comprises share of profits (excluding net change in fair value of investment properties) and interest income from loan to the joint venture.
6. Based on exchange rate of £1.00 = S$1.6980.
7. Based on exchange rate of £1.00 = S$1.8506.

Nova Properties Business Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



Consultancy / Services	21.0%	Food and Beverage	8.7%
Technology, Media and Telecommunications	18.5%	Real Estate and Property Services	5.9%
Energy and Natural Resources	17.6%	Fitness	0.8%
Trading and Investments	15.9%	Leisure and Entertainment	0.3%
Government and Government-Linked Offices	9.7%	Services and Others	1.6%

The Nova Properties consists of two Grade A office buildings with ancillary retail and is located in the heart of Victoria, West End, London. Completed in 2016 and 2017, the Nova Properties was constructed to the highest standards and is the newest large scale addition to Victoria, West End.

Suntec REIT made its maiden foray into London with the acquisition of Nova Properties. The asset is a strategic fit with Suntec REIT's existing portfolio of high quality commercial assets in Singapore and Australia.

Nova Properties is near to key landmarks such as the Buckingham Palace, Westminster Abbey and the Houses of Parliament. The buildings are also situated opposite the Victoria Station, an important interchange for the London Underground network and Victoria Coach station.

Key tenants at Nova Properties include Atkins, The Argyll Club, a government ministry, Vitol and BlueCrest. In terms of sustainability, Nova Properties has an Office BREEAM rating of "Very Good" and Retail BREEAM rating of "Good", and EPC Rating of "B".

In equal partnership with Landsec, one of the largest commercial property development and investment companies in the United Kingdom, Suntec REIT holds 50.0% interest in the property.

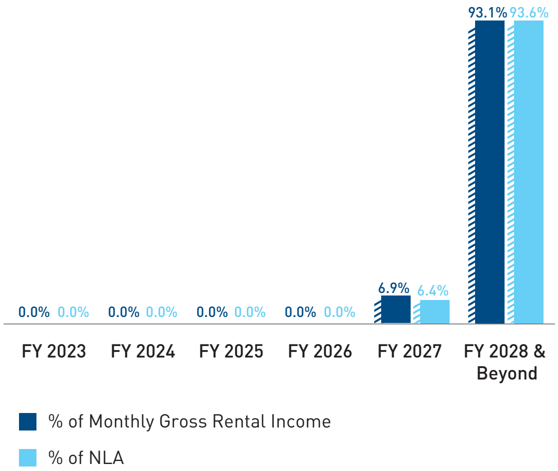
STRONG TENANT MIX

For the month of December 2022, 21.0% of the total gross rental income was attributable to the Consultancy / Services sector.

LEASE EXPIRY PROFILE

With the long lease tenures, the leases are only due to expire in FY 2027 and beyond.

Nova Properties Lease Expiry Profile



The Manager's objective for Nova Properties is to generate stable income from the property for Suntec REIT unitholders.

Property Details

THE MINSTER BUILDING, LONDON

- **Total Net Lettable Area**
  293,398 sq ft
- **Number of tenants**
  13
- **Market Valuation**
  S$512.3 million
- **Net Property Income**
  S$24.7 million

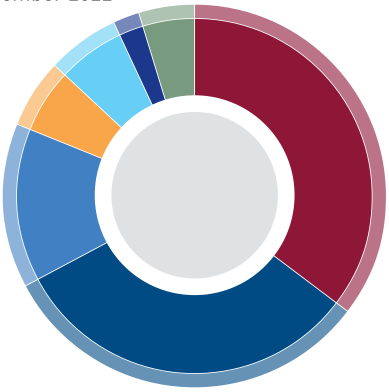
Property Statistics As at 31 December 2022	
Location	The Minster Building, 21 Mincing Lane, London EC3
Title	Leasehold expiring on 23 October 2989
Net Lettable Area	293,398 sq ft
Car Park Lots	8
Purchase Price[1]	S$666.0 million
Market Valuation[2,3]	S$512.3 million (31 December 2021: S$633.8 million)
Gross Revenue	S$26.4 million[4] (31 December 2021: S$12.5 million[5])
Net Property Income	S$24.7 million[4] (31 December 2021: S$11.5 million[5])
Committed Occupancy	96.7% (31 December 2021: 96.7%)

Notes:

1 Based on exchange rate of £S$1.00 = S$1.8866 at the time of acquisition.
2 The change in valuation is due to cap rate expansion and the lower Pound exchange rate, which were based on £1.00 = S$1.6301 and £1.00 = S$1.8193 as at 31 December 2022 and 31 December 2021 respectively.
3 The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is £365.5 million as of 31 December 2021 / 30 June 2022 and is £329.7 million as of 31 December 2022.
4 Based on exchange rate of £1.00 = S$1.6980.
5 Based on exchange rate of £1.00 = S$1.8506. The property was acquired on 28 July 2021.

The Minster Building Business Sector Analysis

(By Gross Rental Income)
As at 31 December 2022



Banking, Insurance and Financial Services	35.5%	Government and Government-Linked Offices	6.0%
Technology, Media and Telecommunications	31.8%	Consultancy / Services	5.9%
Real Estate and Property Services	13.9%	Food and Beverage	2.3%
		Fitness	4.6%

The Minster Building is a Grade A office building strategically located within City of London's central business district with extensive connection to London's transportation network. The 11-storey property had undergone significant refurbishment which was completed in 2018.

The Minster Building was Suntec REIT's second acquisition into London and the asset is a strategic fit with Suntec REIT's existing portfolio and enhances the resilience, diversification and income stability of Suntec REIT's portfolio.

The property is surrounded by several important institutions of historical significance and landmark attractions such as Lloyd's of London, The Bank of England, The Royal Exchange, Leadenhall Market, The Tower of London and Tower Bridge. The Minster Building is also within walking distance to Monument, Tower Hill and Liverpool train stations.

Key tenants at The Minster Building include ADM Investor Services Inc, Charles Taylor, Lyst, Spaces and Trustpilot. In terms of sustainability, The Minster Building has an Office BREEAM rating of "Very Good" and EPC Rating of "C".

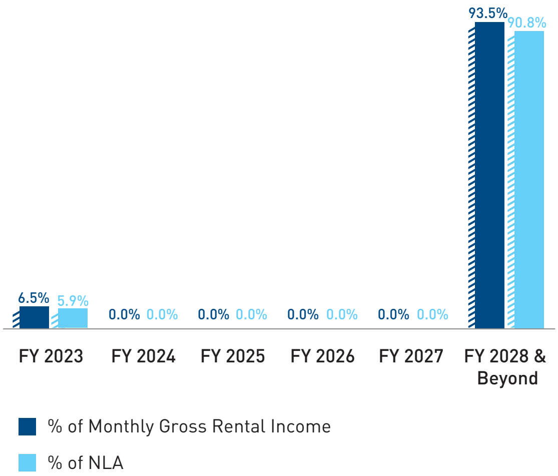
STRONG TENANT MIX

For the month of December 2022, 35.5% of the total gross rental income was attributable to the Banking, Insurance and Financial Services sector.

LEASE EXPIRY PROFILE

With the long lease tenures, 5.9% of the total NLA are due to expire in FY 2023 with the balance 90.8% only due to expire in FY 2028 and beyond.

The Minster Building Lease Expiry Profile



The Manager's objective for The Minster Building to generate stable income from the property for Suntec REIT unitholders.

Independent Market Report

Knight Frank

SINGAPORE OFFICE PROPERTY MARKET

1. ECONOMIC OVERVIEW

According to advance GDP estimates by the Ministry of Trade and Industry (MTI), Singapore's economy showed a moderation in the pace of growth to 2.2% on a year-on-year (y-o-y) basis in 4Q 2022, compared to 4.2% y-o-y growth recorded in the previous quarter. Overall, Singapore's economy expanded 3.8% y-o-y in 2022, buoyed by strong growth in domestic consumption and the uplift of international tourism expenditure following the gradual easing of COVID-19 restrictions globally. The slowdown in global electronics demand contributed to the contraction of Singapore's manufacturing sector, and this is expected to continue into 2023 with headwinds from the weakening outlook on global economic growth in an elevated interest rate environment.

On a brighter note, the recovery of international travels, growth of aerospace engineering sector and development of new manufacturing facilities are expected to support Singapore's growth outlook in the near term. Singapore's efforts to maintain its position as a leading international financial centre with pro-business regulatory and institutional framework would attract businesses to invest in the city state. Considering both global and domestic economic positions, MTI has forecasted Singapore's Gross Domestic Product ("GDP") to grow between 0.5% to 2.5% in 2023.

2. OVERVIEW OF OFFICE MARKET

2.1 Demand, Supply and Occupancy

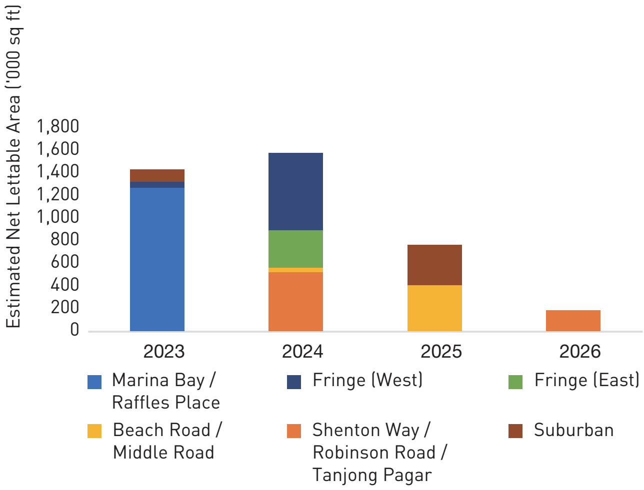
Based on estimates from the Urban Redevelopment Authority (URA), the existing stock of net office space totalled almost 87.0 million sq ft (as at 4Q 2022) on a nation-wide basis, of which 47.7% (41.5 million sq ft) of available stock is located within the Downtown Core planning area. 2022 recorded the completion of one office building within the Downtown Core — Hub Synergy Point (154,258 sq ft GFA). It secured its first tenant, Celanese, a global chemical and specialty materials group, a few months prior to its official completion. Guoco Midtown, which was originally slated for completion in 2022, met with construction delays and the office tower came onstream in January 2023.

The nationwide occupancy level improved by 1.5% percentage point (pp) y-o-y to 88.7% in 4Q 2022. Many businesses are bringing employees back to the office with numbers approaching pre-pandemic levels. It has been observed that the proportion of staff working remotely is likely to reduce from an earlier estimation of 20% to below 15%. Riding on the back-to-office trend, the total occupied stock of office spaces improved by 474,000 sq ft (0.6% y-o-y growth) in 4Q 2022. "Flight-to-quality" remains a continuing trend, as more companies place priority on quality office building with good sustainability credentials. With the ongoing geopolitical tensions around the world, many businesses are also relocating their operations to Singapore due to the city-state's geopolitical stability, established financial infrastructure and concerted efforts in public health to cope with the COVID-19 pandemic.

2.2 Supply Pipeline

Based on URA information, Knight Frank estimates over 3.96 million sq ft of net lettable office supply to be completed between 2023 to 2026. Prominent upcoming supply include IOI Central Boulevard Tower (1.27 million sq ft) and Labrador Tower (0.69 million sq ft), which are projected to be completed in 2023 and 2024 respectively. IOI Central Boulevard is reported to have secured its first anchor tenant — Amazon. The e-commerce giant will be taking up 29% of the total net lettable area of the building. The Downtown Core is expected to witness the completion of several other large office developments over the next four years, including Keppel Towers (0.52 million sq ft) and the redevelopment of Shaw Towers (0.41 million sq ft) (Chart 1).

Chart 1: Upcoming supply of office stock, by region (2023 to 2026)

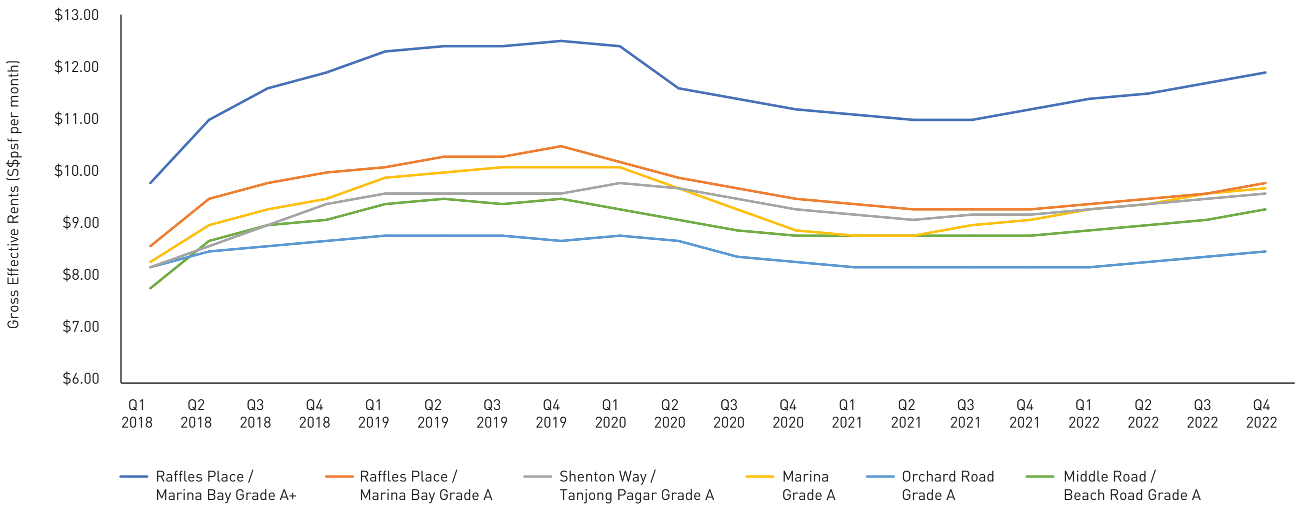


Source: Knight Frank, URA Realis (as at 4Q 2022)

2.3 Rental Performance

From Knight Frank estimates, Downtown Core prime grade (Grade A+/A) office rents exhibited consistent growth in 2022 (Chart 2). Across the precincts and office grades, prime grade office rents in Raffles Place/Marina Bay precinct recorded the highest growth of 6.3% over the past year, fetching $11.90 per sq ft per month (psf pm) as at 4Q 2022. Many businesses actively sought quality office space to support the full resumption of business functions to pre-pandemic levels. Amid tight supply of new built office stock with the completion of only one Grade A office (Hub Synergy Point) in the second half of 2022, prime offices in Downtown Core registered an average rent of $9.80 psf pm in 4Q 2022, translating to 3.7% rental growth for the full year.

Chart 2: Average quarterly gross rents in prime office spaces (2018 to 2022)



Source: Knight Frank (as at 4Q 2022)
Note: Based on Knight Frank's basket of office properties
Downtown Core Planning Area comprises Raffles Place, Marina Bay, Marina, Shenton Way/Tanjong Pagar and Middle Road/Beach Road precincts.

2.4 Outlook

Amid the global slowdown in economic activities attributed to the rising interest rates and ongoing geopolitical tensions, Singapore's economic growth is expected to moderate further in 2023. The aggressive hiring by technology companies during the pandemic has given rise to unsustainable manpower costs and resulted in several technology companies announcing employee layoffs and cost cuts towards the end of 2022. Office leasing activities declined, and more shadow spaces emerged. However, this presented the opportunity for Singapore's financial sector and local banks to tap on these talents to further advance the nation's fintech industry.

Nonetheless, occupancy levels of existing good quality buildings and pre-commitment rate of upcoming new developments are expected to remain healthy in 2023, underpinned by the tight supply of grade A offices and displacement demand from the redevelopment of ageing office buildings such as Clifford Centre. Demand is likely to be sustained by corporates shifting business functions from other parts of Asia to Singapore as a flight-to-safety destination as uncertainty grows. International firms poised to gain from growth regions such as South-East Asia are also looking to set up operations or expand to reach the growing middle class in these markets. Being the top financial hub in the region, Singapore is well placed to benefit from this trend. Knight Frank envisages prime office rents to increase by around 3% for the whole of 2023, barring any further substantial reduction of space by technology companies.

3. OVERVIEW OF RETAIL MARKET

3.1 Retail Sales Performance

According to the Department of Statistics, Singapore's Retail Sales Index (RSI, excluding motor vehicles) recorded y-o-y improvements throughout 2022 apart from February. This is largely attributed to the significant reopening of Singapore's economy in April 2022, where all fully vaccinated travellers are allowed to enter Singapore without serving a Stay-Home Notice (SHN) or applying for entry approvals. Safe management measures within shopping malls were also substantially relaxed as part of Singapore's move towards normalcy.

Independent Market Report

The Food & Alcohol and Wearing Apparel & Footwear industries recorded y-o-y growth in sales of 37.4% and 23.0% respectively in December 2022, mainly due to higher demand for alcoholic products (including those sold in duty free shops), bags and footwear as shoppers return to physical shopping in "revenge spending" sprees. Similarly, sales of Department Stores, Cosmetics, Toiletries & Medical Goods and Recreational Goods increased between 7.8% and 16.0%. In contrast, sales of Motor Vehicles fell 10.3%, which corresponded to the hike in Certificate of Entitlement (COE) prices in 2022. The Supermarkets & Hypermarkets and Mini-marts & Convenience Stores also recorded declines in sales of 2.2% and 1.9% respectively due to the higher base recorded in 2021 when dine-in restrictions at F&B establishments and work-from-home trend led to increased grocery purchase and home dining.

A strong rebound in international visitor arrivals ("IVA") totalling 6.3 million was observed in 2022 compared to the 2021 lull of 330,000. This was mainly attributed to the removal of quarantine requirements for all travellers entering Singapore from 29 August 2022 regardless of their vaccination status. Demand from locals as well as the return of tourists generated a resurgence in retail sales activity — with retail sales totalling $46.9 billion in 2022. This translates to an average spend of approximately $3.9 billion per month, surpassing the pre-pandemic average of $3.7 billion per month recorded in 2019 — a demonstration of the resilience of Singapore's retail sector and its attractiveness as a leading business and leisure tourist destination.

3.2 Demand, Supply and Occupancy

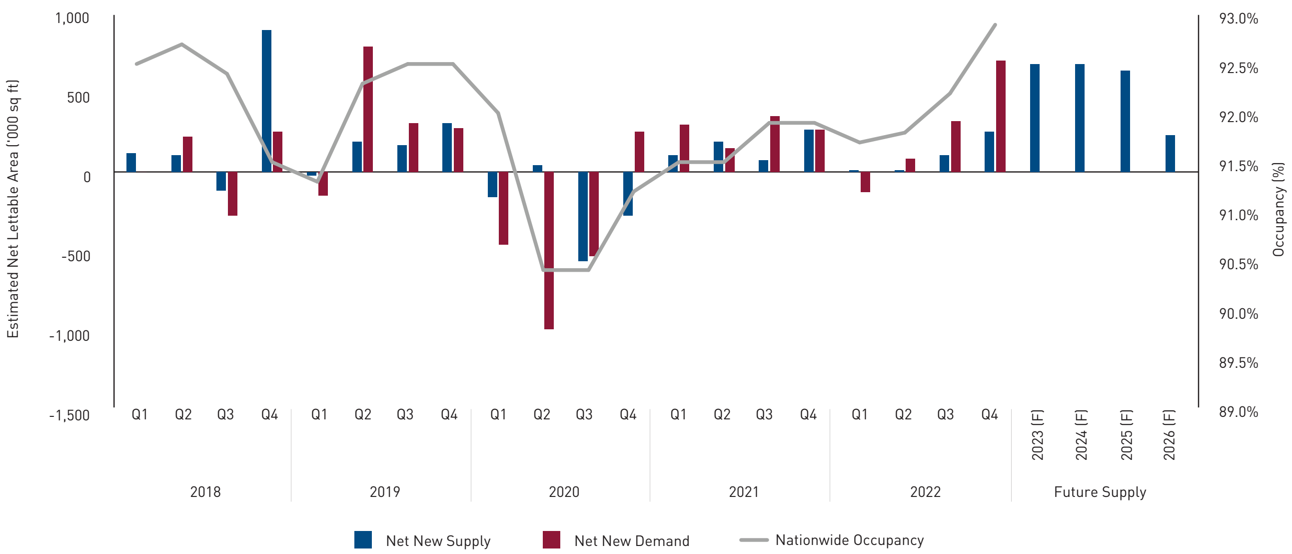
The existing total retail space totalled over 67.1 million sq ft as at 4Q 2022, a minimal 0.6% increase from 4Q 2021. Net new supply of retail space saw an increase of about 387,500 sq ft in 2022, including the completion of the revamped Shaw Plaza (62,400 sq ft).

With IVA recovering towards pre-pandemic levels, alongside an increase in domestic consumption, 2022 recorded positive net new demand of 990,000 sq ft retail space. Limited new supply, coupled with higher demand because of improved retailer sentiments led to a y-o-y increase in nation-wide occupancy of 1.0 pp to 92.9% for 4Q 2022.

3.3 Supply Pipeline

Based on URA data, Knight Frank estimates over 2.3 million sq ft of new lettable retail space to come on stream between 2023 to 2026. Notable retail developments expected to complete in 2023 include Anchorvale Village (59,000 sq ft), One Holland Village Residences (79,000 sq ft) and Sengkang Grand Mall (62,000 sq ft). Beyond 2023, two mixed-use residential/retail developments — The Woodleigh Mall (94,000 sq ft in 2024) and Canninghill Piers (88,000 sq ft in 2025) are slated for completion.

Chart 3: Retail Space Change in Demand and Supply (2018 to 2026F) and Occupancy

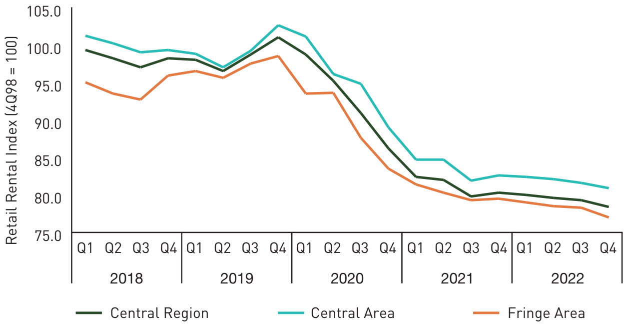


Source: Knight Frank, URA Realis (as at 4Q 2022)
Notes: Net new demand refers to the change in occupied space across time period.
Net new supply refers to the change in available space across time.

3.4 Retail Rental Indices

While retail indicators point towards strong signs of improvement buoyed by the easing of social and border restrictions, Singapore's retail rental market in the core areas has yet to recover with the URA Retail Rental Index for the Central Region declining by 2.4% y-o-y in 4Q 2022 (Chart 4). Rents continued to be weighed down by retailer concerns over inflation, rising costs and manpower shortages with landlords prioritising occupancy over rental expectation.

Chart 4: URA Retail Rental Indices (2018 to 2022)



Source: Knight Frank, URA Realis (as at 4Q 2022)

3.5 Outlook

Having endured and came through unprecedented challenges in the past two years, Singapore's retail sector is in a much better position now. Despite the worsening macroeconomic conditions, increase in Goods and Services Tax (GST) and rising labour costs, retail sales recovery has started gaining momentum since the reopening of Singapore's economy in April 2022. Barring any deterioration of the pandemic situation, nation-wide retail rents of prime spaces are envisaged to grow by 3.0% to 5.0% in 2023 on the back of limited new supply. With the Ministry of Health's (MOH) announcement of the step down from DORSCON (Disease Outbreak Response System Condition) Yellow to Green from 13 February 2022, an endemic new normal will further boost consumption and recovery of retail sales. Retail recovery is expected to be led by prime retail locations in Orchard and the CBD which are likely to benefit from higher tourist spend as IVA are projected at around 12 to 14 million this year.

Knight Frank

AUSTRALIAN OFFICE PROPERTY MARKET

1.0 ECONOMIC OVERVIEW

Economic activity in Australia was resilient in 2022 but slowed further in the fourth quarter with GDP growth of 0.5% for the quarter and 2.7% for the year. The economy continues to be supported by consumer spending, strong export performance and a buoyant labour market which is now translating into higher wage growth.

The pace of expansion is expected to slow markedly in 2023, with the IMF forecasting GDP growth to more than half to 1.6%. While the strength of the labour market and high savings buffers are clearly supporting the economy, households are wary of rising inflation, falling house prices and interest rate rises in 2023.

Despite these headwinds, leading indicators suggest that demand for labour will remain strong in the months ahead. Job vacancies and advertisements are at high levels with nearly as many vacancies as there are unemployed people. The unemployment rate remains hovering near a multi-decade low of 3.5% (December 2022) whilst the participation rate remains at record highs of 66.7%.

Inflation has risen significantly in 2022. Headline CPI rose by 1.9% in fourth quarter to 7.8%, the highest rate since 1990. While growth in consumer prices has increased sharply, Australia's inflation rate compares favourably to major advanced economies and is forecast to moderate over 2023. In response, the Reserve Bank of Australia (RBA) has increased the cash rate by 350 basis points since May to 3.65% (as of March 2023) with at least one more 25bps rise expected.

Independent Market Report

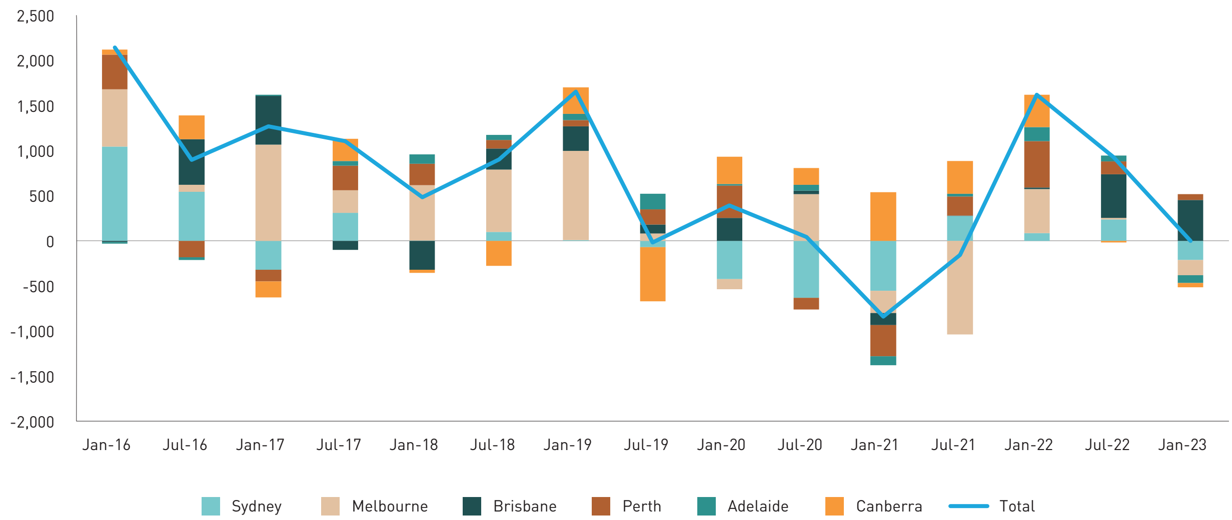
2.0 OVERVIEW OF AUSTRALIA OFFICE MARKET

Australia's continued strong post-pandemic recovery has resulted in a year of positive net absorption within the major CBD cities as demand rebounded. The question concerning usage remains with occupancy of buildings still not returning to pre-Covid levels and net absorption weakening through the year. However, the year ended with a bounce in figures, particularly in Melbourne where the November occupancy rate rose 12% to 57% (and 75% on peak days), the highest level since the pandemic began, whilst Sydney rose to 59% according to the Property Council of Australia (PCA).

Average prime incentives[1] stabilised throughout the year. There were rises in Melbourne (by 2.5% to reach 40.5% by year end), and Adelaide rose to 32.3% but markets are expected to have peaked. Investment market activity started the year strong but weakened as the effects of interest rate rises impacted investor confidence and certainty on pricing. Office yields started moving out by mid-2022 and continued through to the end of the year.

Chart 1 - Net absorption

sq ft '000

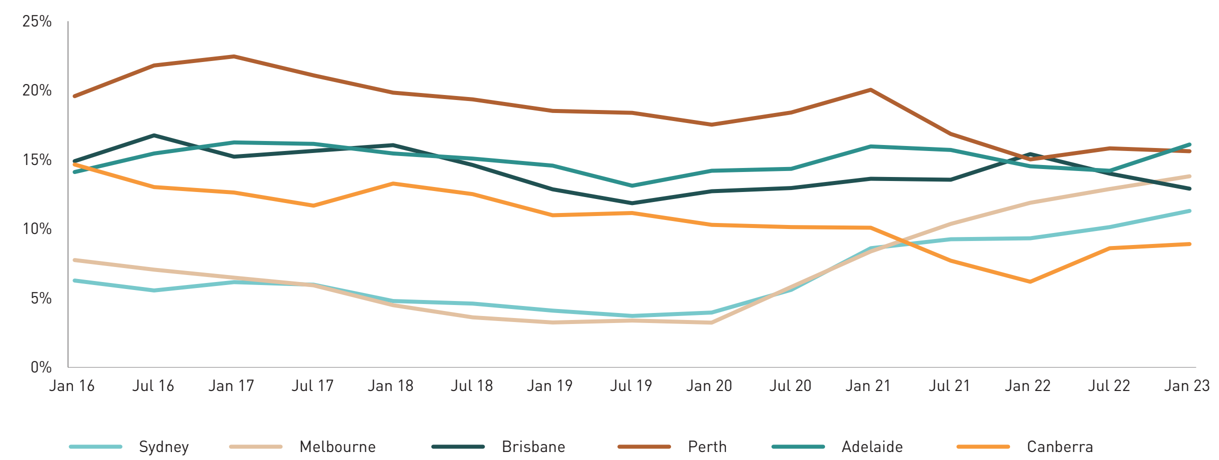


Source: Knight Frank, PCA

Note: Net absorption is the sum of square feet that became physically occupied minus the sum of square feet that became physically vacant during a specific time period. It takes into account losses from total stock due to demolition, refurbishment, change of use or change in a building's grade.

Chart 2 - CBD office vacancy rate

Per cent

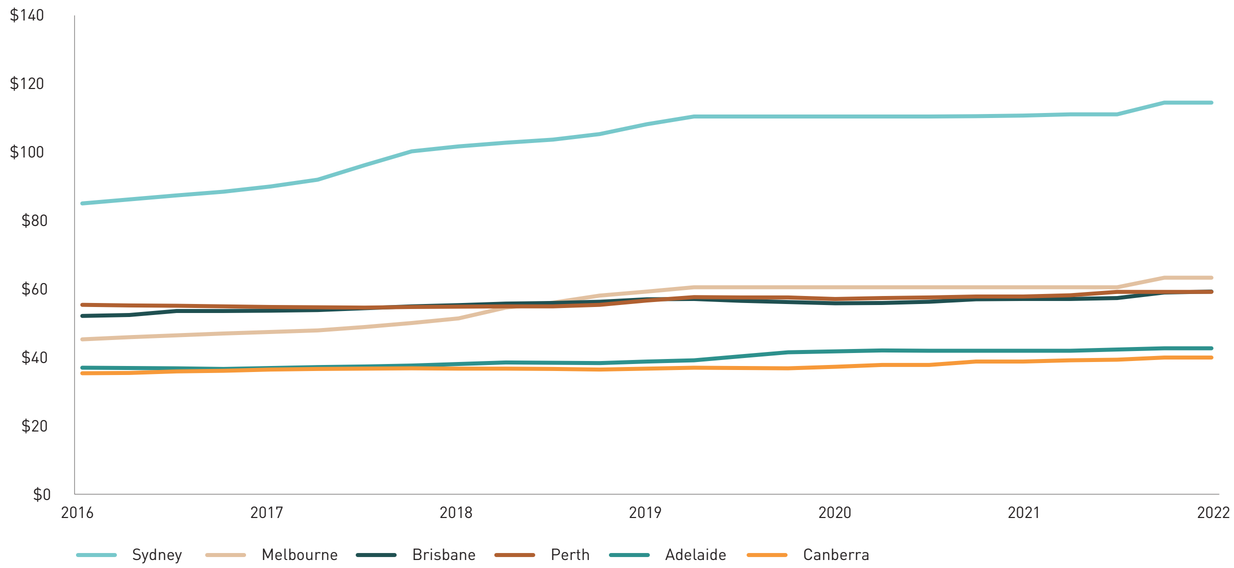


Source: Knight Frank, PCA

[1] Incentives are inducements (such as rent-free periods or fit-out contributions) offered by the landlord in order to secure a tenancy agreement and are expressed as a percentage of the contractual rent (either on a gross or net rent basis depending on the market). Average prime incentives refer to the average incentive offered on a representative basket of office properties rated as either "Premium" or "A grade" by the Property Council of Australia and Knight Frank Australia on a quality scale ranging from "Premium" (highest rating) to "D grade" (lowest rating).

Chart 3 - Prime net face rents

AUD $ per sq ft per annum

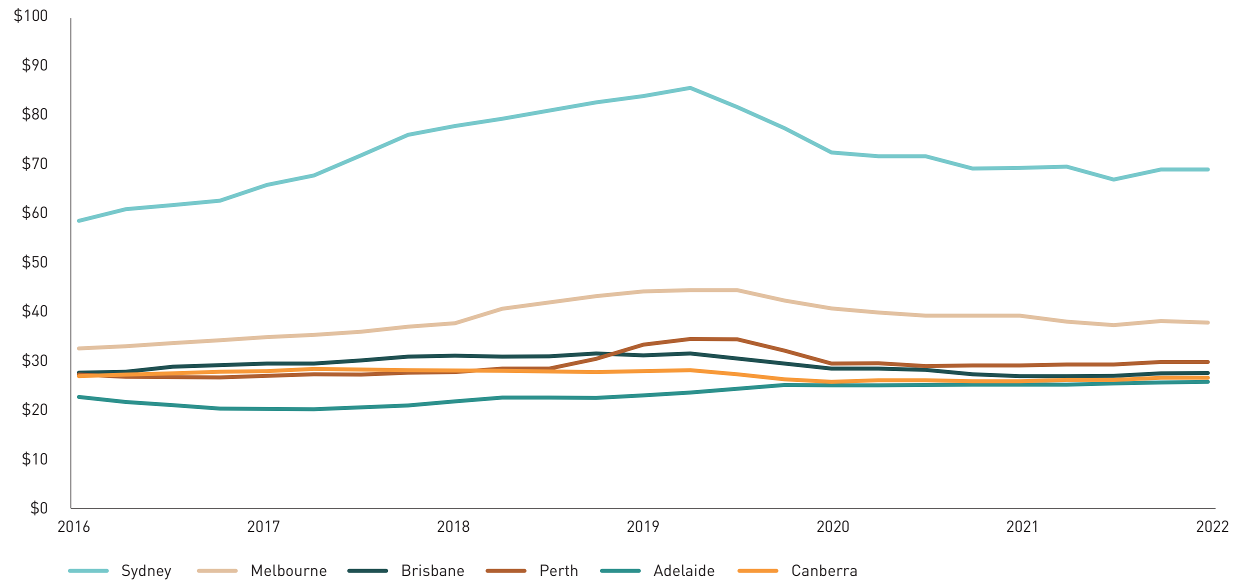


Source: Knight Frank

Note: Net face rent refers to the contractual rent less outgoings such as property rates, insurance, repairs and maintenance, and management fees.

Chart 4 - Prime net effective rents

AUD $ per sq ft per annum



Source: Knight Frank

Note: Net effective rents are net face rents less any incentives offered by the landlord such as rent-free periods or contributions to new fit-out costs etc. Effective rent is a measure of the economic rents paid by the tenant.

Independent Market Report

3.0 SYDNEY CBD MARKET

3.1 Demand, supply and occupancy

Despite the economic conditions playing out in conjunction with bad weather and waves of Covid-19 outbreak throughout the year, leasing market conditions and sentiment remained positive with a gradual transition of workers back to the office — resulting in a rise in net absorption in the Sydney CBD by 39,843 sq ft over 2022. With over 1.8 million sq ft of new supply added, end-year vacancy edged higher to 11.3%.

3.2 Investment activities

The increase in funding costs impacted market sentiment, with transaction activity slowing as buyers and vendors reset expectations. Reflecting this shift is the $1.1 billion in deal volumes recorded in 2022, down from the $4.5 billion recorded in 2021. The largest deal of 2022 was the purchase by Allianz and Korea's NPS of Darling Quarter for $625 million. The Sydney CBD average prime office yield has softened by 25bps over the year to 4.65%, with further softening expected over 2023.

3.3 Supply pipeline

Two major developments completed in 2022 were Quay Quarter Tower (938,622 sq ft) and Salesforce Tower (592,014 sq ft). The upcoming pipeline under construction totals 2.1 million sq ft by end-2024. This will stem predominantly from developments at Parkline Place (528,722 sq ft) and Martin Place Metro Towers (1.1 m sq ft), both expected for 2024 completions.

3.4 Rental performance

Prime net face rents increased for the first time since the beginning of 2020. With landlords pushing face rents, incentives have held firm at 34% to retain and attract tenants. Prime net effective rents have increased by 1.3% over the year.

3.5 Outlook

The Sydney CBD vacancy rate is expected to remain around the 10%–12% range in 2023. Face rents are forecasted to increase whilst incentives remain elevated at their current levels. There will be a rebound in effective rents. Investment activity will pick up when investors have a clearer picture of the economic conditions as inflationary pressures start to ease over 2023. In North Sydney, with no new significant supply anticipated until at least 2024 with Victoria Cross Tower, the market will absorb the current available stock, resulting in a decline in vacancy rate.

4.0 MELBOURNE CBD MARKET

4.1 Demand, supply and occupancy

With the last of the large supply pipeline of 2020–21 delivered in Melbourne, vacancy rates rose to 13.8% by December 2022. Many tenants took the opportunity to trade up. Consequently, though total net absorption in 2H was -168,498 sq ft, prime net absorption was 431,137 sq ft.

4.2 Investment activities

Investment volumes in 2022 exceeded 2021, at $2.86 billion. However, this was dominated by a $2 billion deal for 50% of the Southern Cross Towers. Investment activity slowed considerably after mid-2022, with the average prime CBD office yield rising from 4.60% at the start of the year to 5.19% by year-end as costs of debt rose and investor sentiment weakened.

4.3 Supply pipeline

Following a large influx of new supply, including 3.8 million sq ft in 2020 alone, office completions in the Melbourne CBD are expected to drop sharply in 2023 and 2024 (1.0 million sq ft per year). Over half of 2023's new supply is already pre-committed, including at 555 Collins Street where 65% of the 520,000 sq ft is leased.

4.4 Rental performance

Prime net face rents rose by 4.6%, their first rise in over 2 years. However, it was quality buildings and locations where rents rose, as tenants traded up. Consequently, the Eastern Core saw face rents rise 10.1% whilst Flagstaff continued to stagnate at 0% growth. The rise faltered in the second half of the year with rents up only 0.7%. The overhang of supply from the last few years meant prime incentives continued to rise to 40.9%.

4.5 Outlook

While the outlook for demand has weakened, the supply pipeline is very limited for 2023–24. Net absorption is thus expected to remain muted but positive while vacancy rate is expected to fall slowly. Rental growth is likely to remain limited and incentives are expected to start to decline in 2023, raising effective rents. Investment activity is expected to pause for the next six to nine months as the market reprices in light of the new cost of capital and market outlook. In the Southbank, with no new significant supply anticipated, it is expected that as the Melbourne CBD recovers, an overflow benefit should help the Southbank. Vacancy rates will likely stabilise and pressure on incentives will occur in the higher quality spaces.

5.0 ADELAIDE CBD MARKET

5.1 Demand, supply and occupancy

After a strong 2021 and 1H 2022, net absorption in the Adelaide CBD was -85,961 sq ft in 2H and -19,504 sq ft for 2022 overall. With new stock arriving on the market, vacancy rates rose to 16.1% at year-end.

5.2 Investment activities

The investment market was busy at the start of the year, with over $300 million of deals being completed, including 91–97 Grenfell Street which fetched $81.35 million. However, investment sales slowed markedly, and prime yields have begun to rise 25bps from 5.13% at the start of the year.

5.3 Supply pipeline

There is a large influx of new supply in 2023, with 1 million sq ft due for completion, though much is already committed. This includes Festival Plaza (431,000 sq ft, over 50% pre-committed), and 60 King William Street (431,000 sq ft, 79% pre-committed).

5.4 Rental performance

Prime net face rents have risen slowly over the past year to $45.52 per sq ft per annum (psf pa). Incentives have been hovering around 32–33% and consequently effective rents have been stable, rising 2% in the year. With new premium quality stock coming onstream, secondary properties came under pressure with net effective rents falling 3.8% in 2022.

5.5 Outlook

Vacancy rates are expected to rise to 16.5% in 2023 as a large amount of new stock comes onboard. This will put considerable pressure on the secondary and older generation properties, some of which will need refurbishing. At the same time rents in quality buildings are expected to be flat.

Knight Frank

LONDON OFFICE PROPERTY MARKET

1.0 ECONOMIC OVERVIEW

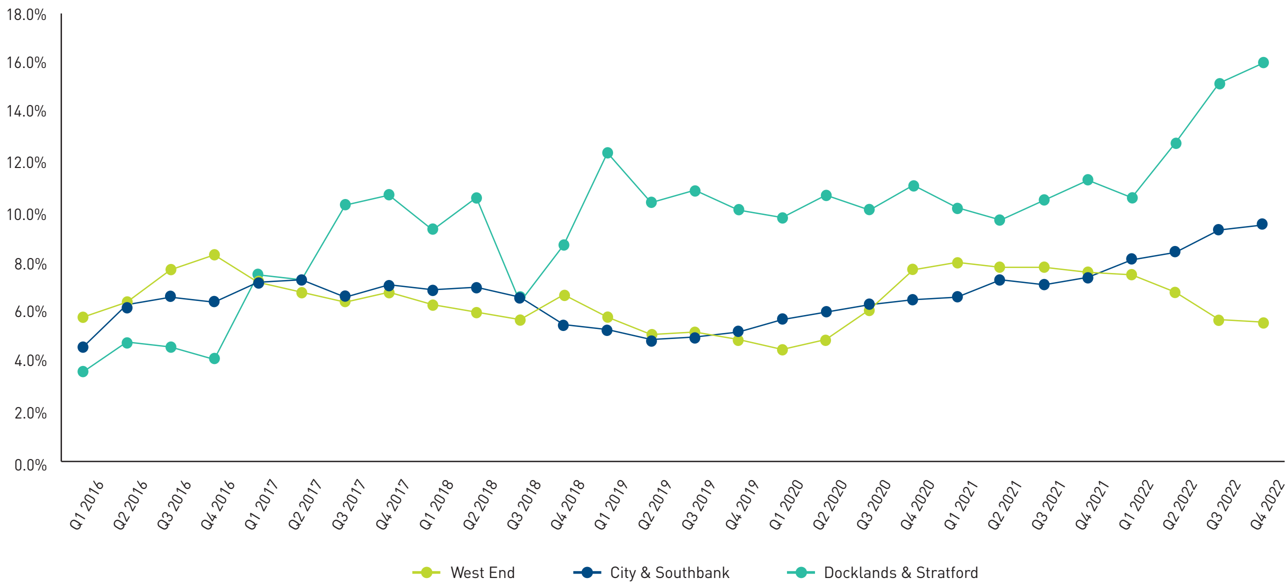
2022 inflation was exacerbated by the War in Ukraine, supply chain issues and rising costs across the Eurozone. The UK has seen spikes to the costs of energy and living; and nation-wide industrial action across multiple sectors.

Mobility across London has risen throughout 2022 despite strike action since mid-June 2022. As of October 2022, commuting data for tube and bus journeys showed they were at approximately 80% of pre-pandemic levels. The Elizabeth Line has provided greater connectivity across London; 27 million journeys were made on the central section in the first six months.

London saw employment, tourism and construction activity picking up in 3Q 2022. Inflation peaked in October at 11.1%. Combined with stronger GDP growth in November, recession risk has reduced and GDP forecasts have been revised up from -0.9% to -0.7%.

Chart 1 - Vacancy Rate across London Markets

Per cent

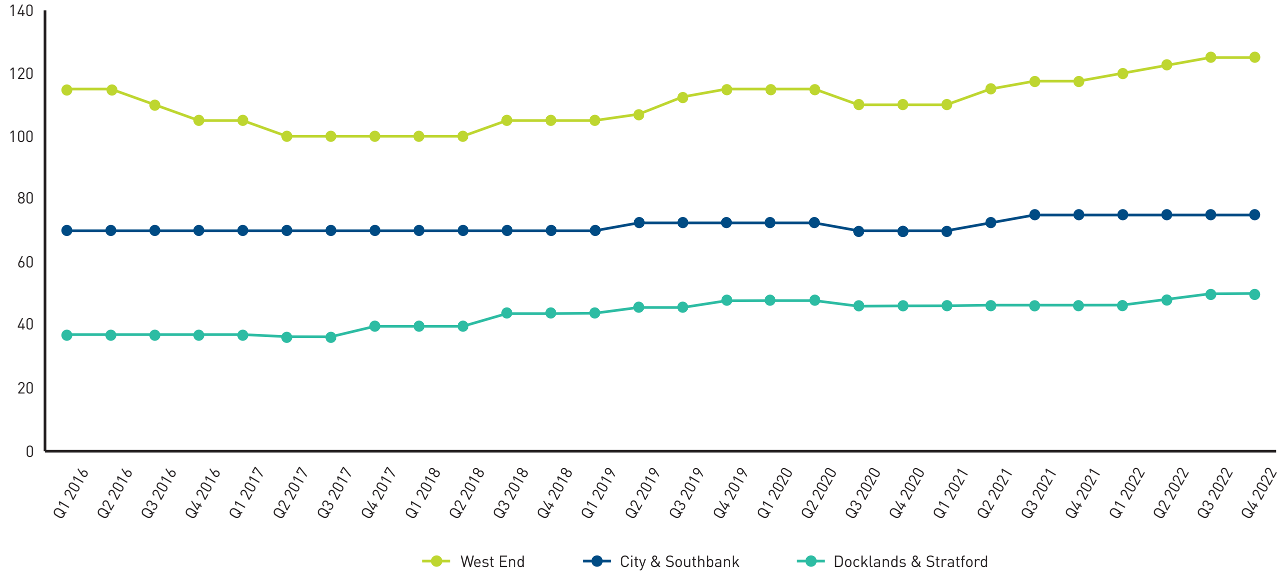


Source: Knight Frank

Independent Market Report

Chart 2 - Prime Rent across London Markets

GBP per sq ft per annum



Source: Knight Frank

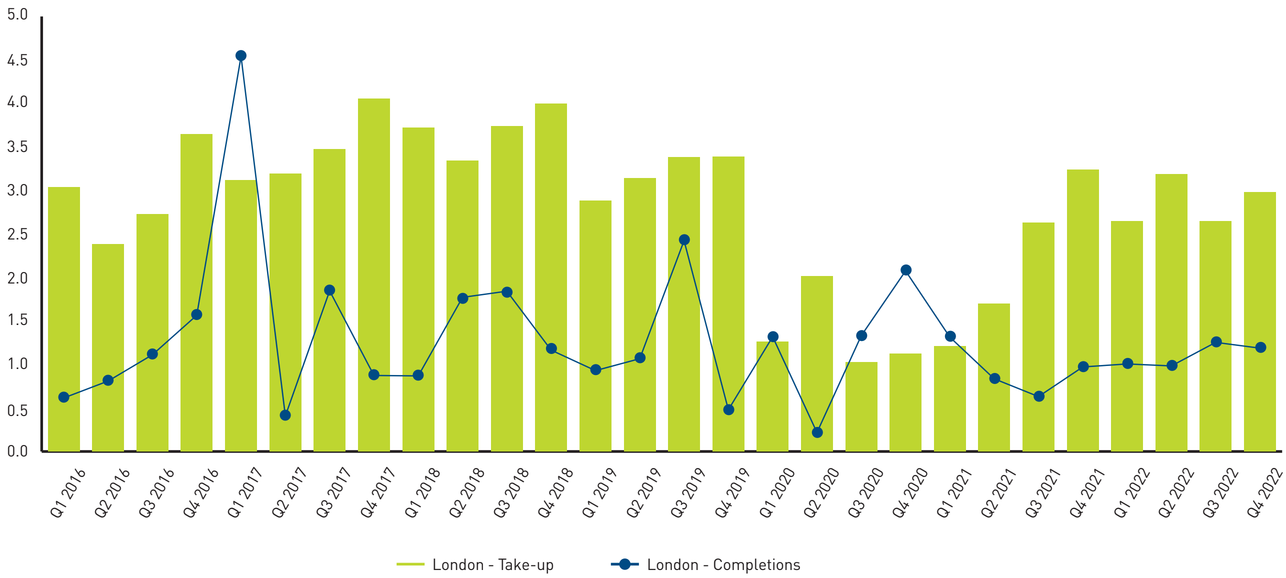
2.0 LONDON OFFICE MARKET OVERVIEW

Take-up for 2022 is 11.4 million sq ft, up 30.6% y-o-y but below the long-term average of 12.3 million sq ft. Take-up was largely driven by substantial corporate headquarter pre-lets. Professional services led take-up at 23% followed by Financials (18%) and Corporate (16%). Legal services occupiers acquired an all-time high of 1.5 million sq ft; motivated by lease expiries, pressures to occupy premium buildings to create a destination office.

There was 4.4 million sq ft of completions with 36% pre-let[1]. Based on pipeline supply of 15.4 million sq ft under construction, Knight Frank anticipates a 10.5 million sq ft shortfall of office space over the years between now and 2027[2].

Chart 3 - London office take-up and new completions

mil sq ft



Source: Knight Frank

1 Speculative space refers to spaces without pre-let attached.
2 This shortfall is based on the expected take-up of new and refurbished space over the next five years, minus the space currently under construction.

London Investment transactions totalled £13.8 billion, 11% higher than 2021. Activity was led by investors from APAC (35%), North America (19%), the UK (18%) and Europe (18%), targeting income security from long leases with blue-chip tenants to hedge against higher levels of future inflation. Prime yields have risen in the City by 100 bps y-o-y to 4.75% and West End by 50 bps y-o-y to 3.75%.

City Core prime rents are £75 per sq ft per annum (psf pa). Prime rents in the West End Core have risen by 6.4% y-o-y to £125 psf pa. The West End has experienced rental tension throughout 2022 resulting in q-o-q increases in the West End Core and Paddington, driven by a lack of prime space and demand for buildings with ESG credentials. This demand was up 27% y-o-y with take-up for new or comprehensively refurbished offices reaching 6.5 million sq ft, constituting 60% of total take-up. Despite mid-year concerns about how the market would fare due to economic pressures, 4Q take-up was only marginally below our long term trend at 2.9 million sq ft. There is a further 2.8 million sq ft of space currently under-offer that is expected to complete in early 2023 — showing a continued appetite for London office space.

3.0 WEST END OFFICE MARKET OUTLOOK

Take-up in the West End was 5.0 million sq ft in 2022, a 27% increase on 2021 take-up. Financial companies accounted for 34% of take-up, followed by Professional Services at 19% and Corporates at 13%. There is 1.4 million sq ft of active demand led by Finance and Banking occupiers constituting 40%, followed by Professional services at 12%.

The West End registered 5.13 million sq ft of available space in 2022, marginally below the long-term average of 5.3 million sq ft. Vacancy rate was at 5.6%, below the long-term average of 6.1%. This was attributed to the uptick in leasing transactions in the West End and limited pipeline from completions.

Completions in 2022 totalled 1.63 million sq ft, an increase from 1.25 million sq ft delivered in 2021. There is a further 5.3 million sq ft to be completed by the end of 2025 of which 1.5 million sq ft has been pre-let.

Prime rents rose to £125 psf pa in the West End Core with 8.7% increase on 4Q 2019 prime rents, displaying the West End's resilience. We expect to see further rental uplift in 2023, driven by the demand for best quality office space, which is of a limited supply.

Annual investment turnover was £5.9 billion in 2022, a 22.9% increase from £4.8 billion in 2021. Investment demand was led by USA-based investors with £1.57 billion of transactions. 62% of total transactions occurred in H1 2022, thereafter slowed in 2H due to the increasing borrowing cost. Prime yields have risen by 50 bps to 3.75% during 2022. Knight Frank expects investors to seek repurposing opportunities to upgrade existing stock to retain leasing and selling opportunities.

4.0 CITY OF LONDON OFFICE MARKET OUTLOOK

Take-up was 5.8 million sq ft in 2022, up 28.7% y-o-y. Demand was driven by Professional Services accounting for 40.4% of take-up, followed by Finance and Banking 18%. There is 4.6 million sq ft of active space requirements with Professional services accounting for the strongest level of demand at 1.48 million sq ft, 32% of total demand. Finance and Banking follows with 24%, 1.3 million sq ft. 99% of 2022 Legal take-up was in the City, driven by corporate headquarter deals.

Availability rose significantly from 9.7 million sq ft to 12.7 million sq ft in 2022. This is due to 8.0 million sq ft of completed developments and 2.5 million sq ft of tenant-release space. Vacancy has risen in tandem y-o-y from 7.4% to 9.3% in part with these new completions.

Prime rents remained consistent with the previous year at £75 psf pa. Rents are expected to experience uplift over the next five years, riding on the momentum of high-profile transactions with a commitment to new generation of premium buildings.

City office completions totalled 2.6 million sq ft in 2022, an increase of 29% y-o-y. There is 9 million sq ft of space under construction with 6 million sq ft being speculative. The pipeline is set to remain constrained due to increased costs of construction and labour.

Total investment volumes for 2022 reached £7.89 billion. The most active purchasers were from APAC countries with 45%, followed by the United Kingdom at 14%. Prime yields have risen 100 bps to 4.75%. The role of debt-driven and institutional buyers has diminished as interest rates rose. Up to 3Q the level of investment from institutional investors such as property companies and pension funds accounted for over 90% of City transactions. In 3Q this has stalled; whilst activity from private investors has increased. Expectations of rental growth remain positive over the next five years and should ensure investment market resilience for prime office buildings.

Investor Communications

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

The senior management team of the Manager held regular meetings and conference calls with institutional investors throughout the year. Our participation in various key regional equity and property conferences as well as seminars, enabled us to remain accessible to both institutional and retail investors and gave us the opportunity to provide key strategic and performance updates on Suntec REIT. The thirteenth annual general meeting of Suntec REIT unitholders in April 2022, was held by electronic means and was well-attended by retail investors. It was an opportune time for senior management of the Manager to actively engage retail investors in their enquiries and discussions about Suntec REIT.

The Manager conducts regular business updates and post-results briefings on a quarterly and half-yearly basis respectively. There is extensive coverage on Suntec REIT, with research coverage by analysts from 17 local and foreign brokerage firms, providing a global reach to shareholders and potential investors worldwide.

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

INVESTOR RELATIONS ACTIVITIES IN 2022

January
- FY 2022 post-results investor meetings

April
- 1Q 2022 Updates investor meetings

May
- Maybank IBG-REITAS Conference
- BNP Paribas Singapore Property Day
- SGX-Yuanta Securities Non-Deal Roadshow

June
- UBS OneASEAN Conference 2022
- Citi Pan-Asia Regional Investor Conference 2022
- ESR Group & REITs Corporate Access Day

July
- 1H 2022 post-results investor meetings

August
- Citi-SGX-REITAS REITS/Sponsors Forum 2022

October
- 3Q 2022 Updates investor meetings

November
- DBS-SGX-REITAS-CSOP Bangkok Conference 2022

PROPOSED SUNTEC REIT FY 2023 CALENDAR

April-23
- First Quarter Business Updates

May-23
- Payment of First Quarter distribution

July-23
- Announcement of Half Year results

August-23
- Payment of Second Quarter distribution

October-23
- Third Quarter Business Updates

November-23
- Payment of Third Quarter distribution

January-24
- Announcement of Full Year results

February-24
- Payment of Fourth Quarter distribution

UNITHOLDER ENQUIRIES

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

Ms Melissa Chow
Manager, Investor Relations
Telephone : +65 6835 9232
Email : enquiry@suntecreit.com
Website : www.suntecreit.com

Ms Eugenia Ong
Manager, Portfolio Management

Risk Management

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

Suntec REIT's enterprise risk management framework (the "ERM Framework") is adapted from COSO Internal Control-Integrated Framework (the "COSO Framework") and best practices from the Task-Force on Climate-related Financial Disclosure ("TCFD"). The COSO Framework is designed to provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses, while the TCFD Framework is designed to assess, identify, understand, adapt and/or mitigate climate-related risks and opportunities (both physical and transition) that are material to the Company, including potential financial impacts, through scenarios analysis and climate risk assessments.

The ERM framework provides a holistic and consistent process for identifying, assessing, monitoring and reporting risks. In addition, the Manager applies the ERM Framework as a structured process in making risk-based strategies and decisions across respective functions, identifying potential issues and events that may affect Suntec REIT, managing risks to an acceptable residual level and within risk appetite as approved by the Board and the ARC and providing assurance to the Board that the system of risk management and internal controls is adequate and effective in mitigating the identified risks.

In its ERM Framework, key risks and mitigating controls of the risk profile are identified, assessed and monitored by the Manager together with the relevant departments and reported to the ARC on a regular basis. The risk profiles highlight any risk changes and trends, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls to arrive at the residual risks, which is within the risk appetite or tolerance approved by the Board. In addition, the internal auditors perform a review of the risk profile as part of the internal audit plan approved by the ARC, providing reasonable assurance to the ARC on the adequacy and effectiveness of the risk management system.

The key risks identified include but are not limited to:

STRATEGIC RISK

Strategic risks relate to sustainable long-term growth in net asset value and distribution income of Suntec REIT. The Manager proactively manages Suntec REIT's asset portfolio to maximise returns, through acquisitions, proactive asset enhancements, as well as divesting of non-core and/or mature assets at an opportune time.

All investment proposals are subject to a rigorous, disciplined and thorough evaluation process according to the relevant investment criteria including, but not limited to, alignment to Suntec REIT's investment as well as environmental, social and governance objectives, asset quality, location, total expected returns, growth potential and sustainability of asset performance, taking into account the existing economic and financial market conditions.

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

OPERATIONAL RISK

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

To mitigate against leasing risk, the Manager employs proactive leasing strategies including actively engaging tenants for forward renewals, active marketing of spaces to minimise vacancy, spreading out the portfolio lease expiry profile as well as achieving a diversified tenant base to reduce concentration risk.

Risk Management

Human capital risk is mitigated by maintaining a robust human resource policy which includes interview assessment of selected candidates, fair and competitive remuneration and welfare benefits in line with industry conditions, and personal development and training opportunities to enhance staff progression and retention in a conducive workplace. In addition, Suntec REIT also recognises that human capital is key to the business and has put in place measures to manage the attraction and talent management, including succession planning, periodic benchmarking of staff remuneration, performance-based rewards, among others.

A business continuity plan is in place to mitigate the business continuity risk of interruptions or catastrophic loss to its operations arising from unanticipated events such as outbreak of contagious diseases, natural disasters like flood, bush fires and earthquakes. In addition, Suntec REIT's properties are also properly insured in accordance with current industry practices.

TECHNOLOGY RISK

The Company acknowledges the rising threats posed by cyber-attacks which have become increasingly more prevalent and sophisticated. Suntec REIT is continuously assessing the adequacy of the computer systems and implementing improvements to the platforms due to the increased reliance on technology to improve operational efficiency and provides high quality internal governance. There are multiple layers of security incorporated across the Information Technology ("IT") landscape with constant monitoring of internet gateways to detect potential security events, network vulnerability assessment and penetration testing are also conducted regularly to identify any potential security gaps.

Periodic IT security trainings are conducted for new and existing employees to raise IT security awareness on the evolving threats landscape such as spotting potential phishing attempts and simulated phishing exercises. Technical implementations such as Secure Access Service Edge ("SASE"), antivirus, firewalls, monitoring and alerts and Multi-Factor Authentication ("MFA") are also applied to reduce the varying risk of cyber security attacks across the IT spectrum. Policies and processes governing information availability, confidentiality and security are also implemented and updated periodically. In addition, a IT disaster recovery plan is in place and tested annually to ensure that Suntec REIT's business recovery objectives are met in the event of a disaster including ensuring the information proprietary is kept safe and secured.

FINANCIAL RISK

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

Interest rate risk is monitored on a continuing basis with the objective of limiting Suntec REIT's exposure to changes in interest rates. The Manager manages Suntec REIT's exposure to interest rate volatility through interest rate swaps. In the current high interest rate environment, the Manager proactively seeks to mitigate interest rate risks and, as at end 2022, approximately 65.6% of Suntec REIT's consolidated borrowings were either hedged or on fixed rates.

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

The Manager monitors Suntec REIT's foreign currencies exposure regularly and manages the exposure through appropriate financial instruments such as forward currency contracts. The Manager follows a set of foreign currency hedging guideline and forward-hedged the net income for its overseas assets.

COMPLIANCE RISK

Suntec REIT is subject to applicable laws and regulations of the various jurisdictions in which it operates, including the Listing Manual of the Singapore Exchange Securities Trading Limited, the Securities and Futures Act 2001 of Singapore, the Code of Corporate Governance 2018, the Code of Collective Investment Schemes issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore. The Manager, being a Capital Markets Services ("CMS") Licence holder, is required to comply with the conditions of the CMS Licence for REIT Management issued by the MAS under the Securities and Futures Act 2001 of Singapore.

The Manager has put in place policies and procedures with the necessary checklists to facilitate compliance with the applicable laws and regulations. Suntec REIT is committed to comply with the applicable laws and jurisdictions in its day-to-day business processes and does not tolerate any breaches in regulatory compliance. The Manager works closely with external legal professionals and internal compliance support at ESR Group level on legal and regulatory matters. The Manager stays well informed of the latest developments on the relevant laws and regulations through training and attending relevant seminars.

CLIMATE-RELATED RISK

Suntec REIT recognises that climate change threatens to disrupt businesses in a precipitous and potentially devastating manner. Such climate-related risks have the potential to financially impact Suntec REIT through physical and transition risk channels. Physical risks, such as rising sea levels, violent storms, heat waves and flash floods, arise from the impact of weather events and long term or widespread environmental changes, while transition risks arise from the process of adjustment to an environmentally sustainable economy, including changes in public policies, disruptive technological developments, and shifts in consumer and investor preferences.

In 2022, the Manager has put in place policies and processes to assess, monitor and manage environmental risks in building a resilient portfolio. The Manager has also undertaken gap analysis and peer benchmarking to identify environmental risks that are relevant to Suntec REIT. Where material risks are identified, mitigating controls have been/will be put in place to address these risks. The Manager is also currently working closely with external consultants and support at ESR Group level on other sustainability-related reporting requirements and compliance. In addition, the Manager also monitors evolving changes in climate regulations under every country's jurisdiction that it operates due to the more stringent regulations, disclosures and increased expectations from stakeholders. The Board will oversee and review the environmental, social and governance issues pertinent to Suntec REIT, including climate-related or environmental risks which will be tabled at the regular Board meetings for review and discussions. Please refer to Suntec REIT's Sustainability Report FY 2022 to be released electronically by end-May 2023 for more details.

Corporate Governance

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

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

The Manager is committed to its corporate governance policies and practices and observes high standards of conduct in line with the recommendations of the Code of Corporate Governance 2018 (the "2018 CG Code"), the listing manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual" of "SGX-ST") as well as other applicable rules and regulations.

The following segments set out the Manager's main corporate governance policies and practices for the financial year ended 31 December 2022 ("FY 2022"). They encompass proactive measures for avoiding situations of conflict or potential conflicts of interest, prioritising the interests of Unitholders, complying with applicable laws and regulations, and ensuring that the Manager's obligations under the Trust Deed (as defined below) are properly and efficiently carried out. For FY 2022, the Manager confirms that it has adhered to the principles and provisions as set out in the 2018 CG Code. Where there are any deviations from the 2018 CG Code, such as in respect of the independence composition where the chairman is non-independent, the establishment of a nominating and a remuneration committee, the disclosure of remuneration, and the implementation of absentia voting at general meetings of Unitholders, the Manager will provide explanations for such deviations and details of the alternative practices adopted by the Manager, which are consistent with the intent of the relevant principles of the 2018 CG Code.

THE MANAGER OF SUNTEC REIT

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

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

Other main functions and responsibilities of the Manager include:

1. using its best endeavours to ensure that the business of Suntec REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for Suntec REIT at arm's length and on normal commercial terms;

2. preparing property reports on a regular basis and annual business plans, which may contain forecasts on the net income, capital expenditure, sales and valuations, explanations of major variances from previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these reports is to monitor and explain the performance of Suntec REIT's assets;

3. ensuring compliance with the principles and provisions of the 2018 CG Code and other applicable laws, rules and regulations including the Securities and Futures Act 2001 (the "SFA"), the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SF(LCB)R"), the Listing Manual, the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS, including Appendix 6 of the CIS Code (the "Property Funds Appendix"), the Singapore Code on Takeovers and Mergers, the Trust Deed, the relevant MAS Notices and Guidelines, the tax ruling dated 15 June 2004 issued by the Inland Revenue Authority of Singapore, the CMS licensing conditions and all other relevant legislation or contracts;

4. attending to all communications with Unitholders; and

5. supervising the property managers who provide property management, lease management, marketing and marketing coordination services in relation to Suntec REIT's properties pursuant to the respective property management agreements.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibilities. Suntec REIT's environmental sustainability and community outreach programmes can be found in our sustainability report which will be available in electronic format on SGXNET and our website by end-May 2023. In addition, for FY 2022, the Manager has complied with the relevant requirements under the MAS Guidelines for Environmental Risk Management for Asset Managers.

The Manager was appointed in accordance with the terms of the trust deed constituting Suntec REIT dated 1 November 2004 which has been amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018, a tenth supplemental deed dated 23 July 2018, an eleventh supplemental deed dated 2 April 2020 and a third amending and restating deed dated 8 December 2022 (collectively, the "Trust Deed").

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1 The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors of the Manager (the "Board" or "Directors") is entrusted with responsibility for the overall management of the Manager and its corporate governance, to establish goals for the management team of the Manager (the "Management"), hold the Management accountable for performance and monitor the achievement of these goals. All Directors are fiduciaries who act objectively in the best interests of Suntec REIT and hold Management accountable for performance. The Board sets an appropriate tone from the top and the desired organisational culture and ensures proper accountability within the Manager.

The Directors have the responsibility to act with due diligence in the discharge of their duties and ensure that they have the relevant knowledge to carry out and discharge their duties as directors, including understanding their roles as executive, non-executive and independent Directors, the business of Suntec REIT and the environment in which Suntec REIT operates. The Directors are also required to dedicate the necessary effort, commitment and time and are expected to attend all Board meetings.

The Board is also responsible for the strategic business direction and risk management of Suntec REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointment of Directors. The Board has established a framework for the Management and Suntec REIT and the framework comprises a system of robust internal controls, risk management processes and clear policies and procedures and sets out the code of conduct and ethics of Suntec REIT. The Board also reviews the sustainability issues relevant to its business environment and stakeholders. Where a Director is conflicted in a matter, he or she will be required to disclose his or her interest to the Board, recuse himself or herself from the deliberations and abstain from voting on the matter. The Directors have complied with this practice and such compliance has been duly recorded in the minutes of meetings or written resolutions.

Corporate Governance

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

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

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

During FY 2022, the Board has continued to monitor the COVID-19 situation and has been working closely with the Management in reviewing the business opportunities and impact on Suntec REIT's business and operations, notwithstanding the progressive relaxation of the measures amid the COVID-19 pandemic.

BOARD COMMITTEE

The Board is supported by various board committees, in particular, the audit and risk committee (the "Audit and Risk Committee") (re-named from the Audit Committee) and the designated committee (the "Designated Committee") (collectively referred to as the "Board Committees"), which assist the Board in discharging its responsibilities and enhancing its corporate governance framework. The Board has delegated specific responsibilities to these Board Committees and their composition, terms of reference and a summary of their activities are further described in this Report.

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

The composition of each Board Committee is also reviewed as and when there are changes to Board members. Where appropriate, changes are made to the composition of the Board Committees, with a view of ensuring there is an appropriate diversity of skills, experience, and foster active participation and contributions from Board Committees' members.

Audit and Risk Committee

The Audit and Risk Committee has its own terms of reference, operating under the authority delegated from the Board, with the Board retaining oversight. The Audit and Risk Committee's composition, terms of reference, delegation of authority to make decisions and a summary of its activities are set out in pages 83 to 86 of this Annual Report.

Designated Committee

Mr Chow Wai Wai, John, a Non-Executive Director and Chairman of the Designated Committee resigned on 15 April 2022. As the Audit and Risk Committee is tasked with assisting the Board in reviewing matters relating matters to financing, refinancing, hedging strategies and arrangements and transactions involving derivative instruments for hedging purposes as part of its terms of reference, the Designated Committee is no longer required and hence has been dissolved.

No Designated Committee meeting was held during FY 2022.

Meetings of Board and Board Committees

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

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

Board Committees and Board meetings for the year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. The Board and Board Committees may also hold ad-hoc meetings as and when required. Board papers are generally circulated at least three (3) days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Information provided to the Board includes financial performance, market and business developments, and business and operational information. Management also highlights key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or the chairman of the Board Committee of his or her views on the matters to be discussed and conveyed to other Directors at the meetings. The Board and Board Committees may also make decisions and approve matters by way of written resolutions. Where appropriate, Management will be requested to attend meetings of the Board and Board Committees in order to provide their input and insight into the matters being discussed, and to respond to any queries that the Directors may have. At the Board and Board Committee meetings, all the Directors actively participate in discussions, in particular, they engage in open and constructive debate and provide feedback to Management on its recommendations. The Board composition allows for diversity in views and perspectives which enriches deliberations and contributes to better decision-making of the Board in the best interest of Suntec REIT.

The Chief Executive Officer ("CEO") keeps all Board members abreast of key developments and material transactions affecting Suntec REIT so that the Board is kept fully aware of its affairs, business, financial environment and risks faced by Suntec REIT and the Manager. All Directors have separate, independent and unrestricted access to the Management, the Company Secretaries, the Internal Auditors and the External Auditors (each as defined herein), as well as other external advisers (where necessary), at all times and at the Manager's expense (where applicable).

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

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

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

Corporate Governance

Four Board meetings were held in FY 2022. The key deliberations and decisions taken at Board and Board Committees meetings are minuted. The attendance of the Directors at Board meetings, Board Committee meetings and the Annual General Meeting ("AGM"), as well as the frequency of such meetings, are set out below.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK COMMITTEE AND UNITHOLDERS' MEETINGS IN FY 2022

	Board Meetings		Audit and Risk Committee Meetings		AGM
Directors	Participation	Attendance/ Number of Meetings	Participation	Attendance/ Number of Meetings	Attendance/ Number of Meetings
Ms Chew Gek Khim	Chairman	4/4	NA	NA	1/1
Mr Lim Hwee Chiang, John	Member	4/4	NA	NA	1/1
Mr Yap Chee Meng	Member	4/4	Chairman	5/5	1/1
Mr Chan Pee Teck, Peter	Member	3/4	Member	4/5	1/1
Mrs Yu-Foo Yee Shoon	Member	4/4	Member	5/5	1/1
Mr Lock Wai Han	Member	4/4	Member	5/5	1/1
Mr Chow Wai Wai, John[1]	Member	1/1	NA	NA	—
Mr Jeffrey David Perlman[2]	Member	2/3	NA	NA	0/1
Mr Chong Kee Hiong	Member and CEO	4/4	CEO	NA	1/1

1 Resigned as Non-Executive Director on 15 April 2022.
2 Appointed as Non-Executive Director on 15 April 2022.

Professional Development

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

The Directors receive regular training and are able to participate in conferences, seminars or any training programme in connection with their duties such as those conducted by the Singapore Institute of Directors, SGX-ST and REIT Association of Singapore ("REITAS"). A list of training courses and seminars which might be of interest is sent to the Directors for their consideration. The costs of arranging and funding the training of the Directors will be borne by the Manager. The Director also received regular training on sustainability topics, as prescribed by the Exchange, shared by the external consultants which are advising on climate-related risk, sustainability reporting and benchmarking surveys. The Manager notes the requirements under the 2018 CG Code and Listing Manual on the training requirements for directors with no prior experience on listed companies and would arrange for the necessary training for such directors in future appointment. Mr Jeffrey David Perlman was appointed as a Non-Executive Director with effect from 15 April 2022 and he has prior experience acting as a director of a listed company.

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An induction programme is arranged for new Directors to be briefed on the business activities of Suntec REIT and its strategic directions and policies. This allows new Directors to understand the business of the Manager and Suntec REIT as well as their directorship duties (including their roles as non-executive and independent directors).

BOARD COMPOSITION AND GUIDANCE

Principle 2 The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decision in the best interests of the company.

The Board currently comprises eight members: one Executive Director, three Non-Executive Directors and four Independent Non-Executive Directors. The Chairman of the Board is Ms Chew Gek Khim and Non-Executive Directors make up a majority of the Board. Each Director is a well-respected individual from the corporate and/or industry circles with diverse experience and network.

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

1. the Chairman of the Board should be a Non-Executive Director;

2. the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry; and

3. at least half of the Board should comprise Independent Directors.

The Board seeks to continuously refresh its membership in an orderly and progressive manner towards achieving the objectives, in line with its Board diversity policy and in compliance with the applicable regulatory requirements.

Independence composition

The Independent Non-Executive Directors exercise objective judgement on Suntec REIT's affairs and are independent from Management. The independence of each Independent Director is reviewed upon appointment and thereafter annually by the Board through the annual independence declaration. The declaration makes reference to the guidelines set out in the 2018 CG Code and other applicable laws and regulations.

The assessment of a Director's independence takes into account, among others, the enhanced independence requirements and the definition of Independent Director as set out in the SF(LCB)R. An Independent Director is one who: (i) is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its shareholders who hold 5.0% or more of the voting shares (the "Substantial Shareholders"), or Unitholders who hold 5.0% or more of the Units (the "Substantial Unitholders") in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence business judgement, in the best interests of the Unitholders; (ii) is independent from any management and business relationship with the Manager and Suntec REIT, and from every Substantial Shareholder of the Manager and any Substantial Unitholder; (iii) is not a Substantial Shareholder of the Manager or a Substantial Unitholder; (iv) has not served on the Board for a continuous period of nine years or longer; and (v) is not employed or has been employed by the Manager or Suntec REIT or any of their related corporations for the current year or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or Suntec REIT or any of their related corporations for the current year or any of the past three financial years and whose remuneration is or was determined by the Board.

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

Corporate Governance

The Board has noted from Mr Lock Wai Han's independence declaration form that he is currently an Executive Director and CEO of OKH Global Ltd, a SGX-ST listed company, which is an associated corporation of a Substantial Unitholder. Notwithstanding such relationship, the Board notes that there had not been any transactions between OKH Global Ltd (and its related corporations) and Suntec REIT or the Manager (and their respective related companies). Where Mr Lock or any of his associates, has any interest in a transaction with Suntec REIT or the Manager, Mr Lock is also required to abstain from passing any related board resolutions or participating in the review and approval of such a transaction. As at the last day of FY 2022, Mr Lock was able to act in the best interests of all Unitholders as a whole and the Board has determined and is satisfied that Mr Lock was able to act in the best interests of all Unitholders as a whole.

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

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

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of industry expertise and experience. In particular, the Board's diversity policy strives to ensure that the Board as a whole has the requisite background, gender mix and diverse experience and knowledge in business, accounting and finance and management skills critical to Suntec REIT's business. The Manager has adopted the Board Diversity Policy of ESR Group Limited ("ESR"), which has an established framework for setting the board diversity approach, including measurable objectives to ensure diversity of its composition. The selection process for Board candidates is structured to account for a range of diversity perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are considered. The current composition of the Board has achieved the diversity objectives under the ESR Board Diversity Policy of having international and industry experience, expertise in related fields including real estate, investing, financial and legal, gender and age diversity. Gender diversity is also considered an important aspect of diversity. The current Board has two female members, one of whom is Chairman of the Board. Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interests of Suntec REIT and its Unitholders. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board that complement and expand the skills and experience of the Board as a whole, and having regard to the overall balance and effectiveness of a diverse Board. The Manager is committed to implementing the Board Diversity Policy and will review the Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the 2018 CG Code, or as amended from time to time, and any other relevant legislation.

A healthy exchange of ideas and views between the Board and Management during regular meetings and updates enhances the management of Suntec REIT. This, together with a clear separation of roles between the Chairman and the CEO, establishes a healthy and professional relationship between the Board and Management.

The current composition of Independent Directors has made up half of the Board notwithstanding that the Chairman is non-independent. Under the 2018 CG Code, Independent Directors shall make up a majority of the Board where the Chairman is not independent (as required under Provision 2.2). The Board will continuously review and increase its independence composition, where necessary. With independent directors making up at least one third of the Board, three Non-Executive Directors and four Independent Non-Executive Directors making up a majority of the Board, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. Accordingly, the Board will also explain and implement additional measures to enhance its independence.

Based on the assessment of its independence element, the Board is of the view that the current composition of Directors provides an appropriate level of independence, in consideration of the following factors:

(i) there are four Independent Non-Executive Directors and three Non-Executive Directors, out of a total of eight members. Independent Non-Executive Directors make up 50% of the Board and Non-Executive Directors make up 88% of the Board;

(ii) the Independent Non-Executive Directors have been assessed based on the independence criteria which include (a) length of service not being more than nine years; (b) independence from management and business relationships with the Manager and Suntec REIT; (c) independence from Substantial Shareholders of the Manager and Substantial Unitholders; and (d) other factors described in Principles 2 and 4 of this report;

(iii) a Lead Independent Director has been appointed given that the Chairman is a Non-Independent Director. The Lead Independent Director serves in a lead capacity to co-ordinate the activities of the non-executive members in circumstances where the Chairman is conflicted or when it is inappropriate for the Chairman to direct and address matters relating to Suntec REIT and its Unitholders; and

(iv) interested Director(s) are required to abstain from voting when passing Board resolutions and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

Based on the above assessment, the Board is of the view that the current composition of Directors, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age and that the current Board size is appropriate, taking into consideration the nature and scope of Suntec REIT's operations. The Board values the benefits that diversity can bring to the Board in its deliberations by avoiding groupthink and fostering constructive debate. In addition, prior approval of the MAS is required for appointment of any Board member or the CEO. The Board will continue to review its composition to ensure that it adheres to the requirements under Principle 2. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 2 of the 2018 CG Code as a whole.

For the purpose of Regulation 13E(b)(ii) of the SF(LCB)R, the Board is satisfied that, as at the last day of FY 2022, all non-independent Directors were able to act in the best interests of all unitholders of Suntec REIT that was managed by the Manager.

Profiles of the Directors and other relevant information are set out on pages 15 to 18 of this Annual Report. There were no Alternate Directors appointed in FY 2022.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of Chairman and CEO are separate and held by Ms Chew Gek Khim and Mr Chong Kee Hiong respectively. The Chairman and the CEO are not immediate family members. In addition, the Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability. This ensures an appropriate balance of power, increased accountability and greater capacity of the Board for sound and independent decision making.

Corporate Governance

The Chairman leads the Board and ensures that its members work together with the Management in a constructive engagement manner and maintains open lines of communication to address strategies, business operations and enterprise issues. The Chairman also ensures that there is effective communication with Unitholders and promotes a culture of openness and a high standard of corporate governance. The Chairman presides over the AGM each year and other Unitholders' meetings where she plays a pivotal role in fostering constructive dialogue between Unitholders, the Board and the Management.

The CEO has full executive responsibilities over the business direction and day-to-day operational decisions in relation to the management of Suntec REIT, in accordance with the objectives established by the Board. The CEO is a licensed representative approved by the MAS and is resident in Singapore.

Separately, a Lead Independent Director, Mr Yap Chee Meng is available to Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Lead Independent Director also co-ordinates meetings with other Independent Non-Executive Directors regularly, without the presence of Management, and provides feedback to the Chairman.

BOARD MEMBERSHIP

Principle 4 The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has not established a nominating committee (as required under Provision 4.1) as the Board, taking into account the activities of Suntec REIT and its current Board composition, considers that the objectives of a nominating committee, as required under Principle 4, are currently achieved by the Board and consistent with the intent under Principle 4 of the 2018 CG Code. Therefore a separate committee, comprising at least three Directors (including the Lead Independent Director), a majority of whom, including the committee chairman are independent, is not necessary (as required under Provisions 4.1 and 4.2) given the Manager complies with Regulation 13D of the SF(LCB)R relating to the composition of the Board of the Manager. The Manager is of the view that the corporate governance requirements relating to the nominating committee has been substantively addressed. The Board has assessed its independence element under Principle 2 and is of the view that it can effectively perform the role of a nominating committee.

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

- tabling nominations for appointment and re-appointment of Director(s) to the Board and reviewing as well as taking into account the succession plan and framework for the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager ("key management personnel");
- reviewing the structure, size and composition of the Board;
- reviewing the process and criteria for the evaluation of the overall performance of the Board, the Board Committees and the Directors;
- reviewing the independence of Board members; and
- reviewing the training and professional development of the Board and the Directors.

The Board believes that it can achieve orderly succession and renewal through continuously reviewing the appropriate composition of the Board. The Board also has in place guidelines on the tenure of the Directors. The guidelines provided that an Independent Director should serve up to a period of nine years.

In terms of succession plans, the Board has in mind the Manager's strategic priorities and the factors affecting the long-term success of the Manager. Further, the Board aims to maintain an optimal Board composition by considering the trends affecting the Manager, reviewing the skills needed and identifying gaps, including considering whether there is an appropriate level of diversity of thought. In addition, the Board considers different time horizons for succession planning as follows: (i) long-term planning, to identify competencies needed for the Manager's strategy and objectives; (ii) medium-term planning, for the orderly replacement of Board members and key management personnel, and (iii) contingency planning, for preparedness against sudden and unforeseen changes.

Process for Appointment of New Directors

When reviewing and recommending the appointment of new Directors, the Board takes into consideration the current Board's size and mix, core competencies and the principles outlined in the subsequent part of this Report. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of Suntec REIT, as well as the relevant skillsets and background of the candidates and their potential contributions as may be determined by the Board, which provide an appropriate balance and contribute to the collective skills, experience and diversity of the Board. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable. Mr Jeffrey David Perlman was appointed as a Non-Executive Director with effect from 15 April 2022. Mr Jeffrey David Perlman was nominated as a candidate as he is currently the Chairman of ESR.

Criteria for Appointment and Re-appointment of Directors

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

The Board unanimously approves the appointment of new Directors via Board resolution upon assessing the candidates' profiles and credentials. Once appointed, the Board ensures that new Directors are aware of their duties and obligations. For re-appointment of Directors, the Board assesses the relevant Directors' performance (e.g. attendance, preparedness, participation and candour) as disclosed under Principle 5 below. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate. No Board member is involved in any decisions relating to his or her own appointment or re-appointment.

Review of Directors' Independence

The Board undertakes the role of determining the independence status of the Directors (as required under Provision 4.4) which was described under Principle 2 above. The independence of each Director is reviewed prior to the appointment and thereafter, annually and as and when circumstances require, with reference to the principles and provisions set out in the 2018 CG Code and applicable laws and regulations. Directors are expected to disclose any relationships with the Manager, its related corporations, its substantial shareholders, its officers or the substantial unitholders, if any, which may affect their independence, to the Board.

In FY 2022, the Board has reviewed the Directors' independence declarations and determined that Mr Yap Chee Meng, Mr Chan Pee Teck, Peter, Mrs Yu-Foo Yee Shoon and Mr Lock Wai Han are independent and are free from any of the relationships stated in the 2018 CG Code, the Listing Manual and the SF(LCB)R, save for the relevant disclosure made under Principle 2 above in respect of Mr Lock Wai Han.

Annual review of Directors' Time Commitments

Although the Directors have other listed company board representations and principal commitments (as set out on pages 15 to 18 of this Annual Report), the Board has determined that each individual Director has been adequately carrying out his or her duties and has devoted sufficient time and attention to his or her role as a Director and to the affairs of the Manager (as required under Provisions 1.5 and 4.5) and this is being assessed as part of the Directors' annual performance review as disclosed in Principle 5 below. In FY 2022, the Directors attended Board meetings, had given feedback and participated constructively when discussing the activities of Suntec REIT. Their attendance record for FY 2022 is set out on page 72 of this Annual Report. The Board has undergone the self-assessment and also procured written confirmations from the Directors stating that they are able to carry out their duties as Directors of the Manager and they would address any competing time commitments that may arise, despite their multiple board representations. The Board is of the view that such external appointments do not hinder the Directors from carrying out their duties.

Corporate Governance

The Manager is of the view that its practice is consistent with the intent of Principle 4 of the 2018 CG Code as the Board can effectively perform the role of the nominating committee as a whole.

BOARD PERFORMANCE

Principle 5 The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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

As part of the Manager's commitment towards good corporate governance, the Board has implemented an objective performance criteria and a structured process in assessing the annual performance of the Board as a whole and of its Board Committees, as well as the contribution by the Chairman and each individual Director (as required under Provision 5.1). This process is facilitated by the Company Secretary as an external facilitator and it encompasses the use of confidential questionnaire, laying out the performance criteria determined by the Board in steering Suntec REIT in the appropriate direction, as well as the long-term performance of Suntec REIT whether under favourable or challenging market conditions. These criteria include an evaluation of the Board's oversight over the performance of Suntec REIT, the size and composition of the Board, overall governance and risk framework, Board meetings participation, access to information, as well as standards of individual Director's conduct, independence and performance, and the upkeep of their professional development. The results are aggregated and presented during the Board meetings for overall analysis, and where necessary, follow up actions are taken to enhance the effectiveness of the Board in discharging its duties and responsibilities. Save as disclosed above, the Company Secretary does not have any other connection with Suntec REIT, the Manager or any of the Directors.

For FY 2022, based on the assessment of the Board and individual Director's performance, the Board is satisfied with the overall result. The Board has also taken on feedback and will arrange an annual discussion amongst its members without the presence of Management.

The Manager is of the view that its practice is consistent with the intent of Principle 5 of the 2018 CG Code as the Board can effectively undertake a formal assessment of its effectiveness as a whole and that of its Board Committees and individual Directors.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES AND LEVEL AND MIX OF REMUNERATION

Principle 6 The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7 The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Board has assessed its independence element under Principle 2 and is of the view that the current composition of Directors provides sufficient strong independence to perform the role of a remuneration committee. Accordingly, the Board has considered that a separate remuneration committee, comprising at least three Directors and all members to be Non-Executive Directors, the majority of whom, including the committee chairman are independent, would not be necessary (as required under Provisions 6.1 and 6.2).

The Board has assessed the remuneration policies and practices of ARA Asset Management Limited ("ARA"), in lieu of reviewing specific remuneration packages for key management personnel (as required under Provisions 6.1 and 6.3). As a result, the Board has deemed such remuneration policies, practices and termination terms (if any) to be fair and appropriate for Suntec REIT. Accordingly, the Manager has adopted the remuneration policies and practices of ARA, which has an established framework for the remuneration, compensation, benefits and succession planning for the Directors and key management executives of the Manager.

The Manager is of the view that its practice is consistent with the intent of Principle 6 of the 2018 CG Code as the Board can effectively perform the role of the remuneration committee as a whole.

Remuneration Framework

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

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

Link between pay and performance

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

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

The designated key management executives of the Manager also participate in a Long-Term Incentive Plan Scheme ("LTIP"). The objective of the LTIP is to effectively recognise, reward and motivate designated key management executives for their contributions to the growth and long-term success of the business of Suntec REIT in driving business continuity and retaining talent following the completion of the acquisition of ARA by ESR on 20 January 2022. The incentive payments for the LTIP are awarded through the vesting of shares in ESR across 4 years and allocated amongst the designated key management executives who have a more direct impact and influence over the long-term business goals and results, with the condition of payment tied to the continued employment of the designated key management executives. Subject to the continued employment of the designated key management executives who remain in service until the vesting date, the first quarter of the vested amount of shares will be issued only in FY 2023. In addition, such compensation is in the long-term interests of Suntec REIT as Suntec REIT is a key part of ESR's business and ecosystem and Management's actions to grow Suntec REIT and drive Suntec REIT's performance will also have a positive impact on ESR. With the ultimate aim of retaining talent and that the LTIP has a 4-year vesting period and is linked to the continued employment of the designated key management executives in contributing to the business of Suntec REIT and not to the KPIs of the designated key management executives, the LTIP will accordingly not result in the key management executives prioritising the interest of ESR over that of Suntec REIT. In addition, to further mitigate any potential conflicts of interests, it should be further noted that under the SFA, the Manager and Directors are required to act in the best interest of Suntec REIT and give priority to the interest of Suntec REIT over the interests of the shareholders of the Manager, and the Manager has established internal control procedures to ensure that all Interested Person Transactions (as defined below) will be undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of Suntec REIT and its Unitholders. Based on the above, the Manager is of the view that there would not be any conflicts of interest arising from the arrangement and there is no misalignment of interest and the designated key management executives of the Manager will act objectively in the best interests of Suntec REIT and its Unitholders.

The remuneration of the CEO and key management executives is not linked to the gross revenue of Suntec REIT. As and when required, the Board also has access to independent remuneration consultants, but did not engage any during FY 2022.

Corporate Governance

In FY 2022, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management executives.

DISCLOSURE OF REMUNERATION

Principle 8 The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of the Non-Executive Directors for FY 2022 comprises entirely Directors' fees paid entirely in cash and the details of the Non-Executive Directors' remuneration are set out below:

Name of Director	Salary (S$)	Bonus (S$)	Directors' Fees (S$)	Others (S$)	Total (S$)
Ms Chew Gek Khim	—	—	120,000	—	120,000
Mr Lim Hwee Chiang, John	—	—	60,000	—	60,000
Mr Yap Chee Meng	—	—	100,000	—	100,000
Mr Chan Pee Teck, Peter	—	—	80,000	—	80,000
Mrs Yu-Foo Yee Shoon	—	—	80,000	—	80,000
Mr Lock Wai Han	—	—	80,000	—	80,000
Mr Chow Wai Wai, John[1]	—	—	17,260	—	17,260
Mr Jeffrey David Perlman[2]	—	—	—	—	—

1 Resigned as Non-Executive Director on 15 April 2022.
2 Appointed as Non-Executive Director on 15 April 2022. Mr Perlman has elected to waive his Director's Fee entitlement for FY 2022.

Director's fees are established annually based on the Directors' responsibilities on the Board and the Board Committees. The Board believes that the remuneration for Directors is appropriate to attract, retain and motivate the Directors and is also appropriate to the level of contribution and takes into account the industry practices and norms for Directors to provide stewardship of Suntec REIT, while being commensurate with their efforts, responsibilities and time spent. Each Director is paid a fixed fee, and no Director is involved in deciding his or her own remuneration. The framework for determining the Directors' fees is shown in the table below:

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

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis; (ii) the remuneration of at least the top five key management executives (who are not also Directors or the CEO), on a named basis, in bands of S$250,000; (iii) the aggregate remuneration of its CEO and top five key management executives (who are not also Directors or the CEO); and (iv) any other forms of remuneration and other payments and miscellaneous staff benefits paid to key management executives (who are not also Directors or the CEO) (as required under Provisions 8.1 and 8.3). The Board has assessed and elected not to disclose the above remuneration for the following reasons:

(i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five key management executives (who are not also Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of Suntec REIT;

(ii) it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of Suntec REIT;

(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top five key management executives (who are not also Directors or the CEO) and their performance; and

(iv) there is no misalignment between the remuneration of the CEO and key management executives and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Suntec REIT, rather than borne by Suntec REIT.

The Manager is accordingly of the view that its practice is consistent with Principle 8 of the 2018 CG Code as a whole. For the above reasons, Unitholders' interests are not prejudiced by the partial deviations.

In FY 2022, there were no employees of the Manager who are Substantial Shareholders of the Manager, Substantial Unitholders, or immediate family members of a Director, the CEO or a Substantial Shareholder of the Manager or a Substantial Unitholder, whose remuneration exceeds S$100,000 during the year.

Other than payment of the LTIP, the key management executives were wholly remunerated in cash in FY 2022. However, the shares paid under the LTIP have not yet been vested. As the vesting in shares in ESR will take place across 4 years, the first quarter of the vested amount of shares will be issued only in FY 2023, after one year.

(C) ACCOUNTABILITY AND AUDIT
RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9 The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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

Key risks, process owners, risk factors, mitigating actions and risk indicators are continuously identified, assessed and monitored by Management as part of Suntec REIT's Enterprise Risk Management Framework (the "ERM Framework") and documented in the risk profile maintained by the Manager and reviewed semi-annually by the Audit and Risk Committee and the Board. As a result, the Board determines the nature and extent of such risks identified in achieving Suntec REIT's strategic objectives and value creation.

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

Risk Management Committee

A separate risk management committee (the "Risk Management Committee") was established to assist the Audit and Risk Committee in assessing the adequacy of internal controls. The Risk Management Committee comprises the CEO, the Chief Operating Officer, the Finance Director and the Group Head of Governance & Sustainability ("G&S") of ESR. G&S is a corporate function of ESR, the ultimate holding company of the Manager.

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

Corporate Governance

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

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

Role of the Board and Audit and Risk Committee

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

For the financial year in review, the Board has received (a) written assurance from the CEO and the Finance Director certifying that the financial records have been properly maintained and that the financial statements give a true and fair view of Suntec REIT's operations and finances; and (b) from the CEO and other responsible key management personnel assuring that Suntec REIT's risk management and internal control systems are adequate and effective. The roles and responsibilities of a Chief Financial Officer are undertaken by the Finance Director instead. As such, the assurance under Provision 9.2(a) of the 2018 CG Code given by the Finance Director in lieu of a Chief Financial Officer would adequately serve the intent of Provision 9.2(a) of the 2018 CG Code. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 9 of the 2018 CG Code as a whole.

In addition, an Internal Assessment Checklist (the "1207(10) Checklist") which captures the requirements under Rule 1207(10) of the Listing Manual had been used by Management as a guide to assess the adequacy of internal controls. The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit and Risk Committee, in conjunction with the reports submitted by the Internal Auditors and External Auditors, as well as the letters of undertaking from the CEO and the Finance Director of the Manager to give assurance on the state of risk management and internal controls.

For FY 2022, the Board is satisfied with the adequacy and effectiveness of Suntec REIT's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature, scale and complexity of the Manager's operations. The Board arrived at this assessment based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the Internal Auditors and the External Auditors, together with the Management's confirmation on the adequacy and effectiveness of the internal controls. The Audit and Risk Committee has concurred with the Board's assessment. In addition, the Audit and Risk Committee has reviewed and is satisfied with the adequacy of resources and qualifications of the Manager's key management executives who are performing accounting, financial reporting and compliance roles.

Suntec REIT has maintained proper records of the discussions and decisions of the Board and the Audit and Risk Committee.

Whistle-Blowing Policy

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

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

The Audit and Risk Committee is guided by the Whistle-Blowing Policy to ensure proper conduct and closure of investigations, including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the Internal Auditors based on instructions from the Audit and Risk Committee. The outcome of each investigation is reported to the Audit and Risk Committee, which is responsible for oversight and monitoring of whistleblowing. The Manager is committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

Details of the Whistle-Blowing Policy and arrangements are posted on Suntec REIT's website. The website provides a feedback channel for any complainant to raise possible improprieties directly to the Audit and Risk Committee (with such complaints copied to ESR's Group Head of G&S) to facilitate an independent investigation of any matter raised and appropriate follow-up action as required. The Manager will ensure that the identity of such complainant is kept confidential except for circumstances where it is required by law for such identity to be revealed. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are circulated to all new incoming staff and are also covered as part of the staff's annual declaration of compliance. For FY 2022, there were no reported incidents pertaining to whistle-blowing.

AUDIT AND RISK COMMITTEE

Principle 10 The Board has an Audit and Risk Committee which discharges its duties objectively.

The Board has renamed the Audit Committee to Audit and Risk Committee with effect from 26 July 2022 to better reflect the roles and responsibilities of the committee in discharging of its corporate governance responsibilities and assisting the Board to oversee the risk management of the Group.

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

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

- Mr Yap Chee Meng (Chairman)
- Mr Chan Pee Teck, Peter (Member)
- Mrs Yu-Foo Yee Shoon (Member)
- Mr Lock Wai Han (Member)

The members of the Audit and Risk Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit and Risk Committee Chairman and members are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr Yap Chee Meng has immense experience in providing audit, initial public offerings and advisory services to listed and multinational clients and is a fellow of the Institute of Singapore Chartered Accountants. Mr Chan Pee Teck, Peter has extensive experience in financial, investment and fund management industries as managing partner of a private equity company, Crest Capital Asia Pte Ltd, which previously had funds invested in retail real estate assets. Mrs Yu-Foo Yee Shoon has relevant financial and commercial experience as a Board Member of KOP Limited and adviser for reputable organisations. Mr Lock Wai Han has extensive knowledge and experience in international investment, development, leasing, marketing, operations and financing of integrated real estate.

Corporate Governance

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

Five Audit and Risk Committee meetings were held during FY 2022.

The Audit and Risk Committee is guided by its written terms of reference which defines its duties and scope of authority. Specifically, the duties of the Audit and Risk Committee include:

1. overseeing financial reporting, including reviewing quarterly business updates, half-year and full year financial results and review the audited financial statements of Suntec REIT;

2. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of Suntec REIT and any announcements relating to Suntec REIT's financial performance;

3. reviewing the assurance from the CEO and the Finance Director on the financial records and financial statements;

4. overseeing risk management and internal control, including reviewing the company's risk strategy, risk appetite and risk tolerance levels, risk parameters and risk policies to be approved within the risk framework (traditional risks and sustainability risk framework);

5. overseeing the design, implementation and monitoring of the risk management and internal control systems;

6. reviewing the assurance from the CEO and the Finance Director on the effectiveness of risk management and internal controls;

7. reviewing at least annually the adequacy and effectiveness of the internal audit process and Suntec REIT's system of risk management and internal controls, including financial, operational, compliance and information technology controls (as part of SGX Listing Rule 1207(10) requirements);

8. overseeing internal and external audits, including reviewing the annual audit plan and the nature and scope of the internal and external audits before the commencement of these audits;

9. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;

10. reviewing the adequacy, effectiveness, independence, scope and results of the Internal Auditors;

11. where applicable, conducting internal quality assurance review of the in-house internal audit function at least annually;

12. reviewing the adequacy, effectiveness, independence, scope and results of the External Auditors;

13. making recommendations to the Board on (i) the proposals to the Unitholders on the appointment and removal of the External Auditors and (ii) reviewing the proposed fees from the External Auditors and authorising the Manager to confirm the remuneration and terms of engagement of the External Auditors;

14. reviewing the monitoring procedures established to regulate Interested Person Transactions and conflict of interests, including ensuring compliance with the provisions of the Listing Manual relating to transactions between Suntec REIT and an "interested person", and the provisions of the Property Funds Appendix relating to transactions between Suntec REIT and an "interested party" (both such types of transactions constituting "Interested Person Transactions"). This includes the requirement to ensure transactions undertaken are on normal commercial terms and not prejudicial to the interests of the Unitholders and that the property manager, as an interested person, is in compliance with the property management agreement;

15. reviewing the monitoring procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

16. reviewing and discussing with the External Auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on Suntec REIT's operating results or financial position and Management's response;

17. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

18. undertaking such other reviews and projects as may be requested by the Board; and

19. undertaking such other functions and duties as may be required by statue of the Listing Manual and by such amendments made thereto from time to time.

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

In FY 2022, the Audit and Risk Committee had met with the Internal Auditors and External Auditors without the presence of Management. The Internal Auditors and External Auditors may also request the Audit and Risk Committee to meet if they consider a meeting necessary. Both the Internal Auditors and External Auditors have confirmed that they had full access to and had received the co-operation and support from the Management, with no restrictions place on the scope of their audits.

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

During FY 2022, the Audit and Risk Committee performed an independent review of the quarterly business updates, half-yearly and full year financial statements of Suntec REIT. In the process, the Audit and Risk Committee reviewed the key areas of management judgement applied for adequate provisioning and disclosure, accounting policies, key audit matters and any significant changes made which have a material impact on the financials. The External Auditors also presented their salient features memorandum to the Audit and Risk Committee, covering the audit focus areas, key audit matters findings, quality and independence.

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

The Audit and Risk Committee had also conducted a review of all non-audit services provided by KPMG LLP, the external auditors of Suntec REIT, (the "External Auditors") and is satisfied that the nature and extent of such services will not affect the independence and objectivity of the External Auditors. The aggregate amount of audit and non-audit fees paid/payable to the External Auditors for FY 2022 amounted to S$818,000 and S$169,000 respectively.

Corporate Governance

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

The Audit and Risk Committee, with the concurrence of the Board, has recommended the appointment of Ernst & Young LLP as the external auditors of Suntec REIT at the forthcoming AGM. The Manager, on behalf of Suntec REIT, confirms that it has complied with the requirements of Rules 712 and 715 read with 716 of the Listing Manual in respect of the suitability of the auditing firms of Suntec REIT and its significant associated companies and subsidiaries.

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

On a quarterly basis, Management reports details of the Interested Person Transactions to the Audit and Risk Committee. All Interested Person Transactions together with the Register of Interested Person Transactions are reviewed by the Audit and Risk Committee.

Internal Audit Function

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

For FY 2022, the internal audit function of the Manager was outsourced to Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited (the "Internal Auditors"). The Internal Auditors are independent of the Management and report directly to the Audit and Risk Committee on audit matters and to the Management on administrative matters.

The Audit and Risk Committee is satisfied that the Internal Auditors had met the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit and Risk Committee has assessed the adequacy of the Internal Auditors and is of the view that the Internal Auditors had the relevant qualifications, appropriate standing within the Manager and adequate resources to perform its functions effectively. The Internal Auditors has also maintained their independence from the activities that they audit and had unfettered access to Suntec REIT's documents, records, properties and personnel, including the Audit and Risk Committee. The Audit and Risk Committee approves the appointment, removal, evaluation and fees of the Internal Auditors, and conducts an assessment of the Internal Auditors' performance during re-appointments.

The Internal Auditors conduct audits to evaluate the effectiveness of the risk management and internal control systems in Suntec REIT which include financial, operational, compliance and information technology as well as climate related risk. The Internal Auditors plans its internal audit schedules in consultation with, but independent of the Management and its plan is submitted to the Audit and Risk Committee for approval prior to the beginning of each financial year. The internal audit plan adopts a risk-based approach covering all businesses of Suntec REIT and support functions of the Manager and property managers. The audit assignments cover the design and operating effectiveness of the internal controls as well as compliance with the stated policies and procedures. Any material non-compliance or lapses in internal controls together with corrective measures and the status of implementation are reported to the Audit and Risk Committee. The Internal Auditors also report to the Audit and Risk Committee on the status of the corrective or improvement measures undertaken by the Management.

In addition to the work performed by the Internal Auditors, the External Auditors also performed tests of certain controls that are relevant to the preparation of Suntec REIT's financial statements, and they report any significant deficiencies of such internal controls to the Audit and Risk Committee.

Pursuant to Rule 1207(10C) of the Listing Manual, the Audit and Risk Committee had assessed and is satisfied with the adequacy of resources, effectiveness, independence, scope and results of Suntec REIT's internal audit function.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS AND ENGAGEMENT WITH SHAREHOLDERS

Principle 11 The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12 The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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

Suntec REIT's website provides Unitholders with comprehensive information required to make well-informed investment decisions. Information on Suntec REIT's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "Newsroom" link, which shows current and past announcements, financial results and annual reports; (2) "Investor Relations" link which shows Suntec REIT's distribution history, historical stock price and research coverage and (3) "Contact Us" link which includes Whistle-Blowing Policy, email alerts and contact details. As part of the Investor Relations Policy, the Manager has a dedicated Investor Relations Manager who facilitates communication with Unitholders, institutional investors, analysts and media representatives. Unitholders can post their queries and feedback to the dedicated investor relations contact via email or the phone.

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

In FY 2022, Management provided institutional investors and analysts with publicly available information through group presentations, one-on-one meetings and conference calls. Management strives to maintain regular dialogue with retail investors and keep them updated on developments through participations in seminars and symposiums, timely announcements on SGXNET, Suntec REIT's website and the general media in order to ensure a level playing field.

Corporate Governance

Unitholders are informed of meetings through notices accompanied by Annual Reports or circulars sent to them. All Unitholders are entitled to receive the Annual Reports at least 14 days prior to the AGM. The Manager ensures that Unitholders are able to participate effectively and vote at the general meeting of Unitholders (the "Unitholders' meetings"), and informs Unitholders of the rules governing Unitholders' meetings. The Manager has not implemented absentia voting methods such as voting via email or fax (as required under Provision 11.4) due to security, integrity, authentication of the identity of Unitholders and other pertinent considerations. Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. As such, Unitholders have opportunities to communicate their views on matters affecting Suntec REIT even when they are not in attendance at general meetings. The Manager is accordingly of the view that its practice is consistent with Principle 11 of the 2018 CG Code as a whole.

At the Unitholders' meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the AGM in the Notice of AGM, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager will explain the reasons and material implications in the notice of meeting.

The Directors, the Audit and Risk Committee, the Management and the External Auditors will be in attendance at these Unitholders' meetings to address questions raised by Unitholders. All Directors, including the Board Chairman and CEO, attended the general meetings held in FY 2022 via electronic means. A record of the Directors' attendance at the general meeting in FY 2022 can be found in their meeting attendance records as set out on page 72 of this Annual Report.

Minutes of the Unitholders' meetings which recorded the substantial and relevant comments made or queries from Unitholders and the corresponding responses provided from the Board and Management, would be prepared and are made publicly available on the Suntec REIT's website as soon as practicable.

AGM Convened in 2022

In view of the COVID-19 situation and heightened safe distancing measures, the AGM held on 20 April 2022 for FY 2021 was conducted wholly via electronic means. This was made in accordance with the COVID-19 (Temporary Measures) Act 2020 and the related order on the conduct of alternative arrangements for general meetings (the "COVID-19 Order").

Based on the COVID-19 Order, Unitholders attended the general meetings via live audio-visual webcast or live audio-only stream and submit questions to the Chairman of the Meeting(s) in advance of the meetings. The Manager shall address substantial and relevant questions received from Unitholders and Securities Investors Association (Singapore) prior to or at the aforesaid meetings and publish the responses to these questions on SGXNET and the Suntec REIT's website.

Unitholders who wished to exercise their right to vote on any or all of the resolutions at the Unitholders' meeting were required to appoint the Chairman of the Meeting(s) as their proxy by submitting the duly completed and signed proxy forms to the designated email address and mailing address. Persons who hold Units through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), and who wished to participate in the general meeting by, among others, appointing the Chairman of the general meeting as proxy to attend, speak and vote on their behalf at the general meeting, had to contact the relevant intermediary through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the general meeting.

Unitholders were reminded at last year's AGM that a "live" question and answer session via the online chat box function was also available, and that voting for all resolutions would be conducted "live" and that Unitholders could vote at the AGM using the real-time remote electronic voting system. The CEO gave a presentation on Suntec REIT's performance for FY 2021, distribution income to Unitholders, portfolio performance and an overall outlook of the business. A copy of the CEO's presentation slides was uploaded onto Suntec REIT's website and SGXNET after the AGM.

Forthcoming AGM to be convened

The forthcoming Suntec REIT's AGM shall be convened in a wholly physical format (subject to compliance with any prevailing applicable regulatory requirements) at Level 4, Hall 406, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593. The arrangements for the conduct of Suntec REIT's forthcoming AGM will include attendance by Unitholders at the physical location, submission of questions to the Chairman of the AGM in advance of or at the AGM, and voting at the AGM by Unitholders or their duly appointed proxy(ies) to attend, speak and vote on their behalf at the AGM will be conducted by way of electronic poll voting. Unitholders/proxy(ies) will be briefed on the voting and vote tabulation procedures involved in conducting a poll before the meeting proceeds. There will be **no option to participate virtually**.

An independent scrutineer is appointed to validate the proxy forms submitted by the Unitholders and the votes of all such valid proxy forms were counted and verified. The voting results of all votes cast for or against each resolution will be screened at the meeting with respective percentages and these details will be announced through SGXNET after the meeting. The Company Secretary prepares the minutes of Unitholders' meetings, which incorporates comments or queries from Unitholders and corresponding responses from the Board and Management and these minutes will be publicly available at SGX-ST's website and Suntec REIT's website as soon as practicable.

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

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

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

The Manager has identified the following as Suntec REIT's key stakeholders: Business Partners, Employees, Government and Authorities, Investment Community, Retail Shoppers and Tenants. For FY 2022, the Manager's strategy continues to ensure active engagement and frequent communication with the relevant stakeholders through the various engagement channels including meetings, forums and dialogues, general meetings and announcements, investor conferences, feedback channels and loyalty programs. The area of focus is to understand the stakeholders' concerns and issues which are of relevance to the material ESG factors.

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

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

Corporate Governance

(F) ADDITIONAL INFORMATION

EXEMPTIONS IN THE LISTING MANUAL

The Manager notes the exemptions under Practice Note 4.2 of the Listing Manual, which provides that Rules 210(5)(d)(iv), 210(5)(e) and 720(5) of the Listing Manual do not apply to a REIT as long as the REIT continues to comply with the relevant provisions under the SFA and the regulations and notices made thereunder which substantively address the requirements under these rules (the "SFA Provisions"). Under the SFA Provisions, the Manager must act in the best interests of all Unitholders as a whole and give priority to their interests over the Manager's own interests and the interests of the shareholders of the Manager, in the event of a conflict. The SFA Provisions also stipulate the requirements for the composition of the Board, circumstances where Directors' appointment shall be endorsed by Unitholders, the establishment of an Audit and Risk Committee and criteria in which a Director of the Manager is considered independent. In this regard, the Manager has complied with all the relevant SFA Provisions for FY 2022.

DEALINGS IN SUNTEC REIT UNITS

Effective from 13 March 2020, Suntec REIT has announced the change from its quarterly reporting to half-yearly, having fulfilled the requirements under the Listing Manual. In addition, Suntec REIT shall continue to announce and distribute dividends quarterly without being accompanied by its financial statements announcement for the relevant period.

In lieu of the first and third financial quarters' detailed financial result announcements via SGXNET, the Manager shall prepare a set of investors' presentation slides which include assets/portfolio performance and highly summarised financial information relevant to the quarter's distribution ("Investors Slides"). These slides would be published on Suntec REIT's website as well as announced via SGXNET.

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

This policy prohibits the Manager's personnel from dealing in such Units (i.e. not to deal on short-term considerations):

1. during the "black-out period" which is defined as two weeks prior to the quarterly release of Investors Slides (i.e. at Quarter 1 and 3) and one month before the date of announcement of half-year and full year financial results and (where applicable) any property valuations, and ending on the date of announcement of the relevant results or property valuations; and

2. at any time whilst in possession of unpublished material or price-sensitive information.

The Manager's personnel are also prohibited from communicating price-sensitive information to any persons and to avoid, and be seen to avoid, actual or potential conflict between personal interest and duty to the Unitholders. The Manager confirmed that its Directors, key management executives and employees have adhered to the policy for dealing in the Units for FY 2022.

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

DEALING WITH CONFLICTS OF INTEREST

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

1. the Manager shall be a dedicated manager to Suntec REIT and will not manage any other REIT which invests in the same type of properties as Suntec REIT;

2. all executive officers will be employed and will work exclusively under the Manager and will not hold other executive positions in other firms;

3. all resolutions in writing of the Directors in relation to matters concerning Suntec REIT must be approved by all the Directors;

4. at least half of the Board shall comprise Independent Non-Executive Directors;

5. in respect of matters in which a Director or his associates have an interest, direct or indirect, the interested Director will abstain from voting. In such matters, the quorum must comprise a majority of Independent Non-Executive Directors and must exclude such interested Directors;

6. under the Trust Deed, (i) the Manager and its associates are prohibited from voting at or being part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest and (ii) for so long as ARA Trust Management (Suntec) Limited is the Manager of Suntec REIT and Mr Lim Hwee Chiang, John is a controlling shareholder (as defined in the Listing Manual) of ARA Trust Management (Suntec) Limited, Mr Lim Hwee Chiang, John and his associates are prohibited from being part of a quorum or voting at any meeting of Unitholders convened to consider a matter in respect for which Mr Lim Hwee Chiang, John and/or his associates has a material interest; and

7. it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee with an interested person of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an interested person of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an interested person of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such interested person.

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

Corporate Governance

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

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

The Manager maintains a register to record all Interested Person Transactions which are entered into by Suntec REIT and the basis thereof, including any quotations from unrelated parties and independent valuations obtained for the purposes of such Interested Person Transactions. The Manager incorporates into its internal audit plan a review of all Interested Person Transactions entered into by Suntec REIT.

In addition, the following procedures will be undertaken:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Suntec REIT's latest audited net tangible assets will be subject to review by the Audit and Risk Committee at regular intervals;

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

   The Manager will, in compliance with Rule 905 of the Listing Manual, announce any Interested Person Transaction if such transaction, either individually or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year (each equal to or exceeding S$100,000 in value), is 3.0% or more of Suntec REIT's latest audited net tangible assets; and

3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year (each equal to or exceeding S$100,000 in value)) equal to or exceeding 5.0% of the value of Suntec REIT's latest audited net tangible assets will be subject to review and approval prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

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

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

Suntec REIT will announce any Interested Person Transaction in accordance with the Listing Manual if such transactions, by itself or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year (each equal to or exceeding S$100,000 in value), is 3.0% or more of Suntec REIT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Suntec REIT's Annual Report for that financial year.

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

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

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

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

The Manager will disclose in Suntec REIT's Annual Report the aggregate value of Interested Person Transactions conducted during the relevant financial year.

Material Contracts

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

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act 2001, Chapter 289, of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA Trust Management (Suntec) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018, a tenth supplemental deed dated 23 July 2018, an eleventh supplemental deed dated 2 April 2020, and amended and restated by a third amending and restating deed dated 8 December 2022) (collectively the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 100 to 183 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised Signatory

Singapore
23 March 2023

Statement by the Manager

In the opinion of the directors of ARA Trust Management (Suntec) Limited, the accompanying financial statements set out on pages 100 to 183, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statements, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") as at 31 December 2022, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

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

Lim Hwee Chiang, John
Director

Chong Kee Hiong
Director and Chief Executive Officer

Singapore
23 March 2023

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries ("the Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2022, the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 100 to 183.

In our opinion, the accompanying consolidated financial statements of the Group and the Statement of Financial Position, Portfolio Statement, Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and the Trust as at 31 December 2022 and the total return, distributable income and movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

VALUATION OF INVESTMENT PROPERTIES

(Refer to Note 5 to the financial statements)

RISK:

As at 31 December 2022, the Group has interests in investment properties, including properties held through interests in joint arrangements (collectively "investment properties").

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

Independent Auditors' Report

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

OUR RESPONSE:

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

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

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

OUR FINDINGS:

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

Other information

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Independent Auditors' Report

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditors' Report

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Ronald Tay Ser Teck.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2023

Statements of Financial Position

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Non-current assets					
Plant and equipment	4	858	1,346	408	597
Investment properties	5	7,906,828	7,913,100	5,215,000	4,997,000
Rental guarantee receivables	6	314	7,098	—	—
Interests in joint ventures	7	3,424,076	3,444,820	1,472,073	1,471,741
Interests in subsidiaries	8	—	—	2,326,684	2,434,365
Long-term investment	9	—	—	637	637
Derivative assets	10	81,642	19,268	23,785	1,651
		11,413,718	11,385,632	9,038,587	8,905,991
Current assets					
Derivative assets	10	2,804	538	2,804	538
Rental guarantee receivables	6	865	4,233	—	—
Trade and other receivables	11	24,368	29,964	9,472	22,067
Cash and cash equivalents	12	269,610	268,311	144,404	141,477
		297,647	303,046	156,680	164,082
Total assets		11,711,365	11,688,678	9,195,267	9,070,073
Current liabilities					
Interest-bearing borrowings	13	645,577	499,754	279,913	499,754
Trade and other payables	14	129,583	105,096	126,651	109,539
Derivative liabilities	10	36	828	36	828
Security deposits		24,149	29,830	17,450	16,891
Current tax liabilities		8,264	4,210	2	—
		807,609	639,718	424,052	627,012
Non-current liabilities					
Interest-bearing borrowings	13	4,197,902	4,419,236	3,185,695	2,939,561
Security deposits		56,580	51,298	45,790	40,445
Derivative liabilities	10	3,182	12,503	3,182	4,313
Deferred tax liabilities	15	61,973	67,161	—	—
		4,319,637	4,550,198	3,234,667	2,984,319
Total liabilities		5,127,246	5,189,916	3,658,719	3,611,331
Net assets		6,584,119	6,498,762	5,536,548	5,458,742
Represented by:					
Unitholders' funds		6,116,353	6,051,805	5,188,508	5,110,695
Perpetual securities holders	17	348,040	348,047	348,040	348,047
Non-controlling interests	18	119,726	98,910	—	—
		6,584,119	6,498,762	5,536,548	5,458,742
Units in issue ('000)	19	2,875,948	2,853,000	2,875,948	2,853,000
Net asset value per Unit ($)	20	2.119	2.110	1.797	1.782

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

Statements of Total Return

Year ended 31 December 2022

	Note	Group		Trust	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Gross revenue	22	427,269	358,069	403,200	380,492
Property expenses	23	(111,626)	(105,785)	(54,867)	(63,377)
Net reversal of impairment on trade receivables		108	2,347	335	2,385
Net property income		315,751	254,631	348,668	319,500
Other income	24	8,097	14,860	—	—
Share of profit of joint ventures	7	144,856	102,908	—	—
Finance income	25	39,204	33,107	24,455	15,630
Finance costs	25	(151,440)	(127,491)	(221,988)	(116,162)
Net finance costs		(112,236)	(94,384)	(197,533)	(100,532)
Asset management fees	26				
— base fee		(40,865)	(39,848)	(36,527)	(35,708)
— performance fee		(20,306)	(18,025)	(20,306)	(18,025)
Professional fees		(963)	(1,115)	(92)	(26,558)
Trustee's fees		(2,006)	(1,965)	(1,870)	(1,834)
Audit fees		(787)	(740)	(452)	(451)
Valuation fees		(345)	(262)	(126)	(76)
Other expenses		(1,855)	(2,122)	(1,495)	(1,623)
Net income		289,341	213,938	90,267	134,693
Net change in fair value of financial derivatives		65,407	49,814	29,060	22,638
Net change in fair value of investment properties	5	159,120	223,973	217,267	89,029
Net gain from divestment of investment properties	5	—	13,891	—	13,891
Net gain from divestment of joint venture	7	—	13,925	—	—
Total return for the year before tax	27	513,868	515,541	336,594	260,251
Tax expense	28	(16,241)	(25,030)	(9,779)	(1,447)
Total return for the year after tax		497,627	490,511	326,815	258,804
Attributable to:					
Unitholders of the Trust and perpetual securities holders		476,811	476,439	326,815	258,804
Non-controlling interests	18	20,816	14,072	—	—
		497,627	490,511	326,815	258,804
Earnings per Unit (cents)					
Basic	29	16.117	16.355	10.894	8.706
Diluted	29	16.057	16.142	10.853	8.611

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

Distribution Statements

Year ended 31 December 2022

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Amount available for distribution to Unitholders at the beginning of the year	65,207	64,026	65,207	64,026
Total return attributable to Unitholders and perpetual securities holders	476,811	476,439	326,815	258,804
Less: Total return attributable to perpetual securities holders	(13,975)	(11,093)	(13,975)	(11,093)
Net tax adjustments (Note A)	(392,740)	(382,096)	(80,333)	(508)
Taxable income	70,096	83,250	232,507	247,203
Add:				
Tax exempt dividend income (Note B)	162,411	163,953	—	—
Others (Note C)	23,000	—	23,000	—
Amount available for distribution to Unitholders	320,714	311,229	320,714	311,229
Distributions to Unitholders:				
Distribution of 2.261 cents per Unit for period from 1/10/2020 to 31/12/2020	—	(64,160)	—	(64,160)
Distribution of 2.045 cents per Unit for period from 1/1/2021 to 31/3/2021	—	(58,121)	—	(58,121)
Distribution of 2.109 cents per Unit for period from 1/4/2021 to 30/6/2021	—	(60,062)	—	(60,062)
Distribution of 2.232 cents per Unit for period from 1/7/2021 to 30/9/2021	—	(63,679)	—	(63,679)
Distribution of 2.280 cents per Unit for period from 1/10/2021 to 31/12/2021	(65,382)	—	(65,382)	—
Distribution of 2.391 cents per Unit for period from 1/1/2022 to 31/3/2022	(68,628)	—	(68,628)	—
Distribution of 2.419 cents per Unit for period from 1/4/2022 to 30/6/2022	(69,499)	—	(69,499)	—
Distribution of 2.084 cents per Unit for period from 1/7/2022 to 30/9/2022	(59,935)	—	(59,935)	—
	(263,444)	(246,022)	(263,444)	(246,022)
Income available for distribution to Unitholders at end of the year	57,270	65,207	57,270	65,207
Distribution per Unit (cents)*	8.884	8.666	8.884	8.666

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

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

Distribution Statements

Year ended 31 December 2022

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Note A				
Net tax adjustments comprise:				
— Amortisation of transaction costs	4,901	6,013	4,901	6,013
— Asset management fees paid/payable in Units	28,417	42,986	28,417	42,986
— Net profit from subsidiaries and joint ventures	(208,439)	(175,444)	—	—
— Trustee's fees	2,006	1,965	1,870	1,834
— Net change in fair value of investment properties	(159,120)	(223,973)	(217,267)	(89,029)
— Net gain from divestment of joint venture	—	(13,925)	—	—
— Net gain from disposal of investment properties	—	(13,891)	—	(13,891)
— Net foreign currency exchange differences	5,725	10,114	117,971	32,305
— Net change in fair value of financial derivatives	(62,669)	(51,161)	(26,322)	(23,985)
— Sinking fund contribution	—	8,025	—	6,688
— Acquisition expenses	—	—	—	26,237
— Deferred tax	(2,826)	16,857	—	—
— Other items (Note D)	(735)	10,338	10,097	10,334
Net tax adjustments	(392,740)	(382,096)	(80,333)	(508)

Note B

This relates to the dividend income received from Comina Investment Limited, Suntec Harmony Pte. Ltd., Suntec REIT Capital Pte. Ltd., Suntec REIT (PM) Pte. Ltd., Suntec REIT UK 1 Pte. Ltd., Victoria Circle Unit Trust 1, Victoria Circle Unit Trust 2, Suntec REIT UK (LP) Pte. Ltd. and distributions of profits from Suntec REIT (Australia) Trust and BFC Development LLP.

Note C

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

Note D

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

Statements of Movements in Unitholders' Funds

Year ended 31 December 2022

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Unitholders' funds at the beginning of the year	6,051,805	5,829,657	5,110,695	5,064,542
Total return attributable to Unitholders and perpetual securities holders	476,811	476,439	326,815	258,804
Less: Total return attributable to perpetual securities holders	(13,975)	(11,093)	(13,975)	(11,093)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges[1]	19,820	9,475	—	—
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(183,081)	(51,115)	—	—
Net loss recognised directly in Unitholders' funds	(163,261)	(41,640)	—	—
Unitholders' transactions				
Creation of Units:				
— asset management fees paid/payable in Units	13,587	21,193	13,587	21,193
— divestment fees paid in Units	—	1,478	—	1,478
Units to be issued:				
— asset management fees payable in Units	14,830	21,793	14,830	21,793
Distributions to Unitholders	(263,444)	(246,022)	(263,444)	(246,022)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(235,027)	(201,558)	(235,027)	(201,558)
Unitholders' funds at the end of the year	6,116,353	6,051,805	5,188,508	5,110,695

(1) This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by subsidiaries and a joint venture (2021: subsidiaries and a joint venture).

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

Statements of Movements in Unitholders' Funds

Year ended 31 December 2022

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Perpetual securities holders at the beginning of the year	348,047	198,675	348,047	198,675
Total return attributable to perpetual securities holders	13,975	11,093	13,975	11,093
Transactions with perpetual securities holders				
Issue of perpetual securities	—	150,000	—	150,000
Issue expenses	(7)	(925)	(7)	(925)
Distribution to perpetual securities holders	(13,975)	(10,796)	(13,975)	(10,796)
Net (decrease)/increase resulting from transactions with perpetual securities holders	(13,982)	138,279	(13,982)	138,279
Perpetual securities holders at the end of the year	348,040	348,047	348,040	348,047
Non-controlling interests at the beginning of the year	98,910	84,838	—	—
Total return attributable to non-controlling interests	20,816	14,072	—	—
Non-controlling interests at the end of the year	119,726	98,910	—	—

Portfolio Statements

As at 31 December 2022

Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate 2022 %	Committed Occupancy Rate 2021 %	Carrying Value 2022 $'000	Carrying Value 2021 $'000	Percentage of Unitholders' funds 2022 %	Percentage of Unitholders' funds 2021 %
Investment properties in Singapore											
Suntec City Mall	Leasehold	99 years	66 years	3 Temasek Boulevard	Commercial	98.3	94.7	2,070,000	2,022,000	33.8	33.4
Suntec City Office Towers	Leasehold	99 years	66 years	5-9 Temasek Boulevard	Commercial	99.9	97.2	3,145,000	2,975,000	51.4	49.2
Suntec Singapore^	Leasehold	99 years	66 years	1 Raffles Boulevard	Commercial	n/m	n/m	699,400	662,000	11.4	10.9
Investment properties in Australia											
177 Pacific Highway	Freehold	–	–	177-199 Pacific Highway, North Sydney	Commercial	100	93.8	645,450	707,904	10.6	11.7
21 Harris Street	Freehold	–	–	21 Harris Street, Pyrmont, New South Wales	Commercial	97.0	91.0	270,777[1]	296,181[1]	4.4	4.9
55 Currie Street	Freehold	–	–	55 Currie Street, Adelaide	Commercial	100	95.7	130,540	149,643	2.1	2.5
Olderfleet, 477 Collins Street	Freehold	–	–	477 Collins Street, Melbourne	Commercial	99.5	98.3	433,321	466,528	7.1	7.7
Investment property in United Kingdom											
The Minster Building	Leasehold	999 years	967 years	21 Mincing Lane, EC3, London	Commercial	96.7	96.7	512,340[2]	633,844[2]	8.4	10.5
Investment properties, at valuation								7,906,828	7,913,100	129.2	130.8
Interests in joint ventures (Note 7)								3,424,076	3,444,820	56.0	56.9
								11,330,904	11,357,920	185.2	187.7
Other assets and liabilities (net)								(4,746,785)	(4,859,158)	(77.6)	(80.3)
Net assets								6,584,119	6,498,762	107.6	107.4
Perpetual securities holders								(348,040)	(348,047)	(5.7)	(5.8)
Non-controlling interests								(119,726)	(98,910)	(1.9)	(1.6)
Unitholders' funds								6,116,353	6,051,805	100.0	100.0

^ denotes Suntec Singapore Convention and Exhibition Centre.

[1] For 21 Harris Street, the fair value of the investment property including rental guarantee arrangements is $272.0 million (2021: $301.8 million).

[2] The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is $537.4 million (2021: $665.0 million).

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

Portfolio Statements

As at 31 December 2022

Trust

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate 2022 %	Committed Occupancy Rate 2021 %	Carrying Value 2022 $'000	Carrying Value 2021 $'000	Percentage of Unitholders' funds 2022 %	Percentage of Unitholders' funds 2021 %
Investment properties in Singapore											
Suntec City Mall	Leasehold	99 years	66 years	3 Temasek Boulevard	Commercial	98.3	94.7	2,070,000	2,022,000	39.9	39.6
Suntec City Office Towers	Leasehold	99 years	66 years	5–9 Temasek Boulevard	Commercial	99.9	97.2	3,145,000	2,975,000	60.6	58.2
Investment properties, at valuation								5,215,000	4,997,000	100.5	97.8
Interests in joint ventures (Note 7)								1,472,073	1,471,741	28.4	28.8
Interests in subsidiaries (Note 8)								2,326,684	2,434,365	44.8	47.6
								9,013,757	8,903,106	173.7	174.2
Other assets and liabilities (net)								(3,477,209)	(3,444,364)	(67.0)	(67.4)
Net assets								5,536,548	5,458,742	106.7	106.8
Perpetual securities holders								(348,040)	(348,047)	(6.7)	(6.8)
Unitholders' funds								5,188,508	5,110,695	100.0	100.0

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

Portfolio Statements

As at 31 December 2022

Note:

Suntec City Office Towers comprise 12 (2021: 12) strata lots in Suntec City Office Tower One, 3 (2021: 3) strata lots in Suntec City Office Tower Two, 76 (2021: 76) strata lots in Suntec City Office Tower Three and all (2021: all) the strata lots in Suntec City Office Towers Four and Five.

Suntec Singapore comprises more than one million square feet of versatile floor space over six levels which includes approximately 143,000 square feet of retail space.

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

21 Harris Street is a 9-storey commercial office building located in Pyrmont, New South Wales, Australia.

55 Currie Street is a 12-storey commercial building located in Adelaide, Australia.

Olderfleet, 477 Collins Street is a 40-storey office building located in Melbourne, Australia.

The Minster Building is a 11-storey office building located in London, United Kingdom.

The carrying amounts of the investment properties as at 31 December 2022 were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Cushman & Wakefield (Valuations) Pty Ltd, CIVAS (VIC) Pty Limited, Jones Lang LaSalle Limited and Savills (UK) Limited (2021: Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Cushman & Wakefield (Valuations) Pty Ltd, CIVAS (VIC) Pty Limited and Jones Lang LaSalle Limited).

The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on a combination of the discounted cash flow method, capitalisation approach and direct comparison method.

Description of property	Valuation 2022 $'000	Valuation 2021 $'000
Suntec City Mall	2,070,000	2,022,000
Suntec City Office Towers	3,145,000	2,975,000
Suntec Singapore	699,400	662,000
177 Pacific Highway	645,450	707,904
21 Harris Street[1]	270,777	296,181
55 Currie Street	130,540	149,643
Olderfleet, 477 Collins Street	433,321	466,528
The Minster Building[2]	512,340	633,844

(1) For 21 Harris Street, the fair value of the investment property including rental guarantee arrangements is $272.0 million (2021: $301.8 million).
(2) The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is $537.4 million (2021: $665.0 million).

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

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Total return for the year before tax		513,868	515,541
Adjustments for:			
Net reversal of impairment on trade receivables		(108)	(2,347)
Recovery of bad debt previously written off		(109)	(34)
Asset management fees paid/payable in Units		28,417	42,986
Depreciation of plant and equipment	4	680	786
Net change in fair value of financial derivatives		(65,407)	(49,814)
Net change in fair value of investment properties	5	(159,120)	(223,973)
Net finance costs	25	112,236	94,384
Net gain from disposal of investment properties	5	—	(13,891)
Net gain from divestment of joint venture	7	—	(13,925)
Share of profit of joint ventures	7	(144,856)	(102,908)
		285,601	246,805
Changes in:			
— Trade and other receivables		(4,824)	(4,757)
— Trade and other payables		8,825	5,569
Cash generated from operations		289,602	247,617
Tax paid		(5,419)	(3,890)
Net cash from operating activities		284,183	243,727
Cash flows from investing activities			
Capital expenditure on investment properties		(13,899)	(7,792)
Dividend income received		66,665	80,589
Acquisition of subsidiary	21	—	(651,570)
Additional investments in joint ventures		(11,213)	(3,056)
Proceeds from capital reduction of joint ventures		—	194,849
Loan to joint ventures		(332)	(2,230)
Loan repayment by joint venture		25,195	—
Net proceeds from divestment of joint venture		—	89,851
Net proceeds from disposal of investment properties		—	192,505
Interest received		48,549	24,691
Proceeds from disposal of plant and equipment		—	2
Purchase of plant and equipment		(192)	(518)
Net cash from/(used in) from investing activities		114,773	(82,679)

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

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from financing activities			
Distributions to Unitholders		(263,444)	(246,022)
Distributions to perpetual securities holders		(13,975)	(10,796)
Financing costs paid		(133,062)	(116,212)
Redemption of convertible bonds		—	(89,250)
Repayment of medium term notes		(100,000)	(150,000)
Proceeds from issuance of perpetual securities		—	150,000
Payment of transaction costs on issuance of perpetual securities		(7)	(925)
Proceeds from interest-bearing loans		900,000	1,580,984
Repayment of interest-bearing loans		(773,104)	(1,234,722)
Net cash used in financing activities		(383,592)	(116,943)
Net increase in cash and cash equivalents		15,364	44,105
Cash and cash equivalents at beginning of the year		268,311	227,474
Effects of exchange rate fluctuations on cash held		(14,065)	(3,268)
Cash and cash equivalents at the end of the year	12	269,610	268,311

Significant non-cash transactions

The Group and the Trust had issued a total of 22,948,339 (2021: 26,706,525) Units to the Manager, amounting to approximately $35.4 million (2021: $39.9 million) at unit prices ranging from $1.4883 to $1.7267 (2021: $1.4213 to $1.5668) as satisfaction of asset management fees payable in Units.

During 2021, the Group and the Trust had issued a total of 998,580 Units to the Manager, amounting to approximately $1.5 million at unit price of $1.4796 as satisfaction of the divestment fee payable in Units in respect of the divestment of Park Mall Investment Limited (Note 7).

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 23 March 2023.

1 GENERAL

Suntec Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010, a first amending and restating deed dated 7 September 2010, a second amending and restating deed dated 14 April 2016, a ninth supplemental deed dated 21 May 2018, a tenth supplemental deed dated 23 July 2018, an eleventh supplemental deed dated 2 April 2020 and amended and restated by a third amending and restating deed dated 8 December 2022) (collectively the "Trust Deed") between ARA Trust Management (Suntec) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of units in the Trust (the "Units").

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

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

The financial statements of the Trust as at and for the year ended 31 December 2022 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures.

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

(i) Property management fees

APM Property Management Pte Ltd ("APM"), the property manager of Suntec City Office Towers is entitled to receive 3.0% per annum of gross revenue for provision of lease management services, marketing and marketing co-ordination services and property management services.

APM is also the property manager of Suntec City Mall and the property management fees are charged as follows:

(a) 2.0% per annum of the gross revenue of Suntec City Mall;
(b) 2.0% per annum of the net property income of Suntec City Mall; and
(c) 0.5% per annum of the net property income of Suntec City Mall, in lieu of commissions.

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

Notes to the Financial Statements

1 GENERAL (continued)

(i) Property management fees (continued)

APM Australia (ARA) Pty Ltd, the property manager of 55 Currie Street and 21 Harris Street is entitled to receive 1.5% per annum of gross income.

APM Australia (ARA) Pty Ltd, the property manager of 177 Pacific Highway from 1 July 2021 is entitled to receive 1.25% per annum of gross income. CBRE Pty Ltd ("CBRE"), the building manager of 177 Pacific Highway up to 30 June 2021, is entitled to receive an agreed annual fee for the provision of property management, real estate accounting and technical services).

Mirvac Real Estate Pty Limited, the property manager of Olderfleet, 477 Collins, is entitled to receive 1.5% per annum of gross rental income.

ARA Dunedin Asset Management LLP, the property manager of The Minster Building is entitled to receive 4.13% per annum of net rent.

The property management fees for the Singapore and Australia properties are payable monthly in arrears and the property management fees for The Minster Building are payable quarterly.

(ii) Asset management fees

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

(a) a base fee not exceeding 0.3% per annum of the value of the Deposited Property (being all the assets of the Trust (including all its Authorised Investments) as defined in the Trust Deed) of the Trust or such higher percentage as may be approved by an extraordinary resolution of a meeting of Unitholders; and

(b) an annual performance fee equal to a rate of 4.5% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) for each financial year, or such lower percentage as may be determined by the Manager in its absolute discretion or such higher percentage as may be approved by an extraordinary resolution at a meeting of Unitholders.

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

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

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

Notes to the Financial Statements

1 GENERAL (continued)

(iii) Trustee's fee

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

- Note 5 — Valuation of investment properties
- Note 16 — Valuation of financial instruments

Notes to the Financial Statements

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

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

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

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

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

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

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

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

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

- Note 5 — Valuation of investment properties
- Note 16 — Valuation of financial instruments

Notes to the Financial Statements

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- Amendment to FRS 116: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to FRS 103: *Reference to the Conceptual Framework*
- Amendments to FRS 16: *Property, Plant and Equipment — Proceeds before Intended Use*
- Amendments to FRS 37: *Onerous Contracts — Cost of Fulfilling a Contract*
- Annual Improvements to FRSs 2018–2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Subsidiaries

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Loss of control

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

Joint ventures (equity-accounted investees)

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

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

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

Joint operations

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

As at 31 December 2022, the Group is a 50% (31 December 2021: 50%) partner with Mirvac Commercial Sub SPV Ltd in 477 Collins Street Joint Venture (the "477 Collins Street Joint Venture"), whose principal activity is that of a property investment and the place of business is Australia. The Group has classified the 477 Collins Street Joint Venture as a joint operation as the joint venture partners control the 477 Collins Street Joint Venture collectively, and the 477 Collins Street Joint Venture is not structured through a separate legal vehicle.

Transactions eliminated on consolidation

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

Subsidiaries and joint ventures in the separate financial statements

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at fair value through other comprehensive income are recognised in other comprehensive income.

Foreign operations

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

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

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

3.3 Plant and equipment

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Plant and equipment (continued)

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

Furniture and fittings	5 years
Equipment	3–5 years

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

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS (being (i) at least once a financial year and (ii) in the event that the manager proposes to issue new Units or redeem existing Units and the valuation was conducted more than six months ago and the market conditions indicate that the real estate values have changed materially).

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

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

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

3.5 Rental guarantee receivables

This represents the rental guarantee receivables under rental guarantee arrangements with the sellers of certain properties. The rental guarantee arrangement is measured at fair value on initial recognition with reference to the fair value of the rental guarantee provided. Subsequent to initial recognition it is measured at fair value at each reporting date. Any changes in amounts recognised are recognised in profit or loss.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(i) As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") — equity, or FVTPL.

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

Financial assets at amortised cost

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

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

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Financial assets at FVTPL

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment

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

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

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

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

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

Financial liabilities are classified as measured at amortised cost.

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

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

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

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

— the change is necessary as a direct consequence of the reform; and
— the new basis for determining the contractual cash flows is economically equivalent to the previous basis — i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting

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

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

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

Phase 1 amendments: Prior to interest rate benchmark reform — when there is uncertainty arising from Interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Phase 2 amendments: Replacement of benchmark interest rates when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Phase 2 amendments: Replacement of benchmark interest rates when there is no longer uncertainty arising from interest rate benchmark reform (continued)

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

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

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

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

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

(vii) Other non-trading derivatives

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

3.8 Impairment

(i) Non-derivative financial assets

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

(i) Non-derivative financial assets (continued)

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

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

General approach

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

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

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

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

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

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

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

Measurement of ECLs

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(ii) Non-financial assets

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

(ii) Non-financial assets (continued)

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

3.9 Unitholders' funds

Unitholders' funds are classified as equity.

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

3.10 Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.11 Revenue recognition

(i) Rental income from operating leases

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

(ii) Dividend income

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

3.12 Expenses

(i) Property expenses

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Expenses (continued)

(ii) Asset management fees

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

(iii) Trustee's fee

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

3.13 Government grants

Government grants are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.14 Finance income and finance costs

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

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

Foreign exchange gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign exchange movements are in a net gain or net loss position.
Interest income or expense is recognised using the effective interest method.

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

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

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

Current tax assets and liabilities are offset only if certain criteria are met.

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

Deferred tax is not recognised for temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Tax (continued)

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

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

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

3.16 Earnings per Unit

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

3.17 Segment reporting

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

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 New standards and interpretations not yet adopted (continued)

The Group is in the process of assessing the impact of the following new standards, interpretations and amendments to the standards on the Group's consolidated financial statements and the Trust's financial statements.

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current*
- Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*
- Amendments to FRS 116: *Lease liability in a sale and leaseback*

4 PLANT AND EQUIPMENT

	Furniture and fittings $'000	Equipment $'000	Total $'000
Group			
Cost			
At 1 January 2021	6,458	3,184	9,642
Additions	26	492	518
Disposals	(106)	(86)	(192)
At 31 December 2021	6,378	3,590	9,968
Additions	4	188	192
At 31 December 2022	6,382	3,778	10,160
Accumulated depreciation			
At 1 January 2021	5,513	2,513	8,026
Depreciation charge for the year	413	373	786
Disposals	(105)	(85)	(190)
At 31 December 2021	5,821	2,801	8,622
Depreciation charge for the year	297	383	680
At 31 December 2022	6,118	3,184	9,302
Carrying amounts			
At 1 January 2021	945	671	1,616
At 31 December 2021	557	789	1,346
At 31 December 2022	264	594	858

Notes to the Financial Statements

4 PLANT AND EQUIPMENT (continued)

	Equipment $'000
Trust	
Cost	
At 1 January 2021	2,073
Additions	321
At 31 December 2021	2,394
Additions	83
At 31 December 2022	2,477
Accumulated depreciation	
At 1 January 2021	1,563
Depreciation charge for the year	234
At 31 December 2021	1,797
Depreciation charge for the year	272
At 31 December 2022	2,069
Carrying amounts	
At 1 January 2021	510
At 31 December 2021	597
At 31 December 2022	408

Notes to the Financial Statements

5 INVESTMENT PROPERTIES

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
At 1 January		7,913,100	7,262,856	4,997,000	5,088,000
Acquisition of a subsidiary	21	—	645,838	—	—
Capital expenditure capitalised		22,735	37,997	733	891
Divestments		—	(180,920)	—	(180,920)
		7,935,835	7,765,771	4,997,733	4,907,971
Changes in fair value		159,120	223,973	217,267	89,029
Effects of movements in exchange rates		(188,127)	(76,644)	—	—
At 31 December		7,906,828	7,913,100	5,215,000	4,997,000

On 21 September 2021, the Trust completed the divestment of a portfolio of Suntec City Office Strata Units for an aggregate sales consideration of $197.0 million. A net gain from divestment of investment properties amounting to $13.9 million was recognised to the Statement of Total Return.

Measurement of fair value

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

The valuers have considered valuation techniques including the discounted cash flow method, capitalisation approach and/or direct comparison method (2021: discounted cash flow method, capitalisation approach and/or direct comparison method). The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparable in terms of location, area, quality and other relevant factors.

The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

As at 31 December 2021, the valuation reports obtained from certain external valuers have included market uncertainty clauses, highlighting that less certainty and a higher degree of caution should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the external valuers have recommended to keep the valuation of these properties under frequent review.

Fair value hierarchy

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

Notes to the Financial Statements

5 INVESTMENT PROPERTIES (continued)

Valuation techniques and significant unobservable inputs

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

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate	Singapore 6.50%–7.00% (2021: 6.50%–7.00%) Australia 5.75%–7.25% (2021: 5.75%–7.00%)	The estimated fair value would increase if the discount rate and terminal yield were lower.
	Terminal yield	Singapore 3.75%–6.00% (2021: 3.80%–6.00%) Australia 5.00%–7.00% (2021: 5.00%–6.75%)	
Capitalisation approach	Capitalisation rate	Singapore 3.50%–5.75% (2021: 3.55%–5.75%) Australia 4.50%–6.75% (2021: 4.50%–6.50%) United Kingdom 4.66% (2021: 4.34%)	The estimated fair value would increase if the capitalisation rate was lower.
Direct comparison method	Price per square foot	Singapore $1,907–$2,675 (2021: $1,882–$2,567)	The estimated fair value would increase if the price per square foot was higher.

Security

The investment properties, Suntec City Mall, Suntec Singapore, 177 Pacific Highway, 55 Currie Street and 21 Harris Street (2021: Suntec City Mall, Suntec Singapore, 177 Pacific Highway, 55 Currie Street and 21 Harris Street), with a total carrying value of $3,816.2 million (2021: $3,837.7 million), have been mortgaged as security for credit facilities (Note 13).

Notes to the Financial Statements

6 RENTAL GUARANTEE RECEIVABLES

	Group	
	2022 $'000	2021 $'000
Non-current	314	7,098
Current	865	4,233
	1,179	11,331

This represents the rental guarantee receivable under the rental guarantee arrangements with the sellers of 21 Harris Street (2021: 21 Harris Street and Nova Properties). Pursuant to the terms of the rental guarantee arrangements, the sellers will provide a rental guarantee on minimum tenancy levels for a period of 2 to 5 years.

7 INTERESTS IN JOINT VENTURES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Investment in joint ventures	2,281,581	2,214,067	850,574	850,574
Loans to joint ventures	1,142,495	1,230,753	621,499	621,167
	3,424,076	3,444,820	1,472,073	1,471,741

Included in the Group's loans to joint ventures as at 31 December 2022 are amounts of $885.8 million (2021: $938.3 million) which bear interest ranging from 2.64% to 5.70% (2021: 2.40% to 5.00%) per annum. The remaining balances are interest-free.

The Trust's loans to joint ventures bear interest between 2.64% to 5.70% (2021: 2.40% to 2.88%) per annum.

The loans to joint ventures are not due within 12 months of the reporting date and represents the Group's and the Trust's net investments in the joint ventures. Accordingly, the loans are classified as non-current.

Notes to the Financial Statements

7 INTERESTS IN JOINT VENTURES (continued)

Disposal of Park Mall Investment Limited ("PMIL") and its subsidiaries ("PMIL Group")

On 16 June 2021, the Group completed the sale of its 30.0% interest in PMIL Group to a related party, Haiyi Holdings Pte. Ltd., for an aggregate consideration of $90.0 million, based on the adjusted net asset value of PMIL Group. The consideration takes into account the agreed value of the Property — 9 Penang Road (on a 100% basis) of $985.0 million. A net gain from divestment of the joint venture amounting to $13.9 million was recognised to the Statement of Total Return.

Details of the material joint ventures are as follows:

Name of joint ventures	Country of incorporation	Effective interests held by the Group	
		2022 %	2021 %
One Raffles Quay Pte. Ltd. ("ORQPL") [(1)]	Singapore	33.33	33.33
BFC Development LLP ("BFCDLLP") [(1)]	Singapore	33.33	33.33
Southgate Trust ("SGT") [(2)]	Australia	50.0	50.0
Nova Limited Partnership ("NLP") [(1)]	United Kingdom	50.0	50.0
Nova Residential Limited Partnership [(1)]	United Kingdom	50.0	50.0

(1) Audited by a member of Ernst & Young Global Limited. The Manager's Board of Directors and Audit and Risk Committee are satisfied that the appointment does not compromise the standard and effectiveness of the audit.
(2) For consolidation purposes, this entity has been audited by a member of KPMG International.

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

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

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

Nova Limited Partnership owns the properties, Nova North, Nova South, and commercial units in The Nova Building, United Kingdom.

Nova Residential Limited Partnership holds the residential ground lease in The Nova Building, United Kingdom.

Notes to the Financial Statements

7 INTERESTS IN JOINT VENTURES (continued)

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

	ORQPL $'000	BFCDLLP $'000	SGT $'000	NLP $'000	Immaterial joint ventures $'000	Total $'000
2022						
Revenue	164,390	217,493	56,632	63,993		
Expenses	(87,564)	(124,943)	(33,977)	(41,477)		
Net change in fair value of investment properties	94,000	253,100	(48,924)	(52,772)		
Total return for the year [a]	170,826	345,650	(26,269)	(30,256)		
[a] Includes:						
— Depreciation	(28)	(38)	—	—		
— Interest income	138	288	6	—		
— Interest expense	(26,406)	(66,762)	(10,563)	(29,319)		
— Tax expense	(15,668)	—	—	—		
Non-current assets	1,754,279	5,301,579	687,520	1,330,207		
Current assets[b]	1,517,854	30,979	18,861	128,026		
Current liabilities[c]	(57,219)	(43,738)	(380,006)	(575,385)		
Non-current liabilities[d]	(1,033,945)	(1,710,467)	—	(491,932)		
Net assets	2,180,969	3,578,353	326,375	390,916		
[b] Includes cash and cash equivalents	14,094	25,397	11,073	30,496		
[c] Includes current financial liabilities (excluding trade and other payables and provisions)	2,900	1,759	367,255	—		
[d] Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,027,659	1,710,467	—	1,041,993		
Group's interest in net assets of joint ventures at the beginning of the year	687,399	1,107,396	201,351	217,910	11	2,214,067
Share of total return	56,942	115,217	(13,135)	(15,128)	960	144,856
Distributions for the year	(25,607)	(29,829)	(10,797)	—	—	(66,233)
Gain/(Loss) recognised directly in Unitholders' funds	8,256	—	(14,230)	(22,308)	—	(28,282)
Additional investment during the year	—	—	—	14,984	2,189	17,173
Carrying amount of interest in joint ventures at the end of the year	726,990	1,192,784	163,189	195,458	3,160	2,281,581

Notes to the Financial Statements

7 INTERESTS IN JOINT VENTURES (continued)

	ORQPL $'000	BFCDLLP $'000	PMIL $'000	SGT $'000	NLP $'000	Immaterial joint ventures $'000	Total $'000
2021							
Revenue	150,567	210,613	20,197	54,823	69,129		
Expenses	(76,815)	(94,912)	(30,875)	(26,362)	(53,131)		
Net change in fair value of investment properties	(45,200)	3,900	—	19,562	49,436		
Total return for the year [a]	28,552	119,601	(10,678)	48,023	65,434		
[a] Includes:							
— Depreciation	(135)	(44)	(10)	—	—		
— Interest income	33	31	—	—	—		
— Interest expense	(17,823)	(42,015)	(3,222)	(1,084)	(34,806)		
— Tax expense	(14,786)	—	(300)	—	—		
Non-current assets	1,659,530	5,047,442	—	790,845	1,537,063		
Current assets[b]	1,517,617	19,198	—	22,157	133,545		
Current liabilities[c]	(28,044)	(7,487)	—	(21,840)	(39,485)		
Non-current liabilities[d]	(1,086,904)	(1,736,964)	—	(388,463)	(1,201,248)		
Net assets	2,062,199	3,322,189	—	402,699	429,875		
[b] Includes cash and cash equivalents	13,024	15,014	—	11,479	53,457		
[c] Includes current financial liabilities (excluding trade and other payables and provisions)	3,203	916	—	11,346	—		
[d] Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,051,528	1,709,471	—	388,463	1,201,248		
Group's interest in net assets of joint ventures at the beginning of the year	697,198	1,105,112	81,251	398,055	174,956	13	2,456,585
Share of total return	9,517	39,867	(3,203)	24,012	32,717	(2)	102,908
Distributions for the year	(24,579)	(37,583)	(1,800)	(16,302)	—	—	(80,264)
Gain/(Loss) recognised directly in Unitholders' funds	5,263	—	—	(14,421)	898	—	(8,260)
Divestment	—	—	(74,448)	—	—	—	(74,448)
Capital reduction	—	—	(1,800)	(193,049)	—	—	(194,849)
Additional investment during the year	—	—	—	3,056	9,339	—	12,395
Carrying amount of interest in joint ventures at the end of the year	687,399	1,107,396	—	201,351	217,910	11	2,214,067

Notes to the Financial Statements

8 INTERESTS IN SUBSIDIARIES

	Trust 2022 $'000	Trust 2021 $'000
Equity investment at cost	1,106,193	1,106,193
Loans to subsidiaries	1,220,491	1,328,172
	2,326,684	2,434,365

The loans are unsecured and interest-free. The loans to subsidiaries represent the Group's and the Trust's net investments in the subsidiaries and are not due within 12 months of the reporting date.

Accordingly, the loans are classified as non-current.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interests held by the Group 2022 %	Effective interests held by the Group 2021 %
Held by the Trust			
Comina Investment Limited. [2]	British Virgin Islands	100	100
Suntec Harmony Pte. Ltd. [1]	Singapore	100	100
Suntec REIT MTN Pte. Ltd. [1]	Singapore	100	100
Suntec REIT Capital Pte. Ltd. [1]	Singapore	100	100
Suntec REIT (Australia) Trust [2]	Australia	100	100
Suntec (PM) Pte. Ltd. [1]	Singapore	100	100
Suntec REIT UK1 Pte. Ltd. [1]	Singapore	100	100
Suntec REIT UK (LP) Pte. Ltd. [1]	Singapore	100	100
Suntec REIT UK (GP) Pte. Ltd. [1]	Singapore	100	100
Held through subsidiaries			
Held by Suntec Harmony Pte. Ltd.			
Harmony Partners Investments Limited [2]	British Virgin Islands	57.8	57.8
Held by Harmony Partners Investments Limited			
Harmony Investors Group Limited [2]	British Virgin Islands	66.3	66.3
Held by Harmony Investors Group Limited			
Harmony Investors Holding Limited [2]	British Virgin Islands	66.3	66.3

Notes to the Financial Statements

8 INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiaries	Country of incorporation	Effective interests held by the Group 2022 %	2021 %
Held by Harmony Investors Holding Limited			
Harmony Convention Holding Pte Ltd [1]	Singapore	66.3	66.3
Held by Suntec REIT (Australia) Trust			
Suntec REIT 177 Trust [3]	Australia	100	100
Suntec REIT 477 Trust [3]	Australia	100	100
Suntec REIT 55 Trust [3]	Australia	100	100
Suntec REIT 21 Trust [3]	Australia	100	100
Held by Suntec REIT 477 Trust			
Suntec REIT 477 Sub-Trust [4]	Australia	100	100
Held by the Trust and Suntec REIT UK1 Pte. Ltd.			
Victoria Circle Unit Trust 1 [2]	Jersey	100	100
Victoria Circle Unit Trust 2 [2]	Jersey	100	100
Held by Suntec REIT UK (LP) Pte. Ltd. and Suntec REIT UK (GP) Pte. Ltd.			
Suntec UK Limited Partnership [2]	Singapore	100	100
Held by Suntec UK Limited Partnership			
Suntec REIT Jersey Holdings Limited [3]	Jersey	100	100
Held by Suntec REIT Jersey Holdings Limited			
Suntec REIT Jersey 1 Limited [3]	Jersey	100	100
Suntec REIT Jersey 2 Limited [3]	Jersey	100	100
Held by Suntec REIT Jersey 1 Limited and Suntec REIT Jersey 2 Limited			
3 Minster Court Unit Trust [5]	Jersey	100	100

[1] Audited by KPMG LLP Singapore.

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

[3] Audited by a member of KPMG International.

[4] Audited by a member of KPMG International (2021: Entity is dormant).

[5] Audited by a member of KPMG International (2021: PricewaterhouseCoopers).

Notes to the Financial Statements

8 INTERESTS IN SUBSIDIARIES (continued)

Harmony Convention Holding Pte Ltd owns Suntec Singapore, Singapore.

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

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

Suntec REIT 55 Trust owns 55 Currie Street, Adelaide.

Suntec REIT 21 Trust owns 21 Harris Street, Pyrmont, New South Wales.

Victoria Circle Unit Trust 1 and Victoria Circle Unit Trust 2 (collectively known as "VCUTs") indirectly own 50% interest in Nova North, Nova South and The Nova Building (collectively known as "Nova Properties") through the 50% ownership interest in Nova Limited Partnership and Nova Residential Limited Partnership.

3 Minster Court Unit Trust owns The Minster Building, London.

The Trust's interests in Suntec REIT 177 Trust, Suntec REIT 55 Trust, Suntec REIT 21 Trust and the VCUTs, have been mortgaged as security for credit facilities (Note 13).

9 LONG-TERM INVESTMENT

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current investments				
Equity investments — at FVOCI	—	—	637	637

Equity investments designated at FVOCI

These equity investments relate to the Trust's 0.1% (2021: 0.1%) direct interest in Victoria Circle Unit Trust 1 and Victoria Circle Unit Trust 2. These equity investments represent investments that the Trust intends to hold for the long-term for strategic purposes and are designated at FVOCI.

Notes to the Financial Statements

10 FINANCIAL DERIVATIVES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Derivative assets				
— Interest rate swaps	82,743	19,159	24,886	1,542
— Forward exchange contracts	1,703	647	1,703	647
	84,446	19,806	26,589	2,189
Classified as:				
Current	2,804	538	2,804	538
Non-current	81,642	19,268	23,785	1,651
	84,446	19,806	26,589	2,189
Derivative liabilities				
— Interest rate swaps	3,173	13,302	3,173	5,112
— Forward exchange contracts	45	29	45	29
	3,218	13,331	3,218	5,141
Classified as:				
Current	36	828	36	828
Non-current	3,182	12,503	3,182	4,313
	3,218	13,331	3,218	5,141

Interest rate swaps

The Group and the Trust use interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of these term loans from floating rates to fixed rates. Certain of the Group's interest rate swaps were designated as cash flow hedges to hedge against the Group's interest rate risk arising from variable rate loans and borrowings.

Interest rate swaps of the Group and the Trust with a total notional amount of $2,409.6 million (2021: $1,761.3 million) and $1,330.0 million (2021: $680.0 million) respectively, have been entered into at the reporting date to provide fixed rate funding for 3 to 6 years (2021: 3 to 6 years) at an average interest rate of 0.33% to 3.40% (2021: 0.33% to 2.09%) per annum.

Forward foreign exchange contracts

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

Forward exchange contracts with aggregate notional amounts of $68.5 million (2021: $36.9 million), have been entered into to hedge the currency risk of Australian Dollar and Pound Sterling.

Offsetting financial assets and financial liabilities

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

Notes to the Financial Statements

10 FINANCIAL DERIVATIVES (continued)

Offsetting financial assets and financial liabilities (continued)

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

As at 31 December 2022 and 31 December 2021, the Group's derivative financial assets and liabilities do not have any amounts that are eligible for offsetting under the enforceable master netting arrangement.

11 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 **$'000**	**2021** **$'000**	**2022** **$'000**	**2021** **$'000**
Current				
Trade receivables	15,505	13,928	2,410	5,689
Impairment losses	(880)	(2,719)	(449)	(2,408)
Net receivables	14,625	11,209	1,961	3,281
Deposits	26	20	—	—
Amounts due from subsidiaries				
— Non-trade	—	—	6,709	14,456
Amount due from joint venture				
— Non-trade	2,976	3,672	—	—
Other receivables	3,147	8,236	154	219
Prepayments	3,594	6,827	648	4,111
	24,368	29,964	9,472	22,067

The trade receivables in respect of Suntec City Mall and Suntec Singapore (2021: Suntec City Mall and Suntec Singapore) amounting to $8.6 million (2021: $9.6 million) are charged or assigned by way of security for credit facilities granted to the Trust and certain subsidiaries (Note 13).

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

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

Notes to the Financial Statements

12 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at bank and in hand	269,610	267,217	144,404	140,383
Fixed deposits	—	1,094	—	1,094
Cash and cash equivalents	269,610	268,311	144,404	141,477

Certain cash and cash equivalents in respect of Suntec City Mall, Suntec Singapore, 177 Pacific Highway, 55 Currie Street, 21 Harris Street, the VCUTs and a subsidiary (2021: Suntec City Mall, Suntec Singapore, 177 Pacific Highway, 55 Currie Street, 21 Harris Street, the VCUTs and a subsidiary) amounting to $86.0 million (2021: $73.6 million) are charged or assigned by way of security for credit facilities granted to the Trust and certain subsidiaries (Note 13).

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

13 INTEREST-BEARING BORROWINGS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Term loans				
— secured	1,988,574	2,056,549	893,240	891,354
— unsecured	2,854,905	2,862,441	2,572,368	2,547,961
	4,843,479	4,918,990	3,465,608	3,439,315
Classified as:				
Current	645,577	499,754	279,913	499,754
Non-current	4,197,902	4,419,236	3,185,695	2,939,561
	4,843,479	4,918,990	3,465,608	3,439,315

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

Notes to the Financial Statements

13 INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule

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

	Currency	Weighted average nominal interest rate %	Year of maturity	2022 Face value $'000	2022 Carrying amount $'000	2021 Face value $'000	2021 Carrying amount $'000
Group							
Floating rate term loans	SGD	4.05% (2021: 1.42%)	2023–2029 (2021: 2022–2026)	3,066,000	3,052,690	2,939,104	2,926,694
Floating rate term loans	AUD	4.56% (2021: 1.49%)	2025–2026 (2021: 2025–2026)	407,939	406,313	442,440	440,016
Floating rate term loans	GBP	5.30% (2021: 2.19%)	2025–2026 (2021: 2025–2026)	611,288	605,894	682,238	674,363
Fixed rate term loans	SGD	3.00% (2021: 3.01%)	2023–2027 (2021: 2022–2027)	780,000	778,582	880,000	877,917
				4,865,227	4,843,479	4,943,782	4,918,990
Trust							
Floating rate term loans	SGD	4.34% (2021: 1.47%)	2024–2029 (2021: 2022–2026)	2,700,000	2,687,026	2,573,104	2,561,398
Fixed rate term loans	SGD	3.00% (2021: 3.01%)	2023–2027 (2021: 2022–2027)	780,000	778,582	880,000	877,917
				3,480,000	3,465,608	3,453,104	3,439,315

Notes to the Financial Statements

13 INTEREST-BEARING BORROWINGS (continued)

Secured loans

As at 31 December 2022, the Group has in place the following loan facilities:

- $406.0 million (2021: $406.0 million) secured term loan facility and revolving credit facility;
- $900.0 million (2021: $900.0 million) secured syndicated term loan facility;
- A$450.0 million (2021: A$450.0 million) secured term green loan facility; and
- GBP200.0 million (2021: GBP200.0 million) secured syndicated term loan facility.

As at 31 December 2022, the Group has drawn down $2,000.0 million (2021: $2,072.0 million) of the secured facilities.

The facilities are secured on the following:

— A first legal mortgage on Suntec City Mall, Suntec Singapore, 177 Pacific Highway, 55 Currie Street and 21 Harris Street (Note 5) (2021: Suntec City Mall, Suntec Singapore, 177 Pacific Highway, 55 Currie Street and 21 Harris Street);
— A first fixed charge over the central rental collection account in relation to the Suntec Singapore and Suntec City Mall (Note 12) (2021: Suntec Singapore and Suntec City Mall);
— A first registered general security over the rental collection accounts in relation to the 177 Pacific Highway, 55 Currie Street and 21 Harris Street (Note 12) (2021: 177 Pacific Highway, 55 Currie Street and 21 Harris Street);
— An assignment of the rights, title and interest in the key documents and the proceeds in connection with the Suntec Singapore and Suntec City Mall (Note 11) (2021: Suntec Singapore and Suntec City Mall);
— An assignment of the rights, title and interest in the insurance policies in relation to Suntec Singapore and Suntec City Mall (2021: Suntec Singapore and Suntec City Mall);
— A fixed and floating charge over the assets of a subsidiary in relation to Suntec Singapore (2021: Suntec Singapore), agreements, collateral, as required by the financial institutions granting the facility;
— A first registered specific security deed in respect of all units and shares in, and any shareholder loans to Suntec REIT 177 Trust, Suntec REIT 55 Trust and Suntec REIT 21 Trust (Note 8) (2021: Suntec REIT 177 Trust, Suntec REIT 55 Trust and Suntec REIT 21 Trust);
— First ranking charge over units in the VCUTs, bank accounts of the VCUTs, and bank accounts of a subsidiary (Notes 8 and 12) (2021: VCUTs, and bank accounts of a subsidiary); and
— Corporate guarantees from the Trust.

Unsecured loans

Included in unsecured term loans are euro medium term notes ("EMTN") amounting to $780.0 million (2021: $880.0 million).

Notes to the Financial Statements

13 INTEREST-BEARING BORROWINGS (continued)

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

	Liabilities		
	Term loans $'000	Interest payable $'000	Total $'000
Balance at 1 January 2022	4,918,990	11,015	4,930,005
Changes from financing cash flows			
Financing costs paid	(5,498)	(127,564)	(133,062)
Proceeds from interest-bearing loans	900,000	—	900,000
Repayment of medium term notes	(100,000)	—	(100,000)
Repayment of interest-bearing loans	(773,104)	—	(773,104)
Total changes from financing cash flows	21,398	(127,564)	(106,166)
Effects of changes in foreign exchange rates	(104,628)	—	(104,628)
Other changes			
Liability-related			
Financing costs	7,719	136,483	144,202
Total liability-related other changes	7,719	136,483	144,202
Balance at 31 December 2022	4,843,479	19,934	4,863,413

	Liabilities			Derivative liabilities	
	Term loans $'000	Convertible bonds $'000	Interest payable $'000	Embedded derivative liabilities relating to convertible bonds $'000	Total $'000
Balance at 1 January 2021	4,738,124	88,337	13,632	768	4,840,861
Changes from financing cash flows					
Financing costs paid	(4,417)	—	(111,795)	—	(116,212)
Redemption/Repayment of convertible bonds	—	(89,250)	—	—	(89,250)
Proceeds from interest-bearing loans	1,580,984	—	—	—	1,580,984
Repayment of medium term notes	(150,000)	—	—	—	(150,000)
Repayment of interest-bearing loans	(1,234,722)	—	—	—	(1,234,722)
Total changes from financing cash flows	191,845	(89,250)	(111,795)	—	(9,200)
Effects of changes in foreign exchange rates	(18,341)	—	—	—	(18,341)
Change in fair value	—	—	—	(768)	(768)
Other changes					
Liability-related					
Financing costs	7,362	913	109,178	—	117,453
Total liability-related other changes	7,362	913	109,178	—	117,453
Balance at 31 December 2021	4,918,990	—	11,015	—	4,930,005

Notes to the Financial Statements

14 TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	2,697	1,081	932	479
Accrued expenses	35,299	35,269	8,619	10,650
Amount due to subsidiaries				
— Non-trade	—	—	66,782	66,873
Amounts due to related parties (trade)				
— Trustee	636	310	636	310
— Manager	13,418	4,918	13,418	4,918
— Related corporations of the Manager	1,139	971	—	—
Deferred income	27,988	19,436	12,693	9,716
Interest payable	19,934	11,015	16,523	9,359
Withholding tax payable	8,945	—	—	—
Other payables	19,527	32,096	7,048	7,234
	129,583	105,096	126,651	109,539

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

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

15 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year

	At 1 January 2021 $'000	Recognised in statement of total return (Note 28) $'000	Translation $'000	At 31 December 2021 $'000	Recognised in statement of total return (Note 28) $'000	Recognised in OCI $'000	Translation $'000	At 31 December 2022 $'000
Investment properties	54,006	20,562	(114)	74,454	(2,502)	–	(5,005)	66,947
Plant and equipment	(185)	(657)	–	(842)	(74)	–	–	(916)
Derivatives	–	–	–	–	–	2,643	–	2,643
Tax losses carry-forward	(3,170)	(2,983)	–	(6,153)	(359)	–	–	(6,512)
Others	(233)	(65)	–	(298)	109	–	–	(189)
	50,418	16,857	(114)	67,161	(2,826)	2,643	(5,005)	61,973

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposure to credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Manager monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager oversees how management of the Manager monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by the Audit and Risk Committee. The Audit and Risk Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Credit risk

Credit risk is the potential loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Manager has established credit limits for tenants, obtained security deposits and/or bank guarantees (where applicable) and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Rental guarantee receivables	6	1,179	11,331	—	—
Derivative assets					
— Interest rate swaps	10	82,743	19,159	24,886	1,542
— Forward exchange contracts	10	1,703	647	1,703	647
Trade and other receivables*	11	20,774	23,137	8,824	17,956
Cash and cash equivalents	12	269,610	268,311	144,404	141,477
		376,009	322,585	179,817	161,622

* Excludes prepayments.

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

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Office		6,261	3,752	845	446
Retail		1,513	2,858	1,116	2,835
Convention		6,851	4,599	—	—
	11	14,625	11,209	1,961	3,281

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

Impairment losses

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the last three years.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses (continued)

The ageing of trade receivables at the reporting date was:

	Note	2022 $'000	2021 $'000
Group			
Not past due		11,561	8,652
Past due 31–60 days		745	1,061
Past due 61–90 days		330	587
More than 90 days*		2,869	3,628
		15,505	13,928
Less: Impairment loss		(880)	(2,719)
	11	14,625	11,209
Trust			
Not past due		2,204	3,960
Past due 31–60 days		48	773
Past due 61–90 days		11	70
More than 90 days*		147	886
		2,410	5,689
Less: Impairment loss		(449)	(2,408)
	11	1,961	3,281

* Included in these balances of the Group and the Trust were credit impaired balances of $0.9 million (2021: $2.7 million) and $0.5 million (2021: $2.4 million) respectively.

Movements in allowance for impairment in respect of trade receivables

The movements in the allowance for impairment in respect of trade receivables during the year were as follows:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	2,719	5,358	2,408	5,030
Impairment loss recognised	509	773	273	366
Reversal of impairment loss	(617)	(3,120)	(608)	(2,751)
Allowance utilised	(1,688)	(292)	(1,624)	(237)
Translation difference	(43)	—	—	—
At 31 December	880	2,719	449	2,408

The Manager believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Impairment losses (continued)

Non-trade amounts due from subsidiaries and loans to subsidiaries

The Trust has non-trade receivables from its subsidiaries of $1,227.2 million (2021: $1,342.6 million). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis and the amount of the allowance is insignificant.

Loans to joint ventures

The Group and the Trust have loans to joint ventures of $1,142.5 million (2021: $1,230.8 million) and $621.5 million (2021: $621.2 million) respectively. These balances are amounts lent to joint ventures to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis and the amount of the allowance is insignificant.

Rental guarantee receivables

The Group has rental guarantee receivables amounting to $1.2 million (2021: $11.3 million). Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk.

Derivatives

The derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group and the Trust held cash and cash equivalents of $269.6 million and $144.4 million respectively at 31 December 2022 (2021: $268.3 million and $141.5 million respectively). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes limits on total borrowings according to the CIS Code issued by the MAS.

The Group has a US$2,000.0 million (approximately $2,701.1 million) (2021: US$2,000.0 million (approximately $2,724.4 million)) Euro Medium Term Securities Programme, of which $1,571.1 million (2021: $1,494.4 million) is unutilised as at 31 December 2022.

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

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2022					
Non-derivative financial liabilities					
Floating rate term loans	4,064,897	(4,635,508)	(541,116)	(3,883,357)	(211,035)
Fixed rate term loans	778,582	(827,561)	(298,281)	(529,280)	—
Trade and other payables*	92,650	(92,650)	(92,650)	—	—
Security deposits	80,729	(80,729)	(24,150)	(45,830)	(10,749)
	5,016,858	(5,636,448)	(956,197)	(4,458,467)	(221,784)
Derivative financial instruments					
Interest rate swaps (net-settled)	3,173	(3,671)	(735)	(2,936)	—
Forward exchange contracts	45				
— Outflow		(25,466)	(20,933)	(4,533)	—
— Inflow		25,463	20,923	4,540	—
	3,218	(3,674)	(745)	(2,929)	—
	5,020,076	(5,640,122)	(956,942)	(4,461,396)	(221,784)

* Excludes deferred income and withholding tax payable.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2021					
Non-derivative financial liabilities					
Floating rate term loans	4,041,073	(4,264,500)	(460,047)	(3,804,453)	—
Fixed rate term loans	877,917	(951,600)	(124,038)	(626,996)	(200,566)
Trade and other payables*	85,660	(85,660)	(85,660)	—	—
Security deposits	81,128	(81,128)	(29,830)	(41,060)	(10,238)
	5,085,778	(5,382,888)	(699,575)	(4,472,509)	(210,804)
Derivative financial instruments					
Interest rate swaps (net-settled)	13,302	(19,066)	(11,093)	(7,973)	—
Forward exchange contracts	29				
— Outflow		(7,866)	(7,866)	—	—
— Inflow		7,815	7,815	—	—
	13,331	(19,117)	(11,144)	(7,973)	—
	5,099,109	(5,402,005)	(710,719)	(4,480,482)	(210,804)
Trust					
2022					
Non-derivative financial liabilities					
Floating rate term loans	2,687,026	(3,086,812)	(117,811)	(2,757,966)	(211,035)
Fixed rate term loans	778,582	(827,561)	(298,281)	(529,280)	—
Trade and other payables*	113,958	(113,958)	(113,958)	—	—
Security deposits	63,240	(63,240)	(17,450)	(42,266)	(3,524)
	3,642,806	(4,091,571)	(547,500)	(3,329,512)	(214,559)
Derivative financial instruments					
Interest rate swaps (net-settled)	3,173	(3,671)	(735)	(2,936)	—
Forward exchange contracts	45				
— Outflow		(25,466)	(20,933)	(4,533)	—
— Inflow		25,463	20,923	4,540	—
	3,218	(3,674)	(745)	(2,929)	—
	3,646,024	(4,095,245)	(548,245)	(3,332,441)	(214,559)

* Excludes deferred income and withholding tax payable.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Carrying amount $'000	Cash flows Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2021					
Non-derivative financial liabilities					
Floating rate term loans	2,561,398	(2,678,112)	(434,451)	(2,243,661)	—
Fixed rate term loans	877,917	(951,600)	(124,038)	(626,996)	(200,566)
Trade and other payables*	99,823	(99,823)	(99,823)	—	—
Security deposits	57,336	(57,336)	(16,891)	(38,215)	(2,230)
	3,596,474	(3,786,871)	(675,203)	(2,908,872)	(202,796)
Derivative financial instruments					
Interest rate swaps (net-settled)	5,112	(7,596)	(5,095)	(2,501)	—
Forward exchange contracts	29				
— Outflow		(7,866)	(7,866)	—	—
— Inflow		7,815	7,815	—	—
	5,141	(7,647)	(5,146)	(2,501)	—
	3,601,615	(3,794,518)	(680,349)	(2,911,373)	(202,796)

* Excludes deferred income and withholding tax payable.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The Group targets to maintain between 60% to 80% of its interest rate risk exposure at a fixed-rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenures, repricing dates, maturities and the notional amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the critical terms of either the swaps or the loans and borrowings.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to the Singapore swap offer rate ("SOR") on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

In Singapore, the Steering Committee for SOR transition to SORA (SC-STS) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has identified the Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark to replace SOR in Singapore. The timeline for SORA to replace SOR is by the end of June 2023. In 2022, the Group has undertaken amendments to its financial instruments with contractual terms indexed to SOR such that they incorporate the new benchmark rate (i.e. SORA). As at 31 December 2022, the Group's remaining IBOR exposure is indexed to SOR.

The Group anticipates that IBOR reform will impact its risk management processes and hedge accounting. The main risks to which the Group is exposed as a result of IBOR reform are operational. For example, renegotiating borrowing contracts through bilateral negotiation with counterparties, implementing new fallback clauses with its derivative counterparties, updating contractual terms and revising operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 included bank loans indexed to SOR. The Group is still in discussions with the counterparties for all relevant SOR indexed exposures.

Derivatives

The Group holds interest rate swaps for risk management purposes. The interest rate swaps have floating legs that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. The Group is currently in discussions with counterparties of respective contracts.

Total amounts of unreformed contracts

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Total amounts of unreformed contracts (continued)

The following table shows the total amounts of unreformed contracts as at 31 December 2022. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR Total amount of unreformed contracts			
	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial liabilities				
Secured bank loans	365,664	1,256,649	—	891,353
Unsecured bank loans	—	897,739	—	897,739
Derivatives				
Interest rate swaps	621,000	621,000	255,000	255,000

The Group and the Trust have loans and borrowings indexed to SOR amounting to $nil (2021: $772.3 million) which will be repaid by April 2023 (2021: April 2023), and interest rate swaps indexed to SOR amounting to $175.0 million (2021: $425.0 million) which will mature by May 2023 (2021: May 2023). Quantitative information relating to these bank loans and interest rate swaps have not been included in the above table, as the Group does not intend for the interest rate benchmark of these bank loans and interest rate swaps to transit from SOR to SORA.

Exposure to interest rate risk

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

	Group Nominal amount		Trust Nominal amount	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fixed rate instruments				
Interest-bearing borrowings	(780,000)	(880,000)	(780,000)	(880,000)
Interest rate swaps	(2,409,584)	(1,761,337)	(1,330,000)	(680,000)
	(3,189,584)	(2,641,337)	(2,110,000)	(1,560,000)
Variable rate instruments				
Interest-bearing borrowings	(4,085,227)	(4,063,782)	(2,700,000)	(2,573,104)
Interest rate swaps	2,409,584	1,761,337	1,330,000	680,000
	(1,675,643)	(2,302,445)	(1,370,000)	(1,893,104)

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

For the interest rate swaps and the other variable rate financial assets and liabilities, a change of 50 basis points ("bp") (2021: 50 bp) in interest rate at the reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return	
	50 bp increase $'000	50 bp decrease $'000
Group		
2022		
Interest-bearing borrowings	(20,426)	20,426
Interest rate swaps	25,727	(26,240)
Cash flow sensitivity (net)	5,301	(5,814)
2021		
Interest-bearing borrowings	(20,319)	20,319
Interest rate swaps	16,261	(16,528)
Cash flow sensitivity (net)	(4,058)	3,791
Trust		
2022		
Interest-bearing borrowings	(13,500)	13,500
Interest rate swaps	18,221	(18,631)
Cash flow sensitivity (net)	4,721	(5,131)
2021		
Interest-bearing borrowings	(12,866)	12,866
Interest rate swaps	3,997	(4,044)
Cash flow sensitivity (net)	(8,869)	8,822

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, nor does the Group designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Currency risk

The Group is exposed to currency risk on distributions from its Australia and United Kingdom operations. In 2022, the Trust entered into forward currency contracts with a total notional amount of $68.5 million (2021: $36.9 million) whereby the Trust agreed with counterparties to exchange Australian Dollar and Pound Sterling at specified rates, on specified dates.

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

	AUD $'000	GBP $'000	Total $'000
Group			
2022			
Cash and cash equivalents	31,467	29,499	60,966
Trade and other receivables	6,515	126	6, 641
Trade and other payables	—	(355)	(355)
Net statement of financial position exposure	37,982	29,270	67,252
Forward exchange contracts	(48,743)	(19,753)	(68,496)
Net exposure	(10,761)	9,517	(1,244)
2021			
Cash and cash equivalents	29,626	14,106	43,732
Trade and other receivables	14,068	143	14,211
Trade and other payables	—	(396)	(396)
Net statement of financial position exposure	43,694	13,853	57,547
Forward exchange contracts	(36,901)	—	(36,901)
Net exposure	6,793	13,853	20,646
Trust			
2022			
Cash and cash equivalents	31,221	29,499	60,720
Trade and other receivables	6,515	126	6,641
Trade and other payables	—	(355)	(355)
Net statement of financial position exposure	37,736	29,270	67,006
Forward exchange contracts	(48,743)	(19,753)	(68,496)
Net exposure	(11,007)	9,517	(1,490)
2021			
Cash and cash equivalents	29,510	14,106	43,616
Trade and other receivables	14,068	143	14,211
Trade and other payables	—	(396)	(396)
Net statement of financial position exposure	43,578	13,853	57,431
Forward exchange contracts	(36,901)	—	(36,901)
Net exposure	6,677	13,853	20,530

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

Sensitivity analysis

The following table indicates the approximate increase/(decrease) in the Statement of Total Return (before any tax effects) of the Group in response to a 10% strengthening of the functional currencies of the respective entities as compared with the exchange rates of the foreign currencies to which the Group has significant exposure at the reporting dates.

	Statement of total return	
	2022 $'000	2021 $'000
Group		
AUD[1]	(1,076)	679
GBP[1]	952	1,385
Trust		
AUD[1]	(1,101)	668
GBP[1]	952	1,385

[1] As compared to the functional currency of Singapore Dollar.

A 10% weakening of the functional currencies of the respective entities as compared with the exchange rates of the foreign currencies to which the Group has significant exposure at the reporting dates would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis assumed that all other variables remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

Capital management

The Board of Directors of the Manager reviews the Group's capital management policy regularly so as to optimise Unitholders' return through a mix of available capital sources. The Group monitors its gearing ratio and maintains it within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's aggregate leverage ratio stood at 42.4% (2021: 43.7%) as at 31 December 2022.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% (2021: 50.0%) of the fund's deposited property. In 2022, the Aggregate Leverage may exceed 45.0% (up to 50.0%) of the fund's deposited property only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. The Group has complied with the stipulated Aggregate Leverage limit.

There were no changes in the Group's approach to capital management during the financial year.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their level in fair value hierarchy, are as follows. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Fair value through profit or loss $'000	Fair value — hedging instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value Level 1 $'000	Fair value Level 2 $'000	Fair value Level 3 $'000
Group									
2022									
Financial assets measured at fair value									
Rental guarantee receivables	6	1,179	–	–	–	1,179	–	–	1,179
Interest rate swaps	10	64,324	18,419	–	–	82,743	–	82,743	–
Forward exchange contracts	10	1,703	–	–	–	1,703	–	1,703	–
		67,206	18,419	–	–	85,625			
Financial assets not measured at fair value									
Loans to joint ventures	7	–	–	1,142,495	–	1,142,495	–	–	1,115,402
Trade and other receivables*	11	–	–	20,774	–	20,774			
Cash and cash equivalents	12	–	–	269,610	–	269,610			
		–	–	1,432,879	–	1,432,879			
Financial liabilities measured at fair value									
Interest rate swaps	10	(3,173)	–	–	–	(3,173)	–	(3,173)	–
Forward exchange contracts	10	(45)	–	–	–	(45)	–	(45)	–
		(3,218)	–	–	–	(3,218)			
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	–	–	–	(4,843,479)	(4,843,479)	–	–	(4,841,133)
Security deposits		–	–	–	(80,729)	(80,729)	–	–	(73,128)
Trade and other payables^	14	–	–	–	(92,650)	(92,650)			
		–	–	–	(5,016,858)	(5,016,858)			

* Excludes prepayments.
^ Excludes deferred income and withholding tax payable.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Accounting classifications and fair values (continued)

	Note	Fair value through profit or loss $'000	Fair value — hedging instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value Level 1 $'000	Fair value Level 2 $'000	Fair value Level 3 $'000
Group									
2021									
Financial assets measured at fair value									
Rental guarantee receivables	6	11,331	–	–	–	11,331	–	–	11,331
Interest rate swaps	10	14,947	4,212	–	–	19,159	–	19,159	–
Forward exchange contracts	10	647	–	–	–	647	–	647	–
		26,925	4,212	–	–	31,137			
Financial assets not measured at fair value									
Loans to joint ventures	7	–	–	1,230,753	–	1,230,753	–	–	1,216,430
Trade and other receivables*	11	–	–	23,137	–	23,137			
Cash and cash equivalents	12	–	–	268,311	–	268,311			
		–	–	1,522,201	–	1,522,201			
Financial liabilities measured at fair value									
Interest rate swaps	10	(13,302)	–	–	–	(13,302)	–	(13,302)	–
Forward exchange contracts	10	(29)	–	–	–	(29)	–	(29)	–
		(13,331)	–	–	–	(13,331)			
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	–	–	–	(4,918,990)	(4,918,990)	–	–	(4,921,504)
Security deposits		–	–	–	(81,128)	(81,128)	–	–	(77,634)
Trade and other payables^	14	–	–	–	(85,660)	(85,660)			
		–	–	–	(5,085,778)	(5,085,778)			

* Excludes prepayments.
^ Excludes deferred income and withholding tax payable.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Accounting classifications and fair values (continued)

	Note	Fair value through profit or loss $'000	Fair value through other comprehensive income $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value Level 1 $'000	Fair value Level 2 $'000	Fair value Level 3 $'000
Trust									
2022									
Financial assets measured at fair value									
Long-term investment	9	–	637	–	–	637	–	–	637
Interest rate swaps	10	24,886	–	–	–	24,886	–	24,886	–
Forward exchange contracts	10	1,703	–	–	–	1,703	–	1,703	–
		26,589	637	–	–	27,226			
Financial assets not measured at fair value									
Loans to joint ventures	7	–	–	621,499	–	621,499			
Loans to subsidiaries	8	–	–	1,220,491	–	1,220,491	–	–	1,161,844
Trade and other receivables*	11	–	–	8,824	–	8,824			
Cash and cash equivalents	12	–	–	144,404	–	144,404			
		–	–	1,995,218	–	1,995,218			
Financial liabilities measured at fair value									
Interest rate swaps	10	(3,173)	–	–	–	(3,173)	–	(3,173)	–
Forward exchange contracts	10	(45)	–	–	–	(45)	–	(45)	–
		(3,218)	–	–	–	(3,218)			
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	–	–	–	(3,465,608)	(3,465,608)	–	–	(3,463,262)
Security deposits		–	–	–	(63,240)	(63,240)	–	–	(58,050)
Trade and other payables^	14	–	–	–	(113,958)	(113,958)			
		–	–	–	(3,642,806)	(3,642,806)			

* Excludes prepayments.
^ Excludes deferred income and withholding tax payable.

16 FINANCIAL INSTRUMENTS (continued)

Accounting classifications and fair values (continued)

	Note	Fair value through profit or loss $'000	Fair value through other comprehensive income $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value Level 1 $'000	Fair value Level 2 $'000	Fair value Level 3 $'000
Trust									
2021									
Financial assets measured at fair value									
Long-term investment	9	–	637	–	–	637	–	–	637
Interest rate swaps	10	1,542	–	–	–	1,542	–	1,542	–
Forward exchange contracts	10	647	–	–	–	647	–	647	–
		2,189	637	–	–	2,826			
Financial assets not measured at fair value									
Loans to joint ventures	7	–	–	621,167	–	621,167			
Loans to subsidiaries	8	–	–	1,328,172	–	1,328,172	–	–	1,303,767
Trade and other receivables*	11	–	–	17,956	–	17,956			
Cash and cash equivalents	12	–	–	141,477	–	141,477			
		–	–	2,108,772	–	2,108,772			
Financial liabilities measured at fair value									
Interest rate swaps	10	(5,112)	–	–	–	(5,112)	–	(5,112)	–
Forward exchange contracts	10	(29)	–	–	–	(29)	–	(29)	–
		(5,141)	–	–	–	(5,141)			
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	–	–	–	(3,439,315)	(3,439,315)	–	–	(3,441,828)
Security deposits		–	–	–	(57,336)	(57,336)	–	–	(55,129)
Trade and other payables^	14	–	–	–	(99,823)	(99,823)			
		–	–	–	(3,596,474)	(3,596,474)			

* Excludes prepayments.
^ Excludes deferred income and withholding tax payable.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Rental guarantee receivables	*Discounted cash flows:* The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Discount rate: 5.25% (2021: 4.27%–5.00%)	The estimated fair value would increase if the discount rate was lower.
Group and Trust			
Forward exchange contracts and interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable
Trust			
Long-term investment	*Asset-based value approach:* The fair value was determined using the net asset value of investee, which mainly comprise investment properties.	Net asset value of investee	The estimated fair value would increase if the net asset value is higher.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Measurement of fair values (continued)

(i) Valuation techniques and significant unobservable inputs (continued)

Financial instruments not measured at fair value

Group and Trust

Type	Valuation technique
Fixed rate borrowings	Discounted cash flows
Security deposits	Discounted cash flows
Loans to joint ventures and subsidiaries	Discounted cash flows

Trust

Type	Valuation technique
Loans to subsidiaries	Discounted cash flows

(ii) Transfer between Level 1 and 2

During the financial year ended 31 December 2022, there were no transfers between Level 1 and Level 2.

(iii) Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Group Rental guarantee receivables $'000	Trust Long-term investment $'000
At 1 January 2022	11,331	637
Income guarantee earned	(9,309)	—
Effects of movement in exchange rates	(843)	—
At 31 December 2022	1,179	637

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (continued)

Measurement of fair values (continued)

(iii) Level 3 fair values (continued)

	Group		Trust	
	Rental guarantee receivables $'000	Embedded derivatives relating to convertible bonds $'000	Long-term investment $'000	Embedded derivatives relating to convertible bonds $'000
At 1 January 2021	23,685	(768)	631	(768)
Additions	—	—	6	—
Income guarantee earned	(12,088)	—	—	—
Effects of movement in exchange rates	(266)	—	—	—
Changes in fair value recognised in profit or loss	—	768	—	768
At 31 December 2021	11,331	—	637	—

Sensitivity analysis

If the fair value of the rental guarantee receivables were 5.0% favourable or unfavourable with all other variables held constant, the fair value of the rental guarantee receivables would increase by $59,000 (2021: $567,000) and decrease by $59,000 (2021: ($567,000)) respectively.

If the fair value of the long-term investment were 5.0% favourable or unfavourable with all other variables held constant, the fair value of the long-term investment would increase by $32,000 (2021: $32,000) and decrease by $32,000 (2021: ($32,000)) respectively.

17 PERPETUAL SECURITIES HOLDERS

On 15 October 2020, the Trust updated its EMTN Programme ("Programme") to increase the Programme limit from US$1,500.0 million to US$2,000.0 million and to issue perpetual securities under the Programme. The Programme was renamed as the US$2,000.0 million Euro Medium Term Securities Programme.

On 27 October 2020, the Trust issued $200.0 million of fixed rate subordinated perpetual securities with an initial distribution rate of 3.80% per annum. The first distribution rate reset falls on 27 October 2025 with subsequent resets occurring every five years thereafter.

On 15 June 2021 the Trust issued $150.0 million of fixed rate subordinated perpetual securities with an initial distribution rate of 4.25% per annum. The first distribution rate reset falls on 15 June 2026 with subsequent resets occurring every five years thereafter.

Notes to the Financial Statements

17 PERPETUAL SECURITIES HOLDERS (continued)

The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred Units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.
- The Trust shall not declare or pay any distributions to the Unitholders, or make redemptions, unless the Trust declares or pays any distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded within the Statements of Movements in Unitholders' Funds. The $348.0 million (2021: $348.0 million) presented on the Statements of Financial Position represents the $350.0 million (2021: $350.0 million) perpetual securities net of issue expenses and includes total return attributable to perpetual securities holders from the issue date.

During the year ended 31 December 2021, issue expenses amounting to $0.9 million had been capitalised in equity. Included in issue expenses incurred during the year ended 31 December 2021 are audit fees paid to the auditors of the Trust amounting to $65,000 for services rendered in connection to the issuance of the perpetual securities.

18 NON-CONTROLLING INTERESTS

The following subsidiaries have material Non-Controlling Interests ("NCI"):

Name	Principal place of business/ Country of incorporation	Effective interests held by NCI	
		2022 %	2021 %
Harmony Investors Group Limited subgroup ("Harmony")	Singapore	33.7	33.7
Harmony Partners Investment Limited ("HPIL")	British Virgin Islands	42.1	42.1

Notes to the Financial Statements

18 NON-CONTROLLING INTERESTS (continued)

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

	Harmony $'000	HPIL* $'000	Intra-group elimination $'000	Total $'000
2022				
Revenue	59,903	—	—	59,903
Total return for the year	61,772	—	—	61,772
Total return attributable to NCI for the year	20,816	—	—	20,816
Non-current assets	699,805	90,730		
Current assets	61,510	—		
Non-current liabilities	(369,780)	(55,200)		
Current liabilities	(31,095)	(20)		
Net assets	360,440	35,510		
Net assets attributable to NCI	121,468	14,957	(16,699)	119,726
Cash flows from operating activities	23,826	—		
Cash flows used in investing activities	(1,092)	—		
Cash flows used in financing activities (dividends to NCI: nil)	(10,738)	—		
Net increase in cash and cash equivalents	11,996	—		
2021				
Revenue	26,392	—	—	26,392
Total return for the year	41,760	—	—	41,760
Total return attributable to NCI for the year	14,072	—	—	14,072
Non-current assets	662,747	90,730		
Current assets	47,060	—		
Non-current liabilities	(387,189)	(55,200)		
Current liabilities	(23,950)	(17)		
Net assets	298,668	35,513		
Net assets attributable to NCI	100,651	14,958	(16,699)	98,910
Cash flows from operating activities	5,200	—		
Cash flows used in investing activities	(2,503)	—		
Cash flows used in financing activities (dividends to NCI: nil)	(10,716)	—		
Net decrease in cash and cash equivalents	(8,019)	—		

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

Notes to the Financial Statements

19 UNITS IN ISSUE

	Group and Trust	
	2022	**2021**
	'000	**'000**
Units in issue:		
At 1 January	2,853,000	2,825,294
Issue of Units:		
— asset management fees paid in Units	22,948	26,707
— divestment fees paid in Units	—	999
At 31 December	2,875,948	2,853,000
Units to be issued:		
— asset management fees payable in Units	10,733	14,642
Total issued and issuable Units at 31 December	2,886,681	2,867,642

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Notes to the Financial Statements

20 NET ASSET VALUE PER UNIT

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		6,116,353	6,051,805	5,188,508	5,110,695
		'000	'000	'000	'000
Total issued and issuable Units at 31 December	19	2,886,681	2,867,642	2,886,681	2,867,642

21 ACQUISITION OF SUBSIDIARY

On 28 July 2021, the Group completed the acquisition of 100% equity interest in 3 Minster Court Unit Trust at a cash consideration of GBP343.2 million (approximately $647.4 million). As a result, the Group obtained control of 3 Minster Court Unit Trust, which owns The Minster Building. The Group has determined that the acquisition does not represent a business, and is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$'000
Investment property	5	645,838
Trade and other receivables		8,309
Cash and cash equivalents		6,875
Trade and other payables		(13,618)
Identifiable net assets acquired		647,404

The following table summarises the consideration transferred:

	$'000
Purchase consideration	647,404
Professional fees	11,041
Cash acquired	(6,875)
Net cash outflow presented as 'acquisition of subsidiary'	651,570

The Group incurred acquisition-related costs of $11.0 million on legal fees and due diligence costs. These costs have been capitalised in "investment properties".

Notes to the Financial Statements

22 GROSS REVENUE

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Gross rental income	426,960	357,784	240,661	216,306
Dividend income from:				
— subsidiaries	—	—	106,975	101,791
— joint ventures	—	—	55,436	62,162
Others	309	285	128	233
	427,269	358,069	403,200	380,492

Included in gross rental income of the Group and the Trust are contingent rents amounting to $8.2 million (2021: $5.5 million) and $7.2 million (2021: $4.7 million) respectively.

23 PROPERTY EXPENSES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Advertising and promotion expenses	8,058	5,165	3,451	3,625
Depreciation of plant and equipment	680	786	271	234
Maintenance expenses	12,690	11,681	371	309
Contributions to sinking fund	—	8,025	—	6,688
Contributions to maintenance fund	19,638	20,005	16,276	16,642
Property management fees (including reimbursables)	22,114	16,389	8,820	7,888
Property tax and rates	26,589	28,539	20,882	21,929
Utilities	6,350	3,439	378	176
Agency commission	4,397	3,290	2,957	2,770
Food and beverages related cost	2,850	151	—	—
Others	8,260	8,315	1,461	3,116
	111,626	105,785	54,867	63,377

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

24 OTHER INCOME

Other income relates to the recognition of the income support in relation to 21 Harris Street, Olderfleet, 477 Collins Street, Nova Properties and The Minster Building.

Notes to the Financial Statements

25 FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Interest income:				
— bank deposits	422	285	135	219
— loan to joint ventures	38,782	32,822	24,320	15,411
Finance income	39,204	33,107	24,455	15,630
Interest expense	(136,484)	(108,981)	(97,795)	(78,120)
Amortisation of transaction costs	(7,718)	(8,472)	(4,901)	(6,013)
Net foreign exchange loss	(7,238)	(10,038)	(119,292)	(32,029)
Finance costs	(151,440)	(127,491)	(221,988)	(116,162)
Recognised in the statement of total return	(112,236)	(94,384)	(197,533)	(100,532)

26 ASSET MANAGEMENT FEES

Included in the asset management fees of the Group and the Trust is $28.4 million (2021: $43.0 million) or an aggregate of 19,038,000 (2021: 28,971,000) Units of asset management fees that have been and/or will be issued to the Manager in satisfaction of the asset management fees payable in Units.

27 TOTAL RETURN FOR THE YEAR BEFORE TAX

Included in total return for the year before tax are the following items:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Audit fees to:				
— auditors of the Trust	567	560	442	441
— other auditors	220	180	10	10
Non-audit fees to:				
— auditors of the Trust	85	246	49	1,123
— other auditors	96	—	—	693

Notes to the Financial Statements

28 TAX EXPENSE

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Current tax expense					
Current year		5,735	4,283	—	—
(Over)/under provided in prior years		(431)	(1,431)	2	—
Withholding tax		13,763	5,321	9,777	1,447
		19,067	8,173	9,779	1,447
Deferred tax (credit)/expense					
Origination and reversal of temporary differences		(2,826)	19,040	—	—
Over provided in prior years		—	(2,183)	—	—
	15	(2,826)	16,857	—	—
Total tax expense		16,241	25,030	9,779	1,447
Reconciliation of effective tax rate					
Total return for the year before tax		513,868	515,541	336,594	260,251
Less: Share of profit of joint ventures		(144,856)	(102,908)	—	—
		369,012	412,633	336,594	260,251
Income tax using the Singapore tax rate of 17% (2021: 17%)		62,732	70,148	57,221	44,243
Effect of tax rates in foreign jurisdictions		(7,225)	(9,103)	—	—
Non-tax deductible items		13,571	16,669	30,741	24,816
Non-taxable income		(34,858)	(23,570)	(41,410)	(21,574)
Withholding tax		13,763	5,321	9,777	1,447
Tax exempt income		—	—	(15,241)	(16,664)
Tax transparency		(31,311)	(30,821)	(31,311)	(30,821)
(Over)/under provided in prior years		(431)	(3,614)	2	—
Total tax expense		16,241	25,030	9,779	1,447

Notes to the Financial Statements

29 EARNINGS PER UNIT

Basic earnings per Unit ("EPU") is based on:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Total return for the year after tax attributable to Unitholders and perpetual securities holders	476,811	476,439	326,815	258,804
Less: Total return for the year attributable to perpetual securities holders	(13,975)	(11,093)	(13,975)	(11,093)
Total return attributable to Unitholders	462,836	465,346	312,840	247,711

	Number of Units			
	Group		Trust	
	2022 '000	2021 '000	2022 '000	2021 '000
Weighted average number of Units:				
— outstanding during the year	2,871,774	2,845,301	2,871,774	2,845,301
— to be issued as payment of asset management fees payable in Units	29	40	29	40
	2,871,803	2,845,341	2,871,803	2,845,341

In calculating diluted earnings per Unit, the total return for the year after tax and weighted average number of Units in issue are adjusted to take into account the effect of all dilutive potential units, as set out below:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Total return for the year after tax attributable to Unitholders and perpetual securities holders	476,811	476,439	326,815	258,804
Less: Total return for the year attributable to perpetual securities holders	(13,975)	(11,093)	(13,975)	(11,093)
Total return attributable to Unitholders	462,836	465,346	312,840	247,711
Profit impact of conversion of the dilutive potential Units	—	1,156	—	1,156
Adjusted total return for the year after tax	462,836	466,502	312,840	248,867

Notes to the Financial Statements

29 EARNINGS PER UNIT (continued)

	Number of Units			
	Group		Trust	
	2022 '000	2021 '000	2022 '000	2021 '000
Weighted average number of Units used in calculation of basic earnings per Unit	2,871,803	2,845,341	2,871,803	2,845,341
Weighted average number of Units to be issued in relation to asset management fees and assuming conversion of bonds	10,704	44,589	10,704	44,589
Weighted average number of Units used in calculation of diluted earnings per Unit	2,882,507	2,889,930	2,882,507	2,889,930

30 OPERATING SEGMENTS

For the purpose of making resource allocation decisions and assessing segment performance, the Group's chief operating decision maker reviews internal/management reports of the Group's retail, office and convention business segments. The nature of the leases (lease of retail, office, convention or other space) is the factor used to determine the reportable segments. This forms the basis of identifying the operating segments of the Group under FRS 108 Operating Segments.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessing segment performance.

Unallocated items comprise mainly other income, net finance costs, trust-related income and expenses, changes in fair value of financial derivatives and share of profit of joint ventures.

Notes to the Financial Statements

30 OPERATING SEGMENTS (continued)

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

Information about reportable segments

	Singapore				Australia				United Kingdom	
	Convention	Retail		Office						
	Suntec Singapore $'000	Suntec Singapore $'000	Suntec City $'000	Suntec City $'000	177 Pacific Highway $'000	21 Harris Street $'000	55 Currie Street $'000	Olderfleet, 477 Collins Street $'000	The Minster Building $'000	Total $'000
2022										
Revenue	40,412	19,491	105,671	135,118	37,354	18,827	15,755	28,192	26,449	427,269
Property expenses	(29,117)	(4,659)	(27,170)	(27,362)	(6,540)	(3,946)	(5,030)	(5,933)	(1,761)	(111,518)
Reportable segment net property income	11,295	14,832	78,501	107,756	30,814	14,881	10,725	22,259	24,688	315,751
Change in fair value of investment properties	28,395	7,997	47,267	170,000	(9,116)	(9,022)	(13,264)	93	(63,230)	159,120
2021										
Revenue	11,390	15,002	85,864	130,675	42,752	16,519	16,599	26,721	12,547	358,069
Property expenses	(16,741)	(4,326)	(29,862)	(31,130)	(6,261)	(3,415)	(5,039)	(5,601)	(1,063)	(103,438)
Reportable segment net property income	(5,351)	10,676	56,002	99,545	36,491	13,104	11,560	21,120	11,484	254,631
Change in fair value of investment properties	29,467	5,787	31,109	57,920	73,741	4,203	(928)	24,787	(2,113)	223,973

Notes to the Financial Statements

30 OPERATING SEGMENTS (continued)

Reconciliation of reportable segment net property income

	Group	
	2022 $'000	2021 $'000
Total return		
Reportable segment net property income	315,751	254,631
Reconciling items:		
— Other income	8,097	14,860
— Net finance costs	(112,236)	(94,384)
— Asset management fees	(61,171)	(57,873)
— Other trust expenses	(5,956)	(6,204)
— Net change in fair value of financial derivatives	65,407	49,814
— Net change in fair value of investment properties	159,120	223,973
— Net gain from divestment of investment properties	—	13,891
— Net gain from divestment of joint venture	—	13,925
— Share of profit of joint ventures	144,856	102,908
Consolidated total return for the year before tax	513,868	515,541

31 COMMITMENTS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
(a) Capital commitments				
Loan facilities to joint ventures	545,501	545,833	545,501	545,833

(b) Investment properties comprise commercial properties that are leased to external customers. The Group has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Less than one year	331,752	332,509	223,690	210,165
One to two years	239,401	272,990	149,236	159,124
Two to three years	163,188	175,508	83,754	80,936
Three to four years	112,092	110,906	38,092	26,392
Four to five years	81,752	93,202	14,944	17,503
More than five years	240,448	346,984	5,868	7,591
Total	1,168,633	1,332,099	515,584	501,711

Notes to the Financial Statements

32 CONTINGENT LIABILITY

Pursuant to the tax transparency ruling from IRAS, the Trustee and the Manager have provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties that may be suffered by IRAS should IRAS fail to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with IRAS. The amount of indemnity, as agreed with IRAS, is limited to the higher of $500,000 or 1.0% of the taxable income of the Trust for the financial year. Each yearly indemnity has a validity period of the earlier of seven years from the relevant year of assessment and three years from the termination of the Trust.

33 FINANCIAL RATIOS

	Group		Trust	
	2022 %	**2021** %	**2022** %	**2021** %
Expenses to weighted average net assets[1]				
— including performance component of asset management fees	1.05	1.04	1.12	1.58
— excluding performance component of asset management fees	0.73	0.75	0.75	1.24
Portfolio turnover rate[2]	—	3.20	—	3.70

1 The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses, interest expense and income tax expense.

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

34 RELATED PARTIES

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

	2022 $'000	**2021** $'000
Group		
Acquisition fees paid/payable to the Manager	—	(6,660)
Divestment fees paid/payable to the Manager	—	(2,463)
Asset management fees paid/payable to a related corporation of the Manager	(3,357)	(3,185)
Investment management fees paid/payable to a related corporation of the Manager	(89)	(50)
Strategic advisor performance fees paid/payable to a related corporation of the Manager	—	(7,088)
Agency commission paid/payable to a related corporation of the Manager	(4,293)	(3,238)
Development management fees paid/payable to a related corporation of the Manager	(86)	(263)
Rental income received/receivable from an associate of the Manager	2,401	2,401
Rental income received/receivable from related corporations of the Manager	510	1,055
Rental income received/receivable from a close member of a key management personnel of the Manager	317	317
Property management fees paid/payable (including reimbursable) to related corporations of the Manager	(22,418)	(18,555)
Professional services fees paid/payable to related corporations of the Manager	(2,601)	(1,643)

Notes to the Financial Statements

34 RELATED PARTIES (continued)

	2022 $'000	2021 $'000
Trust		
Acquisition fees paid/payable to the Manager	—	(6,660)
Divestment fees paid/payable to the Manager	—	(2,463)
Agency commission paid/payable to a related corporation of the Manager	(2,957)	(2,770)
Rental income received/receivable from an associate of the Manager	2,428	2,401
Rental income received/receivable from related corporations of the Manager	—	378
Rental income received/receivable from a close member of a key management personnel of the Manager	317	317
Property management fees paid/payable (including reimbursable) to a related corporation of the Manager	(8,820)	(7,888)
Professional services fees paid/payable to related corporations of the Manager	(1,110)	(1,423)

35 SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- The Manager declared distribution of 1.990 cents per Unit in respect of the period from 1 October 2022 to 31 December 2022;
- 10,732,847 Units, amounting to $14.8 million, were issued as satisfaction of the base management fee for the period from 1 October 2022 to 31 December 2022 and performance management fee for the period from 1 January 2022 to 31 December 2022; and
- On 6 January 2023, the Trust received $570.0 million of loan repayment from its joint venture BFCDLLP. The Trust has utilised these proceeds from the loan repayment from BFCDLLP to prepay the Group's external borrowings of $564.0 million.

Statistics of Unitholders

As at 1 March 2023

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1–99	34	0.14	759	0.00
100–1,000	4,385	17.73	3,969,837	0.14
1,001–10,000	14,580	58.96	73,458,322	2.54
10,001–1,000,000	5,694	23.02	255,497,838	8.85
1,000,001 and above	37	0.15	2,553,753,904	88.47
TOTAL	**24,730**	**100.00**	**2,886,680,660**	**100.00**

There were 2,886,680,660 Units (voting rights: one vote per Unit) outstanding as 1 March 2023.

There is only one class of Units.

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Citibank Nominees Singapore Pte Ltd	933,290,650	32.33
2	DBS Nominees (Private) Limited	478,026,486	16.56
3	HSBC (Singapore) Nominees Pte Ltd	188,451,134	6.53
4	ARA Real Estate Investors 22 Pte Ltd	188,141,706	6.52
5	Raffles Nominees (Pte.) Limited	164,285,531	5.69
6	DBSN Services Pte. Ltd.	105,186,983	3.64
7	OCBC Securities Private Limited	105,103,528	3.64
8	ARA Real Estate Investors XIII Limited	88,816,553	3.08
9	DBS Vickers Securities (Singapore) Pte Ltd	78,466,239	2.72
10	United Overseas Bank Nominees (Private) Limited	49,518,781	1.72
11	Straits Real Estate Pte Ltd	40,085,800	1.39
12	DB Nominees (Singapore) Pte Ltd	21,294,363	0.74
13	PCK Corporation	13,649,414	0.47
14	Phillip Securities Pte Ltd	12,483,654	0.43
15	Sword Investments Private Ltd	11,914,000	0.41
16	OCBC Nominees Singapore Private Limited	8,913,153	0.31
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	7,836,100	0.27
18	IFAST Financial Pte. Ltd.	7,460,697	0.26
19	BPSS Nominees Singapore (Pte.) Ltd.	5,315,378	0.18
20	ABN Amro Clearing Bank N.V.	5,206,925	0.18
	Total	**2,513,447,075**	**87.07**

Statistics of Unitholders

SUBSTANTIAL UNITHOLDERS

As at 1 March 2023
As shown in the Register of Substantial Unitholders

Name of Substantial Unitholders	Number of Units Direct Interest	Number of Units Deemed Interest
ESR Group Limited (formerly known as ESR Cayman Limited) [1]	0	260,541,467
ARA Asset Management Limited [2]	0	260,541,467
ARA RE Investment Group (Singapore) Pte. Ltd. [3]	0	259,542,887
ARA Real Estate Investors 22 Pte. Ltd.	188,141,706	0
Tang Gordon @ Tang Yigang @ Tang Gordon [4]	224,180,227	0
Celine Tang @ Chen Huaidan @ Celine Tang [4]	231,412,894	0
Yang Chanzhen @ Janet Yeo [5,6]	198,363,400	57,095,100
Tang Jialin [5,7]	201,508,300	57,095,100

Notes:
1. ESR Group Limited (formerly known as ESR Cayman Limited) ("ESR") holds 100% interest in ARA Asset Management Limited ("ARA"). Accordingly, ESR is deemed to have an interest in the Units that ARA has a deemed Interest in.
2. ARA is the sole shareholder of the Manager and ARA RE Investment Group (Singapore) Pte. Ltd. ("ARA RIGS"). Accordingly, ARA is deemed to have an interest in the Units held by the Manager and Units that ARA RIGS has a deemed interest in.
3. ARA Real Estate Investors 22 Pte Ltd ("ARA 22") is a wholly owned subsidiary of ARA RIGS. Accordingly, ARA RIGS is deemed to have an interest in the Units held by ARA 22.
4. Mr Tang Gordon @ Tang Yigang @ Tang Gordon is the spouse of Madam Celine Tang @ Chen Huaidan @ Celine Tang. Mr Tang Gordon together with his spouse, Madam Celine Tang holds 34,615,200 Units in their joint account.
5. Mr Tang Jialin and Madam Yang Chanzhen @ Janet Yeo are entitled to exercise or control the exercise of not less than 20 per cent. of the voting rights of Senz Holdings Limited ("Senz"). They are therefore deemed interested in the Units held by Senz.
6. Madam Yang Chanzhen @ Janet Yeo holds 193,185,600 Units in the joint accounts with Mr Tang Jialin, and solely holds 5,177,800 Units.
7. Mr Tang Jialin holds 201,508,300 Units in the joint accounts with Madam Yang Chanzhen.

MANAGER'S DIRECTORS' UNITHOLDINGS

As at 21 January 2023
As shown in the Register of Directors' Unitholdings

Name	Number of Units Direct Interest	Number of Units Deemed Interest
Ms Chew Gek Khim	0	0
Mr Lim Hwee Chiang, John	3,000,000	1,000,000[1]
Mr Yap Chee Meng	0	0
Mr Chan Pee Teck Peter	0	0
Mrs Yu-Foo Yee Shoon	0	0
Mr Lock Wai Han	0	0
Mr Jeffrey David Perlman	0	0
Mr Chong Kee Hiong	0	0

Note:
1 Mr Lim Hwee Chiang, John is deemed to have an interest in 1,000,000 units of Suntec REIT held by Citibank Nominees Singapore Pte. Ltd. (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim is the settlor of JL Charitable Settlement.

FREE FLOAT

Based on information made available to the Manager as at 1 March 2023, approximately 66.5% of the Units are held in public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public. Rule 723 of the Listing Manual of SGX-ST has accordingly been complied with.

Additional Information

INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during the financial year under review, which fall within the Listing Manual of SGX-ST and the Property Fund Appendix (excluding transactions of less than $100,000 each) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under unitholders mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under unitholders mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$'000)
ARA Trust Management (Suntec) Limited	Suntec REIT Manager (the "Manager")	56,833	—
HSBC Institutional Trust Services (Singapore) Limited	Suntec REIT Trustee (the "Trustee")	1,870	—
ARA Management Pte Ltd	Associate of controlling shareholder of the Manager	1,277	—
APM Property Management Pte Ltd	Associate of controlling shareholder of the Manager	16,654	—
ARA Managers (Harmony) Pte Ltd	Associate of controlling shareholder of the Manager	3,357	—
APM Innovate Pte Ltd	Associate of controlling shareholder of the Manager	2,601	—
Suntec Singapore International Convention & Exhibition Services Pte Ltd	Associate of controlling shareholder of the Manager	9,975	—
APM Australia Pty Ltd	Associate of controlling shareholder of the Manager	2,085	—
ARA Dunedin Asset Management LLP	Associate of controlling shareholder of the Manager	1,196	—
Beeworks Pte. Ltd.	Associate of a Director of the Manager	823	—
ESR Australia Group	Associate of controlling shareholder of the Manager	1,114	—

For the purpose of the disclosure, the full contract sum was used when an interested person transaction had a fixed term and contract value, while the annual amount incurred and/or accrued was used when the contract had an indefinite term or where the total contract value was not specified.

Additional Information

FEES PAYABLE TO THE MANAGER

The Manager is committed to delivering value to the stakeholders of Suntec REIT, in addition to its key responsibilities of managing and maintaining the long-term interest of all Unitholders.

The Manager is entitled to the following fees for the management of Suntec REIT, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management, marketing and investor relations:

(1) a base fee of 0.3% per annum of the value of the properties of Suntec REIT (as defined under Clause 15.1.1 of the Trust Deed). Pursuant to Clause 15.1.4 of the Trust Deed, the base fee is paid monthly or quarterly, in arrears, in the form of cash and/or Units, as the Manager may elect. The Base Fee, which is based on a fixed percentage of the value of the assets of the Trust, is to commensurate with the complexity and efforts required of the Manager in managing Suntec REIT.

(2) a performance fee equal to 4.5% per annum of the Net Property Income of Suntec REIT or any special purpose vehicles for each financial year (each as defined under Clause 15.1.2 in the Trust Deed). The performance fee is paid in the form of cash and/or Units, as the Manager may elect. The performance fee methodology is reflective of the alignment of interests between the Manager and the Unitholders in incentivising the Manager to drive higher income yields for Suntec REIT. The Manager is incentivised to review the growth potential of the assets in the portfolio and improve the long-term performance of such assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive management including undertaking effective leasing strategies and asset enhancement/repositioning initiatives and achieving cost efficiencies.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore dated 1 January 2016 (the "CIS Code"), crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from FY 2016, the Performance Fee payable in the form of Units and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

In addition, the Manager is entitled to an acquisition fee[1] which is paid in cash after the completion of an acquisition. The Manager is also entitled to a divestment fee[1] which is paid in cash after the completion of a divestment. Details of the fee structure of the acquisition fee and divestment fee are set out in Note 1 to the Financial Statements herein (and Clause 15.2.1 of the Trust Deed). The acquisition fee and divestment fee payable to the Manager are to recognise the Manager's efforts in actively seeking potential opportunities to acquire new properties and/or in unlocking the underlying value of existing properties within its asset portfolio through divestments to optimise returns to the Unitholders. The Manager provides these services over and above the provision of ongoing management services with an aim to generate long-term benefits for the Unitholders.

Note:

1 In the case of an interested party transaction, the fee is paid in the form of Units at the prevailing marketing price and such Units should not be sold within one year from their date of issuance as stipulated in the CIS Code.

Additional Information

MANAGER'S MANAGEMENT FEES PAID IN UNITS

A summary of Units issued for payment of the Manager's management fees (part payment) in respect of the financial year are as follows:

For Period	Issue Date	Units	Issue Price[1] S$	Total Value S$'000
Base Management Fees				
1 January 2022 to 31 March 2022	26 April 2022	2,621,575	1.7267	4,527
1 April 2022 to 30 June 2022	27 July 2022	2,780,927	1.6308	4,535
1 July 2022 to 30 September 2022	26 October 2022	2,903,018	1.5588	4,525
1 October 2022 to 31 December 2022	20 January 2023	3,384,511	1.3817	4,677
Performance Management Fees				
1 January 2022 to 31 December 2022	20 January 2023	7,348,336	1.3817	10,153
				28,417

Note:

1 Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fees accrued.

SUBSCRIPTION OF UNITS

As at 31 December 2022, an aggregate of 2,875,947,813 Units were in issue. On 20 January 2023, Suntec REIT issued 3,384,511 and 7,348,336 Units to the Manager as base fees for the period from 1 October 2022 to 31 December 2022 and performance fees for the period from 1 January 2022 to 31 December 2022 respectively.

NON-DEAL ROADSHOW EXPENSES

Non-deal roadshow expenses of S$6,900 were incurred during the year ended 31 December 2022.

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

Group	2022 ($'000)
Total Operating Expenses, including all fees, charges and reimbursables paid to the Manager and interested parties[(1),(2)]	230,194
Net Assets	6,584,119
Percentage of total operating expenses to net assets attributable to Unitholders	3.5%

Notes:

(1) Excludes finance costs, amortisation of intangible asset, net grant (income)/expense and exceptional item(s).

(2) Includes one-third interest in One Raffles Quay Pte. Ltd, one-third interest in BFC Development LLP, 66.3% interest in Harmony Convention Holding Pte Ltd, 50.0% interest in Southgate Complex, 50.0% interest in Olderfleet, 477 Collins Street and 50.0% interest in Nova Properties.

Corporate Directory

TRUSTEE
Registered Address
HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard #48-01
Marina Bay Financial Centre Tower 2
Singapore 018983

Mailing Address
HSBC Institutional Trust Services (Singapore) Limited
20 Pasir Panjang Road (East Lobby) #12-21
Mapletree Business City
Singapore 117439
Telephone: +65 6658 6667

MANAGER
Registered Address
ARA Trust Management (Suntec) Limited
5 Temasek Boulevard #12-01
Suntec Tower Five
Singapore 038985
Telephone: +65 6835 9232
Facsimile: +65 6835 9672
Email: enquiry@suntecreit.com

DIRECTORS OF THE MANAGER
Chew Gek Khim PJG
Chairman and Non-Executive Director

Lim Hwee Chiang, John PBM
Non-Executive Director

Yap Chee Meng
Lead Independent Non-Executive Director

Chan Pee Teck, Peter
Independent Non-Executive Director

Yu-Foo Yee Shoon
Independent Non-Executive Director

Lock Wai Han
Independent Non-Executive Director

Jeffrey David Pearlman
Non-Executive Director

Chong Kee Hiong
Chief Executive Officer and Executive Director

AUDIT AND RISK COMMITTEE
Yap Chee Meng
Chairman

Chan Pee Teck, Peter
Member

Yu-Foo Yee Shoon
Member

Lock Wai Han
Member

COMPANY SECRETARIES OF THE MANAGER
Low Mei Mei, Maureen
Chiang Wai Ming

LEGAL ADVISER
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989
Telephone: +65 6890 7188
Facsimile: +65 6327 3800

UNIT REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: +65 6536 5355
Facsimile: +65 6536 1360

AUDITOR OF THE TRUST
KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961
Telephone: +65 6213 3388
Facsimile: +65 6225 0984

(Partner-in-charge: Ronald Tay Ser Teck)
(Appointed since Financial Year 2021)

STOCK EXCHANGE QUOTATION
BBG: SUN SP Equity
RIC: SUNT.SI

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

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

5 Temasek Boulevard
#12-01 Suntec Tower Five
Singapore 038985
Tel: (65) 6835 9232
Fax: (65) 6835 9672

www.suntecreit.com

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