

Annual Report 2015

SUNTEC
REAL ESTATE
INVESTMENT
TRUST



Sustaining the Momentum

OUR MISSION

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

About Suntec REIT

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

As at 31 December 2015, Suntec REIT's portfolio comprises office and retail properties in Suntec City, a 60.8 percent interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay and a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall and a 30.0 per cent interest in Park Mall, all strategically located in the growth corridors of Marina Bay and the Civic and Cultural District within Singapore's Central Business District. Suntec REIT also holds a 100.0 percent interest in a commercial building located at 177 Pacific Highway, North Sydney Australia which is currently under development.

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

About ARA Trust Management (Suntec) Limited

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA"), an integrated real estate fund manager in Asia which is listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2007.

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

Established in 2002, to date it has over 1,200 professionals in 15 cities managing total assets of approximately S\$30 billion.

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

Contents

01	About Suntec REIT	21	Manager's Report
08	Year In Review	26	Property Portfolio
10	Chairman's Report	45	Independent Market Report
12	Financial Highlights	48	Investor Communications
13	Unit Performance	49	Corporate Governance
14	Board Of Directors	63	Financial Contents
18	Management Team		



Forging Ahead in Unison

Akin to an athlete's pursuit of excellence, Suntec REIT continues to forge ahead in unison towards its mission of delivering premium value to our stakeholders.



Determination & Focus

With a highly committed and experienced team aligned in purpose and teamwork, we are focused and driven to deliver a strong performance for our unitholders.



Timely Execution

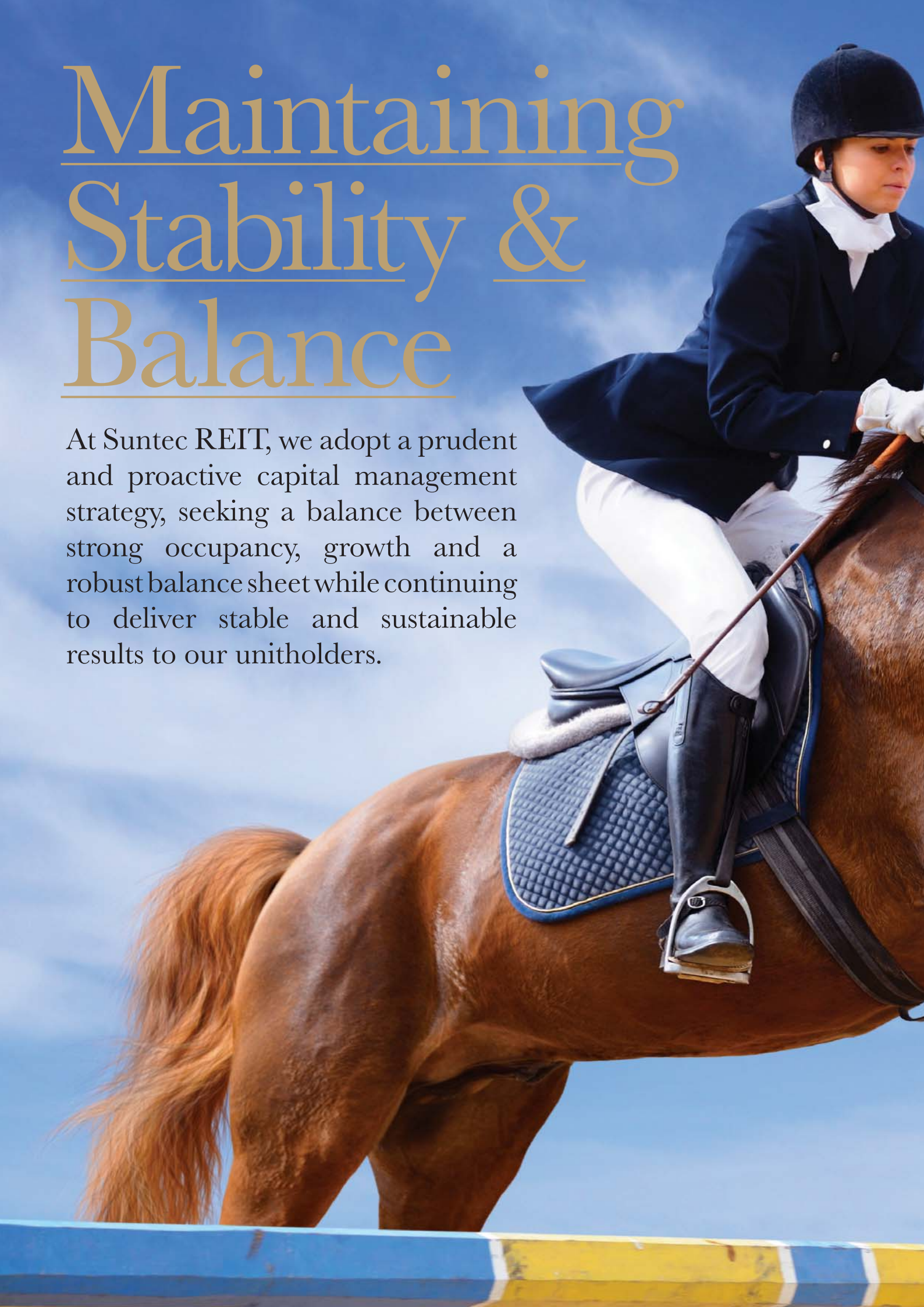


Having the agility to be a step ahead is crucial to what we do. From proactive asset management to implementing asset enhancement initiatives and seeking acquisition growth, our timing and nimbleness enable us to capitalise on opportunities.



Maintaining Stability & Balance

At Suntec REIT, we adopt a prudent and proactive capital management strategy, seeking a balance between strong occupancy, growth and a robust balance sheet while continuing to deliver stable and sustainable results to our unitholders.





Year In Review



January 2015

- Achieved distributable income of S\$64.6 million for the period 1 October 2014 to 31 December 2014. Distribution per unit ("DPU") for the quarter amounted to 2.577 cents.

April 2015

- Unitholders approved all resolutions tabled at Suntec REIT's annual general meeting held on 15 April 2015.
- Achieved distributable income of S\$56.0 million for the period 1 January 2015 to 31 March 2015. DPU for the quarter amounted to 2.230 cents.

June 2015

- Completion of Suntec City Phase 3.
- Suntec REIT divested Park Mall and entered into a joint venture for redevelopment.

July 2015

- Achieved distributable income of S\$62.9 million for the period 1 April 2015 to 30 June 2015. DPU for the quarter amounted to 2.500 cents.

October 2015

- Achieved distributable income of S\$63.6 million for the period 1 July 2015 to 30 September 2015. DPU for the quarter amounted to 2.522 cents.
- Official opening of Suntec City.



Assets Under Management:

S\$9.3 billion

Distributable Income:

S\$252.0 million

Office Committed Occupancy:

99.3%

Retail Committed Occupancy:

97.9%

November 2015

- Issued S\$105 million medium term notes under the S\$1.5 billion Euro Medium Term Note Programme.
- Acquired three floors of strata office space in Suntec City for S\$101.6 million.

December 2015

- Completed the divestment of Park Mall.
- Assets under management increased to S\$9.3 billion.

Chairman's Report



Dear Unitholders,

On behalf of the Board of ARA Trust Management (Suntec) Limited, the manager of Suntec REIT (the "Manager"), it is my pleasure to present to you the annual report of Suntec REIT for the financial year ended 31 December 2015 ("FY 2015").

2015 marked another significant year for Suntec REIT. During the year, we completed the S\$410 million asset enhancement initiative at Suntec City. The "new" Suntec City is a more vibrant and exciting shopping and entertainment destination with diverse retail offerings and attractions appealing to locals and tourists alike. As part of our proactive asset management strategy, we divested Park Mall for S\$411.8 million and invested the proceeds in a joint venture company of which Suntec REIT has a 30% interest; to redevelop the property into a new commercial development.

Our assets under management have further grown from S\$8.8 billion in 2014 to S\$9.3 billion as at end December 2015.

Since Suntec REIT's public listing on 9 December 2004, we have delivered a total distribution per unit ("DPU") of 103.5 cents and a total return of 158.5%. As we embark on our second decade, we will continue to ride on this growth momentum, remaining disciplined and steadfast in our mission of delivering stable and sustainable distributions to our unitholders.

Robust Financial And Operating Performance For FY2015

For the year ended 31 December 2015, I am pleased to report that Suntec REIT's gross revenue and net property income of S\$329.5 million and S\$229.2 million were 16.7% and 19.6% higher year-on-year respectively. This was mainly due to the opening of Phases 2 & 3 of Suntec City mall and higher contribution from Suntec Singapore. The distributable income from operations of S\$233.0 million was 6.0% higher year-on-year which was mainly due to the higher net property income attained from the opening of Phases 2 and 3 and higher contribution from Suntec Singapore. Including the capital distribution of S\$19.0 million, the total distributable income of S\$252.0 million was 9.4% higher year-on-year. The DPU attained for FY 2015 was 10.002 cents, 6.4% higher year-on-year.

I am also pleased to report that the committed occupancy of our office and retail portfolios stood at 99.3% and 97.9% respectively as at 31 December 2015.

Prudent And Proactive Capital Management

Suntec REIT remains focused on our key strategies of prudent and proactive capital management. Our balance sheet remains strong, with total debt at approximately S\$3.2 billion. The all-in financing cost for FY 2015 was 2.71% and our gearing ratio stood at 35.8% as at 31 December 2015.

“Since Suntec REIT’s public listing on 9 December 2004, we have delivered a total distribution per unit (“DPU”) of 103.5 cents and a total return of 158.5%. As we embark on our second decade, we will continue to ride on this growth momentum, remaining disciplined and steadfast in our mission of delivering stable and sustainable distributions to our unitholders.”

Remaking Of Suntec City

I am pleased to report that we have completed the three-year long, S\$410 million remaking of Suntec City with the opening of Phase 3 in June 2015. We were honoured to have Minister Tan Chuan-Jin grace the official opening ceremony on 22 October 2015. We have transformed the iconic Suntec City into a more exciting shopping and Meetings, Incentives, Conferences and Exhibitions (MICE) destination. Suntec City is indeed a city for everyone. Notwithstanding the headwinds in the retail industry, I am pleased to report that we have achieved a committed occupancy of 98.0% for the newly completed Suntec City mall. Following the completion of its asset enhancement initiative and modernisation programme, Suntec Singapore has resumed its position at the forefront of the MICE industry and hosted over 1,300 events and welcomed more than 3.5 million visitors in 2015.

In July 2015, we launched Suntec Rewards, Suntec City’s new cardless loyalty programme which rewards members with e-vouchers for their spending at Suntec City. Through collaborations with retailers, Suntec Rewards brings exciting shopping and dining perks with additional privileges to enhance the shopping experience, making shopping at Suntec City more fun and rewarding.

Proactive Asset Management

In line with Suntec REIT’s proactive approach in reviewing and evaluating asset plans of its portfolio, Park Mall was divested for S\$411.8 million. Park Mall was purchased at a cost of S\$245.1 million. This divestment will enable Suntec REIT to realise the value of the almost 50 year old property and drive value creation via its 30% interest in the joint venture through the redevelopment of the property into a new commercial development. The redevelopment will unlock the underlying value of the property by further enhancing the gross floor area of the site.

I am also pleased to report that in November, we acquired three floors of Suntec strata office space amounting to approximately 38,000 sq ft, increasing Suntec REIT’s interest in Suntec City Office Towers to 1.3 million sq ft.

The construction of 177 Pacific Highway in North Sydney, Australia is on-track and we look forward to unveiling the 31-storey A-grade state-of-the-art commercial tower by the second half of 2016.

Looking Ahead

The Singapore economy is expected to improve modestly in 2016, with the Ministry of Trade and Industry estimating GDP growth to be between 1% to 2% amidst a challenging global economic environment. Despite the headwinds, with our strong fundamentals, Suntec REIT is well positioned to meet the challenges ahead.

In Appreciation

I would like to thank the Board of Directors for their valuable contribution and management team for their dedication in delivering another year of strong performance. Last but not least, I would like to extend my sincere appreciation to our unitholders, tenants, business partners and stakeholders for their continued trust and valuable support.

Chew Gek Khim

Chairman and Non-Executive Director
1 March 2016

Financial Highlights

CONSOLIDATED STATEMENT OF TOTAL RETURN FOR THE FINANCIAL YEAR

	2015	2014
Gross Revenue	S\$329.5m	S\$282.4m
Net Property Income	S\$229.2m	S\$191.6m
Income Contribution From Joint Ventures ¹	S\$96.1m	S\$106.5m
Distributable Income	S\$252.0m	S\$230.3m
– from operations	S\$233.0m	S\$219.8m
– from capital	S\$19.0m	S\$10.5m
Distribution Per Unit ("DPU")	10.002¢	9.400¢
– from operations	9.249¢	8.980¢
– from capital	0.753¢	0.420¢

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 DEC 2015	31 DEC 2014
Investment Properties	S\$5,799.9m	S\$5,947.5m
Interest In Joint Ventures ²	S\$2,456.6m	S\$2,372.9m
Total Assets	S\$8,965.0m	S\$8,602.0m
Debt at Amortised Cost	S\$3,212.7m	S\$2,980.7m
Total Liabilities	S\$3,402.3m	S\$3,183.6m
Unitholders' Funds	S\$5,444.0m	S\$5,305.4m
Net Asset Value Per Unit	S\$2.154	S\$2.117
Debt-to-Asset Ratio ³	35.8%	34.7%

Notes:

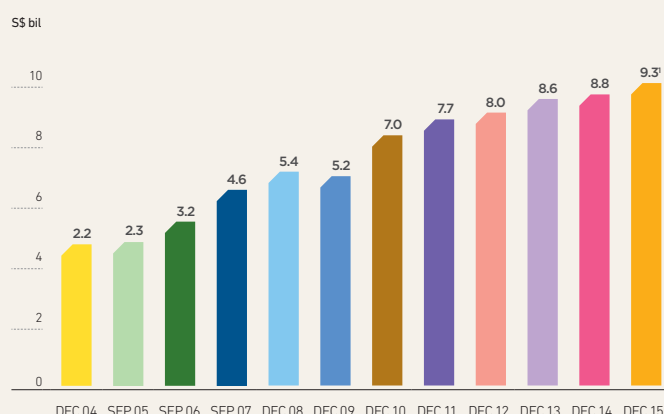
¹ Arising from the acquisition of a one-third interest in One Raffles Quay through the purchase of the entire issued share capital of Comina Investment Limited in 2007 and the acquisition of a one-third interest in the Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall through the purchase of one-third interest in BFC Development LLP in 2010.

² Refers to the one-third interest in One Raffles Quay Pte Ltd, one-third interest in BFC Development LLP and 30.0% interest in Park Mall Investment Limited which relates to the divestment and subsequent joint venture redevelopment of Park Mall which was completed on 22 December 2015.

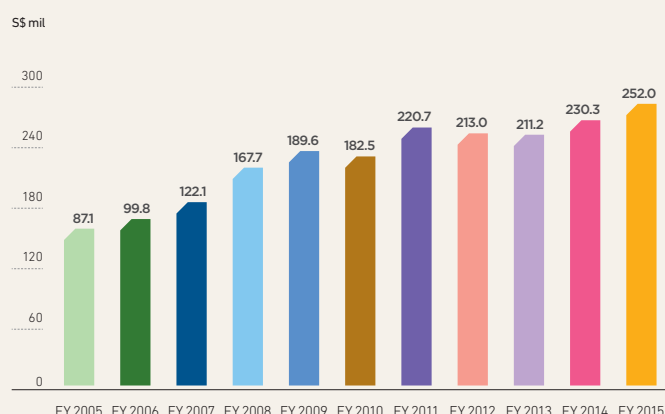
³ Based on debt at amortised cost. Suntec REIT's "Aggregate Leverage Ratio", which refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of joint ventures and deferred payments (if any)) to the value of the Deposited Property in accordance with Appendix 6 on the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "Property Funds Appendix") was 37.1% and 35.5% as at 31 December 2015 and 31 December 2014 respectively.

Strong Growth And Performance Track Record Since Listing

Assets Under Management



Distributable Income



Note:

¹ Includes carrying value of S\$371.8 million for 177 Pacific Highway.

Unit Performance

UNIT PERFORMANCE AS AT ¹	2015	2014	2013	2012	2011
Last Done Unit Price	S\$1.550	S\$1.960	S\$1.540	S\$1.675	S\$1.075
Highest Unit Price	S\$2.000	S\$1.975	S\$2.000	S\$1.675	S\$1.630
Lowest Unit Price	S\$1.470	S\$1.535	S\$1.465	S\$1.095	S\$1.065
Market Capitalisation ² (m)	S\$3,908	S\$4,904	S\$3,489	S\$3,765	S\$2,391
Traded Volume for the Financial Year (m)	1,582	2,282	2,161	1,591	1,664

Notes:
¹ Unit performance statistics are for the financial years ended 31 December.

² Based on 2,225 million units, 2,248 million units, 2,265 million units, 2,502 million units and 2,521 million units in issue as at 31 December 2011, 2012, 2013, 2014 and 2015 respectively.

COMPARATIVE YIELD STATISTICS FOR THE FINANCIAL YEAR (%)	2015	2014	2013	2012	2011
Traded Yield (based on DPU ¹)	6.45	4.80	6.06	5.67	9.24
Singapore Government 10-Year Bond ²	2.60	2.28	2.56	1.30	1.63

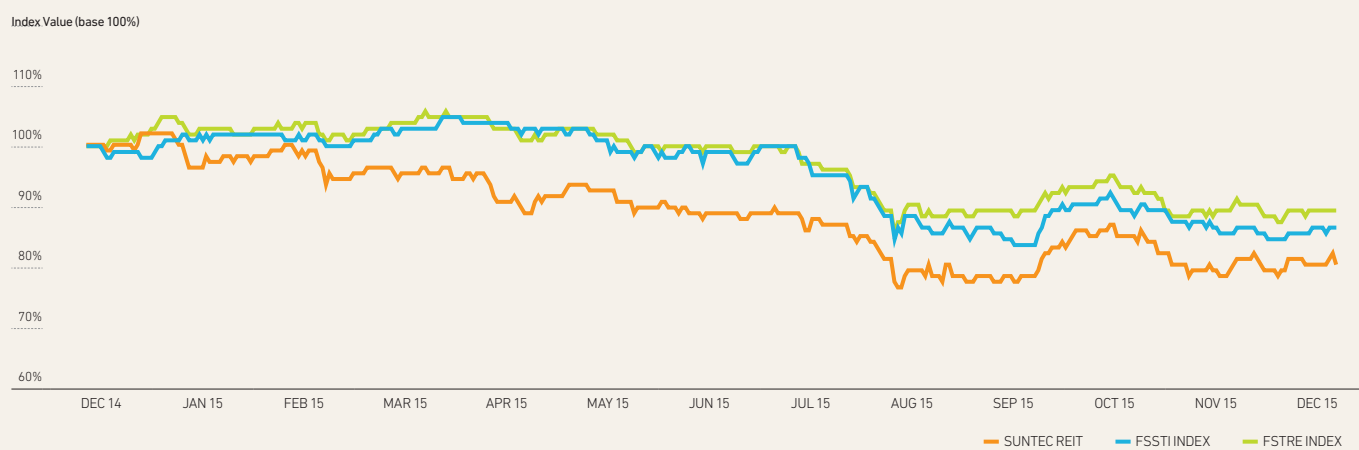
Notes:
¹ Based on the last done unit price (as stated in the table above) and the full year DPU based on the period from 1 January to 31 December. Calculations were based on a DPU of 9.93 cents, 9.49 cents, 9.33 cents, 9.40 cents and 10.002 cents for FY 2011, FY 2012, FY 2013, FY 2014 and FY 2015 respectively.

² As at 31 December for the respective financial years.

As at 31 December 2015, Suntec REIT's unit price stood at S\$1.55, with a market capitalization of S\$3.9 billion. Suntec REIT's FY 2015 DPU yield of 6.45% has also outperformed the Singapore Government 10-year bond yield at 2.60%. As at end FY 2015, Suntec REIT unitholders would have achieved a total return of 158.5% since listing. As one of Singapore's most liquid listed REITs, the overall traded volume was 1,582 million units for the 12 months ended 31 December 2015.

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

Relative Performance Indices For The Financial Year 2015



Board of Directors

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Chew Gek Khim**CHAIRMAN AND NON-EXECUTIVE DIRECTOR**

Ms Chew Gek Khim joined the Board on 21 January 2014 and was appointed Chairman on 17 April 2014. She has been the Chairman of The Straits Trading Company Limited since 24 April 2008, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009.

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

Ms Chew is also Deputy Chairman of the Tan Chin Tuan Foundation in Singapore and Chairman of the Tan Sri Tan Foundation in Malaysia. She is a member of the Securities Industry Council of Singapore, the SSO Council and Board of Governors of S. Rajaratnam School of International Studies. Ms Chew graduated from the National University of Singapore in 1984 and is a lawyer by training. She was awarded the *Chevalier de l'Ordre National du Mérite* in 2010 and Singapore Businessman of the Year 2014 in 2015.

/2

Lim Hwee Chiang, John**NON-EXECUTIVE DIRECTOR**

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

Mr Lim has more than 30 years of experience in the real estate industry, and has received many notable corporate awards. These include the Ernst & Young Entrepreneur Of the Year Singapore 2012, Ernst & Young Entrepreneur Of the Year – Financial Services 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012. Mr Lim, along with the Board of Directors of ARA, is also a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012.

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

/3

Chen Wei Ching, Vincent**LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR**

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

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

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

Board of Directors

4



4

Lim Lee Meng

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Mr Lim Lee Meng is an Independent Director and member of the audit committee of the Manager. He joined the Board on 28 October 2004. He is currently a Senior Partner (non-practicing) of RSM Chio Lim LLP, a member firm of RSM International. Mr Lim is also an Independent Director of Teckwah Industrial Corporation Ltd, Tye Soon Ltd, ARA Asset Management (Fortune) Limited and ARA-CWT Trust Management (Cache) Limited. He also serves as the Chairman of the audit committee of Teckwah and the manager of Fortune REIT.

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Mr Lim is an associate member of the Institute of Chartered Secretaries and Administrators and a member of the Singapore Institute of Directors. He is also the Chairman of the finance committee of Ang Mo Kio Town Council, the vice-chairman of the School Advisory Committee of River Valley High School, a member of the Appeal Panel of the Monetary Authority of Singapore (MAS) and a member of the Grant Appeal Advisory Panel of SPRING Singapore. Mr Lim is also the advisor to the Department of Commerce of the Jiangsu Province, China.

Mr Lim graduated from the Nanyang University of Singapore with a Bachelor of Commerce (Accountancy) degree in May 1980. He also has a Master of Business Administration degree from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore (1989) and an ICSA qualification from the Institute of Chartered Secretaries and Administrators.

5

Tan Kian Chew**INDEPENDENT NON-EXECUTIVE
DIRECTOR**

Mr Tan Kian Chew is an Independent Director and member of the audit committee and designated committee of the Manager. He joined the Board on 28 October 2004 and stepped down as Lead Independent Director and Chairman of the audit committee on 17 April 2014. Mr Tan is currently the Chief Executive Officer of the Singapore Labour Foundation, Director of CapitaLand Mall Trust Management Limited and Chairman of the Centre for Seniors. In the preceding three years, Mr Tan was the Group Chief Executive Officer of NTUC Fairprice Co-operative Limited and Director of The Consumer Goods Forum (Paris).

Mr Tan served in the Republic of Singapore's Navy from 1975 to 1983 and held the position of head of naval operations from 1980 to 1983. He left the Navy to join the Singapore Government's elite Administrative Service in 1983 and served in the Ministry of Trade and Industry. At that time he was also appointed to the board of directors of NTUC Fairprice Co-operative Ltd. In 1988, he was posted to the Prime Minister's Office where he served as the Principal Private Secretary to the then Deputy Prime Minister, Mr Ong Teng Cheong.

Mr Tan left the Administrative Service to join NTUC FairPrice in 1992 as its Assistant General Manager and was subsequently promoted to Chief Executive Officer in 1997. Mr Tan obtained an Honours degree (First Class) in Mechanical Engineering from the University of Aston in Birmingham, UK. He also completed the Advance Management Program at Harvard University in 2000.

Mr Tan was awarded a SAF (Overseas) Scholarship in 1972 and was a recipient of Singapore Public Administration Medal (Silver) in 1991. Mr Tan received the NTUC May Day Award – Medal of Commendation (Gold) in 2014.

6

Chow Wai Wai, John**NON-EXECUTIVE
DIRECTOR**

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

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

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

7

Yeo See Kiat**CHIEF EXECUTIVE OFFICER AND
EXECUTIVE DIRECTOR**

Mr Yeo See Kiat joined the Board on 25 January 2006. Mr Yeo is currently a Director of One Raffles Quay Pte. Ltd., Suntec Harmony Pte. Ltd. and Park Mall Pte. Ltd. Mr Yeo is also a Partners' Representative of BFC Development LLP.

Mr Yeo has more than 30 years of experience in the real estate industry, managing and overseeing various joint-venture projects with Hwa Hong Corporation Limited, The Wharf Group, Parkway Holdings Limited and CapitaLand Limited. He has held senior management positions over the last 25 years. Mr Yeo began his career in Turquand Young (now Ernst & Young) and was with the firm from 1976 to 1980.

Mr Yeo holds a Bachelor of Accountancy degree from the University of Singapore and a Graduate Diploma in Management Studies from the Singapore Institute of Management. He is also a Fellow of the Institute of Singapore Chartered Accountants.

ARA Trust Management (Suntec) Limited

Management Team



Yeo See Kiat

CHIEF EXECUTIVE OFFICER

Mr Yeo See Kiat is responsible for the performance and direction of Suntec REIT. He leads his team of managers to achieve the key mission of creating, adding and delivering premium value to all stakeholders of Suntec REIT.

With single-minded focus, he leads and supports his team of experienced professionals with a passion and drive to deliver.

Mr Yeo's experience is highlighted in the section on the Board of Directors.

Low Poh Choo

SENIOR FINANCE DIRECTOR

Ms Low heads the finance team and assists the Chief Executive Officer on all finance, treasury and capital management functions for Suntec REIT.

Prior to joining the Group, Ms Low was vice president of global financial markets (asset backed structured products) at DBS Bank Ltd from 2003 to 2006. She was with the REIT origination team, where she evaluated, advised, structured and marketed various primary and secondary REIT offerings. Ms Low began her career as an equity analyst and has 17 years of experience in the field, including 11 years as a specialist in the real estate sector.

Ms Low holds a Bachelor of Arts from the University of California, Berkeley, USA.



Left to right

- | | |
|--------------------|---------------------|
| 1. Ang Guo Dong | 9. Low Poh Choo |
| 2. Priscilla Ng | 10. Ng Ee San |
| 3. Melissa Chow | 11. Lynn Lee |
| 4. Tan Cheng Cheng | 12. Janice Phoon |
| 5. Lim Kim Loon | 13. Chan Chuey Leng |
| 6. Kenny Tan | 14. Elaine Leong |
| 7. Raymond Ong | 15. Nicholas Cher |
| 8. Yeo See Kiat | |

Raymond Ong

DIRECTOR, SPECIAL PROJECTS

Mr Ong assists the Chief Executive Officer on acquisitions, projects, operations 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 Centrepont 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.

Ng Ee San

FINANCE DIRECTOR

Ms Ng is a member of the Finance team, responsible for the finances of Suntec REIT and provides support in areas of secretariat compliance, taxation and treasury.

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

Ms Ng holds a Bachelor of Accountancy (Accounting) Degree from Nanyang Technological University, Singapore, and is a Chartered Accountant.

Lynn Lee

ASSISTANT FINANCE DIRECTOR

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

Ms Lee has more than 15 years of experience in accounting and finance. Prior to joining the Manager, she was the Senior Manager of Wheelock Properties (S) Limited where she was responsible for the finance operations of its group of companies. She was also

previously an Assistant Finance Manager at Banyan Tree Holdings Limited and had held various positions with The Hour Glass Limited and PricewaterhouseCoopers LLP.

Ms Lee holds an ACCA Certificate (UK) and is a Chartered Accountant.

Janice Phoon

ASSISTANT DIRECTOR, ASSET MANAGEMENT

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

Ms Phoon has more than 18 years of experience in marketing and leasing. Prior to joining the Manager, she was the Assistant Marketing Manager of Riverwalk Promenade Pte Ltd where she played a key role in marketing and leasing the TradeMart Singapore complex.

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

Chan Chuey Leng

ASSISTANT DIRECTOR, ASSET MANAGEMENT

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

Ms Chan has more than 15 years of experience in marketing and leasing of commercial, retail, industrial and residential properties. Prior to joining the Manager, she was the Marketing and Leasing Manager at Cathay Cineleisure International Pte Ltd. She was previously the Assistant Marketing Manager with Tuan Sing Holdings Limited and prior to that, was the Assistant Marketing Manager with Riverwalk Promenade Pte Ltd.

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

Lim Kim Loon

MANAGER, ASSET MANAGEMENT

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

Ms Lim has over 18 years of real estate experience in areas of property management and maintenance, marketing and lease

Management Team

management of commercial and retail properties. Prior to joining the Manager, she was with CapitaLand Retail Management Pte Ltd where she was responsible for the day-to-day management of a shopping mall.

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

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

Nicholas Cher

MANAGER, ASSET MANAGEMENT

Mr Nicholas Cher is a member of the Asset Management team. He is responsible for the performance of both retail and office assets in Suntec City.

Prior to joining the Manager, his 6 years in the Singapore public service covered various portfolios, including land matters. He holds Bachelor and Masters degrees in Biomedical Engineering from Johns Hopkins University, and a Master of Science in Finance from the Singapore Management University.

Kenny Tan

MANAGER, SPECIAL PROJECTS

Mr Kenny Tan is a member of the Projects team, responsible for asset enhancement work and overseeing the operations of the asset portfolio of Suntec REIT. With more than 18 years of experience in the building construction industry, he was involved in numerous commercial, retail, industrial, institutional and residential projects.

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

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

Tan Cheng Cheng

FINANCE MANAGER

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

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

Ms Tan holds an ACCA Certificate (UK) and is a Chartered Accountant.

Melissa Chow

MANAGER, INVESTOR RELATIONS

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

Ms Chow has over 6 years of experience in the field of investor relations. Prior to joining the Manager, she was an investor relations associate at Oxley Group where she managed the communication channels between the private equity firm and the investment community.

At Kaiiten Communications, she managed the investor relations function for several Singapore and China-based companies listed on the Singapore Stock Exchange.

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

Elaine Leong

ASSISTANT FINANCE MANAGER

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

Ms Leong has over 6 years of experience in accounting and finance. Prior to joining the Manager, she was the Accountant at Mapletree Investments Pte Ltd where she was responsible for the finance operations of its commercial property subsidiaries. She was also previously an Auditor with KPMG LLP.

Ms Leong holds a Bachelor of Business Management (Finance and Accounting) Degree from Singapore Management University and an ACCA Certificate (UK).

Manager's Report

Year In Review

Suntec REIT achieved a distributable income of S\$252.0 million and distribution per unit ("DPU") of 10.002 cents for the financial year ended 31 December 2015 ("FY 2015"). In FY 2015, Suntec REIT completed the major asset enhancement initiatives ("AEI") at Suntec City with the opening of Phase 3 in June. During the same month, Suntec REIT divested Park Mall for S\$411.8 million¹ and invested in a joint venture company of which it has a 30% interest to redevelop the property into a new commercial development. In November, Suntec REIT acquired three floors of strata office in Suntec City.

As at end FY 2015, Suntec REIT's assets under management ("AUM") has grown to approximately S\$9.3 billion², underpinned by a strong 2.4 million sq ft of prime office and 1.0 million sq ft of retail portfolio strategically-located in the heart of Singapore's Central Business District.

Financial Performance

Suntec REIT achieved gross revenue of S\$329.5 million in FY 2015 which was 16.7% higher compared to the corresponding period in 2014 ("FY 2014"). Office revenue in FY 2015 was S\$137.8 million, an increase of 2.4% year-on-year, due to positive rental reversions. The retail revenue of S\$128.4 million was 30.6% higher than in FY 2014, due to the completion of Phases 2 and 3 of the asset enhancement works at Suntec City.

In terms of revenue contribution by asset, Suntec City contributed S\$218.1 million in gross revenue in FY 2015 whilst Park Mall contributed S\$23.5 million. Suntec Singapore revenue contribution in FY 2015 was S\$87.9 million.

The net property income achieved in FY 2015 was S\$229.2 million, 19.6% higher compared to FY 2014. This was mainly due to the opening of Suntec City Phases 2 and 3 and higher contribution from Suntec Singapore.

The income contribution from the joint ventures for FY 2015 was S\$96.1 million. This comprised the income contribution of S\$26.1 million from the one-third interest in One Raffles Quay and S\$69.9 million from the one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (the "MBFC Properties").

Suntec REIT achieved a distributable income of S\$252.0 million in FY 2015, an increase of 9.4% year-on-year. This was on the back of the completion of Phases 2 and 3 of the asset enhancement works at Suntec City, higher contribution from Suntec Singapore and income received from 177 Pacific Highway in North Sydney which is currently under development. The DPU achieved for FY 2015 amounted to 10.002 cents, which translated to an annual yield of 6.45%³ for the year.

Notes:

¹ Based on the valuation of Park Mall as at 31 December 2014.

² Includes carrying value of S\$371.8 million for 177 Pacific Highway.

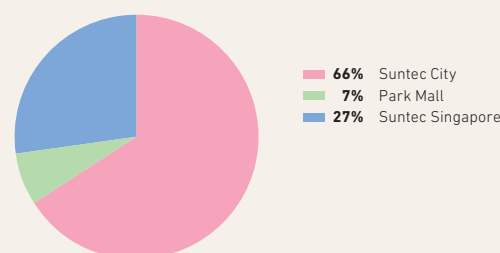
³ Based on the market closing price of S\$1.55 as at 31 December 2015.

⁴ Based on the valuation as at 29 October 2015.

CENTS	FY 2015	FY 2014
Distribution Per Unit	10.002	9.400
- from operations	9.249	8.980
- from capital	0.753	0.420

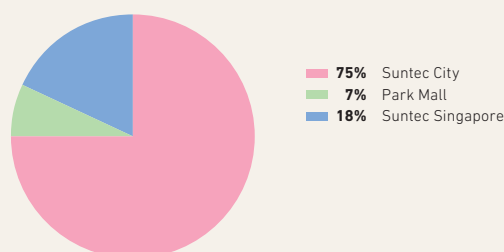
Gross Revenue

Contribution By Asset (FY 2015)



Net Property Income

Contribution By Asset (FY 2015)



Property Portfolio

In 2015, Suntec REIT completed the major AEI at Suntec City with the opening of Phase 3 in June. The rejuvenated Suntec City is now a more vibrant and exciting shopping and entertainment destination with diverse retail offerings and attractions.

In November, Suntec REIT acquired three floors of strata office space in Suntec City amounting to approximately 38,000 sq ft from Maybank Kim Eng Properties Pte. Ltd. for S\$101.6 million⁴. This increased Suntec REIT's interest in Suntec City Office Towers to 1.3 million sq ft.

On 22 December 2015, Suntec REIT completed the divestment of Park Mall for S\$411.8 million. Park Mall was purchased at a cost of S\$245.1 million. In conjunction with the divestment, Park Mall Investment Limited, a joint venture company of which Suntec REIT has a 30% interest, has been set up to redevelop Park Mall into a commercial development comprising two office blocks with an ancillary retail component. The redevelopment will unlock the underlying value of the property by further enhancing the gross floor area of the site.

Manager's Report

Suntec REIT's property portfolio was valued at S\$8.8 billion and together with cash and other assets, the total AUM was S\$9.3 billion¹ as at 31 December 2015, 5.3% higher than the preceding year. The net asset value of Suntec REIT stood at S\$2.154 per unit as at 31 December 2015.

Note:

¹ Includes carrying value of S\$371.8 million for 177 Pacific Highway.

PROPERTY VALUATION (S\$ MILLIONS)	31 DEC 2015	31 DEC 2014
Suntec City ²	5,000	4,800
Park Mall ³	123.5	411.8
Suntec Singapore ⁴	406.1	402.2
One Raffles Quay ⁵	1,263	1,228
MBFC Properties ⁵	1,682	1,655
177 Pacific Highway ⁶	371.8	176.9
Total	8,846.4	8,673.9

Notes:

² Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

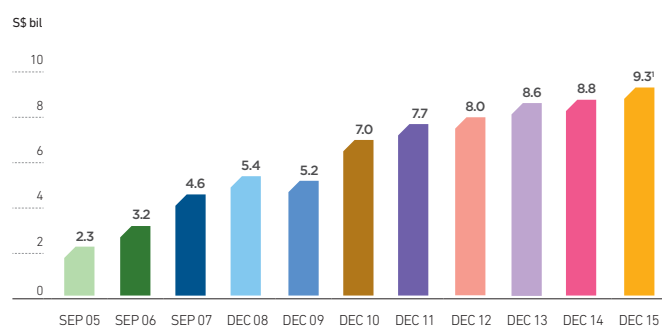
³ Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, reflecting the value of Suntec REIT's 30.0% interest in Park Mall as at 30 November 2015 and Suntec REIT's 100% interest in Park Mall as at 31 December 2014 respectively.

⁴ Based on the valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, reflecting Suntec REIT's 60.8% interest in Suntec Singapore.

⁵ Based on the valuation by Savills Valuation And Professional Services (S) Pte Ltd reflecting the value of Suntec REIT's one-third interests in One Raffles Quay and the MBFC Properties.

⁶ Based on the valuation by CBRE Valuations Pty Limited, reflecting the carrying value of 177 Pacific Highway.

ASSETS UNDER MANAGEMENT



Note:

¹ Includes carrying value of S\$371.8 million for 177 Pacific Highway.

Capital Structure

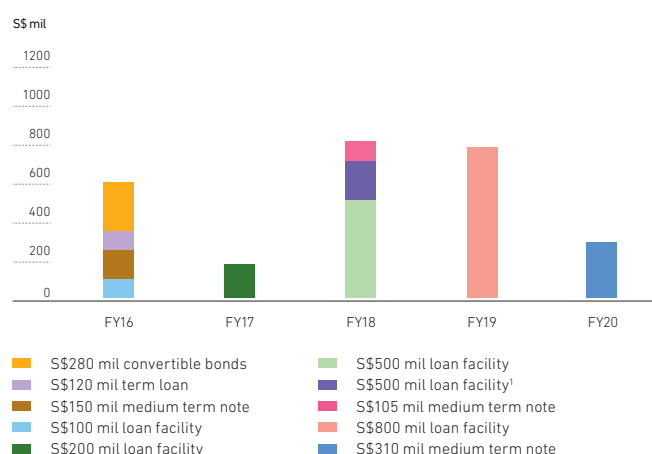
Suntec REIT's total consolidated debt stood at S\$3,235 million, with Debt-to-Assets and Aggregate Leverage ratios of 35.8% and 37.1% respectively as at 31 December 2015. The average all-in cost financing of Suntec REIT's debt portfolio for FY 2015 was 2.71%.

In FY 2015, Suntec REIT issued S\$105 million medium term notes under the S\$1.5 billion Euro Medium Term Note Programme. The proceeds were used to finance the acquisition of the three floors of strata space in Suntec City. Subsequently in January 2016, Suntec REIT entered into a S\$120 million 5-year unsecured loan facility agreement which was used to refinance an existing loan due in February 2016.

Suntec REIT's exposure to derivatives is elaborated in the Financial Statements. The fair value derivative for FY 2015, which is included in the Financial Statements as "Derivative Assets" and "Derivative Liabilities", was S\$10.0 million and S\$7.9 million respectively. The net fair value derivative represented 0.04% of the net assets of Suntec REIT as at 31 December 2015.

DEBT MATURITY PROFILE (REIT LEVEL)

AS AT 31 DECEMBER 2015



Note:

¹ Under the S\$500 million loan facility, S\$304.3 million has been utilised.

Strong Occupancy For Asset Portfolio

Suntec REIT's asset portfolio performance continued to remain strong. As at 31 December 2015, Suntec City Office Towers achieved 99.3% committed occupancy and Suntec City mall's committed occupancy improved to 98.0%.

The committed occupancy for One Raffles Quay and MBFC Properties was 99.8% and 99.3% respectively. Park Mall's Office and Retail committed occupancy was 92.2% and 96.7% respectively as at 31 December 2015.

As such, Suntec REIT's overall committed occupancy for the office and retail portfolio was 99.3% and 97.9% respectively as at 31 December 2015.



COMMITTED OCCUPANCY AS AT	DEC 2014	MAR 2015	JUNE 2015	SEP 2015	DEC 2015
Suntec City:					
- Office	100.0%	99.6%	98.4%	99.5%	99.3%
- Retail	99.6% ¹	92.5% ²	94.7% ²	96.4% ²	98.0% ²
Park Mall:					
- Office	100.0%	97.0%	96.6%	95.8%	92.2%
- Retail	100.0%	100.0%	97.8%	97.8%	96.7%
One Raffles Quay	100.0%	100.0%	100.0%	99.8%	99.8%
MBFC Properties	100.0%	100.0%	100.0%	97.8%	99.3%
Office Portfolio Occupancy	100.0%	99.6%	99.0%	98.9%	99.3%
Retail Portfolio Occupancy	99.7% ¹	93.5% ²	95.1% ²	96.5% ²	97.9% ²

Note:¹ Refers to Suntec City mall (Phases 1 & 2).² Refers to Suntec City mall (Phases 1, 2 & 3).



Leasing Achievements in FY 2015

For the office portfolio, a total of 744,207 sq ft of new, renewal and replacement leases were secured in FY 2015.

In 2015, Suntec City office maintained a high committed occupancy for the year with renewal and replacement leases secured at an average of between S\$8.86 psf per month and S\$9.24 psf per month in the year, up from the trough of between S\$7.11 psf per month and S\$7.30 psf per month in the second half of 2009.

For the retail portfolio, a total of 175,757 sq ft of new, renewal and replacement leases were secured in FY 2015.

The performance of the retail portfolio was relatively stable during the year. The overall committed passing rent¹ of Suntec City stood at S\$12.04 psf/mth as at 31 December 2015.

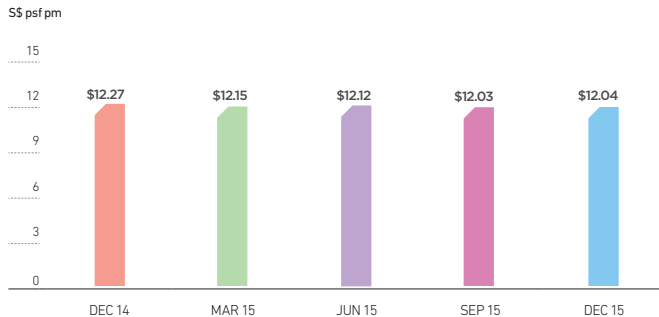
Note:

¹ On a stabilised basis.

OFFICE LEASING ACTIVITIES	TENANTS	NLA (SQ FT)
Renewal leases & lease extensions	115	430,146
Replacement leases	96	275,709
New leases	2	38,352
Total	213	744,207

RETAIL LEASING ACTIVITIES	TENANTS	NLA (SQ FT)
Renewal leases & lease extensions	40	50,243
Replacement leases	30	36,062
New leases	67	89,452
Total	137	175,757

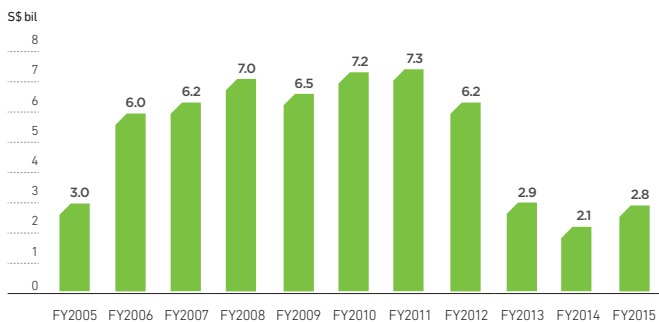
COMMITTED RETAIL PASSING RENT OF SUNTEC CITY



REVENUE FROM OTHER INCOME INITIATIVES

With the completion of the remaking of Suntec City, Suntec REIT's revenue from other income initiatives, namely atrium rentals for events and exhibitions, media sales and pushcart rentals achieved approximately S\$2.8 million in FY 2015, 33.3% higher than the previous year.

OTHER INCOME



Entertainment and Events at Suntec City

Suntec City is well established as a convenient one-stop destination for shopping, dining and entertainment, served by two MRT stations which support the Circle and Downtown lines.

As one of the largest shopping malls in Singapore, Suntec City hosted a myriad of events in 2015, including meet-and-greet sessions with numerous artistes such as F1 Driver Nico Rosberg as well as popular Korean stars Joo Won and Ji Chang Wook best known for their roles in the Korean dramas "The Gang Doctor" and "Empress Ki" respectively.

Themed promotions, held in conjunction with key events such as Chinese New Year, National Day, Great Singapore Sale and Christmas were well-received by the shoppers. In particular, the Dora's Friendship Fiesta show and the meet-and-greet sessions were hugely popular with the children.

In conjunction with Star Wars Day, a series of Star Wars themed activities were held within the mall and were well-received by shoppers and Star Wars enthusiasts.

To usher in 2016, Suntec City held a countdown party celebrating Singapore's Stars headlined by Olivia Ong, Sezairi Sezali, ShiGGa Shay and The Sam Willows.



Property Portfolio



Property Statistics

As at 31 December 2015

TOTAL NET LETTABLE AREA

3,392,355 sq ft^{1,2}

Office: 2,360,322 sq ft

Retail: 1,032,033 sq ft

NUMBER OF TENANTS (ACTUAL)

884

Office: 411

Retail: 473

MARKET VALUATION

S\$8,846.4 million³

COMMITTED OCCUPANCY

Office: 99.3%⁴

Retail: 97.9%⁵

Notes:

¹ Reflects the total retail net lettable area of Suntec City mall and Suntec Singapore.

² Reflects 30.0% interest in Park Mall and one-third interest in One Raffles Quay and MBFC Properties.

³ Includes the valuation of Suntec REIT's 30.0% interest in Park Mall, the valuation of Suntec REIT's one-third interests in One Raffles Quay and MBFC Properties, the valuation of Suntec REIT's 60.8% interest in Suntec Singapore and the carrying value of 177 Pacific Highway.

⁴ Refers to Suntec REIT's 30.0% interest in Park Mall and one-third interests in One Raffles Quay and MBFC Properties.

⁵ Refers to Suntec REIT's 30.0% interest in Park Mall, one-third interests in One Raffles Quay and MBFC Properties and 60.8% interest in Suntec Singapore.

High Quality Commercial Assets Strategically Located in Singapore's Prime District

Suntec REIT's portfolio comprises prime commercial properties in Suntec City, a 60.8% interest in Suntec Singapore, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (the "MBFC Properties") and 30.0% interest in Park Mall, all located within Singapore's growth precincts, namely Marina Bay, the Civic and Cultural District, as well as within the Central Business District. Suntec REIT also holds a 100% interest in 177 Pacific Highway, an iconic landmark office development in North

Sydney which is scheduled to be completed by the second half of 2016.

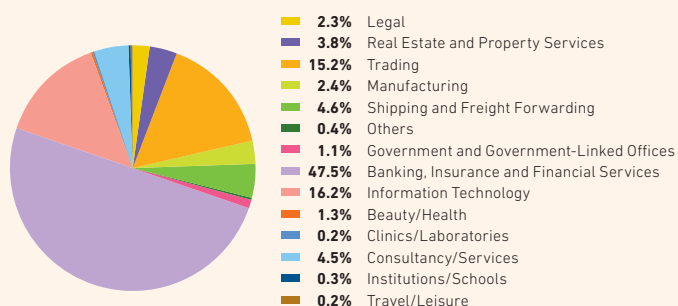
Spanning a total net lettable area ("NLA") of about 3.4 million sq ft, the properties derive a steady stream of income from a well-diversified pool of strong office and retail tenants. The committed occupancy of Suntec REIT's office and retail portfolio stood at 99.3% and 97.9% respectively as at 31 December 2015.



Office Portfolio

Business Sector Analysis (By Gross Rental Income¹)

As at 31 December 2015



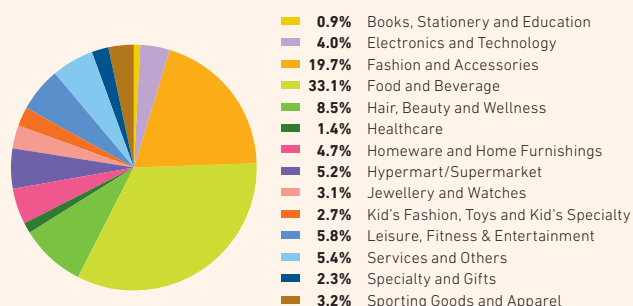
Note:

¹ Includes 30.0% interest in Park Mall, one-third interest in One Raffles Quay and one-third interest in Marina Bay Financial Centre Towers 1 and 2.

Retail Portfolio

Business Sector Analysis (By Gross Rental Income¹)

As at 31 December 2015



Note:

¹ Includes 30.0% interest in Park Mall, one-third interest in One Raffles Quay, one-third interest in the Marina Bay Link Mall and 60.8% interest in Suncity Singapore.

Property Portfolio

Office Portfolio – Top 10 Tenants (By Gross Rental Income¹)

As at 31 December 2015

Tenant	Business Sector	NLA (sf)	% Of Office NLA (sf)	% Of Total Monthly Gross Rental Income
UBS AG	Banking, Insurance and Financial Services	223,591	9.8%	5.7%
Standard Chartered Bank	Banking, Insurance and Financial Services	138,726	6.1%	4.1%
Barclays Capital Services Ltd	Banking, Insurance and Financial Services	111,719	4.9%	3.3%
BHP Billiton Marketing (Asia) Pte Ltd	Trading	69,467	3.1%	3.0%
Deutsche Bank	Banking, Insurance and Financial Services	93,249	4.1%	2.8%
Oracle Corporation Singapore Pte Ltd	Information Technology	84,035	3.7%	2.2%
Pay Pal Pte Ltd	Information Technology	55,327	2.4%	1.6%
Nomura Singapore Ltd	Banking, Insurance and Financial Services	56,859	2.5%	1.5%
The Royal Bank of Scotland	Banking, Insurance and Financial Services	42,019	1.8%	1.4%
Ernst & Young	Banking, Insurance and Financial Services	48,291	2.1%	1.3%
Total		923,283	40.5%	26.9%

Note:

¹ Includes 30.0% interest in Park Mall, one-third interest in One Raffles Quay and one-third interest in Marina Bay Financial Centre Towers 1 and 2.

Retail Portfolio – Top 10 Tenants (By Gross Rental Income¹)

As at 31 December 2015

Tenant	Business Sector	NLA (sf)	% Of Retail NLA (sf)	% Of Total Monthly Gross Rental Income
Cold Storage Singapore (1983) Pte Ltd	Hypermart/Supermarket	67,596	7.4%	1.6%
Golden Village Multiplex Pte Ltd	Leisure, Fitness and Entertainment	59,965	6.6%	0.9%
True Fitness Pte. Ltd.	Leisure, Fitness and Entertainment	30,450	3.3%	0.7%
Food Republic Pte. Ltd.	Food and Beverage	16,487	1.8%	0.6%
Cotton On Singapore Pte. Ltd.	Fashion and Accessories	16,503	1.8%	0.5%
R E & S Enterprises Pte Ltd	Food and Beverage	13,356	1.5%	0.5%
Uniqlo (Singapore) Pte. Ltd.	Fashion and Accessories	13,619	1.5%	0.4%
H&M Hennes & Maurtiz Pte. Ltd.	Fashion and Accessories	15,348	1.7%	0.4%
Pertama Merchandising Pte Ltd	Electronics and Technology	21,923	2.4%	0.4%
Marche Restaurants Singapore Pte. Ltd.	Food and Beverage	9,940	1.1%	0.4%
Total		265,187	29.1%	6.4%

Note:

¹ Includes 30.0% interest in Park Mall, one-third interest in One Raffles Quay, one-third interest in the Marina Bay Link Mall and 60.8% interest in Suntec Singapore.

Vibrant Tenant Mix

Suntec REIT's office portfolio leases are well-diversified across 14 business sectors. 63.7% of the total gross office revenue for the month of December 2015 was attributable to the major business sectors of Banking, Insurance and Financial Services, and Information Technology. The top 10 tenants of the office portfolio contributed 26.9% of Suntec REIT's total gross revenue for the month of December 2015 and occupied an area representing 40.5% of the REIT's total office portfolio NLA.

For the retail portfolio, 52.8% of the total gross retail revenue for the month of December 2015 was attributable to the major business sectors of Food and Beverage, and Fashion and Accessories. The top 10 tenants of the retail portfolio contributed 6.4% of Suntec REIT's total gross revenue for the month of December 2015 and occupied an area representing 29.1% of the REIT's total retail portfolio NLA.

Lease Expiry Profile

In FY 2015, approximately 744,207 sq ft of office space was renewed and signed, including a pre-commitment of approximately 247,000 sq ft of office leases expiring in FY 2016. As at 31 December 2015, 14.9%, 18.9% and 22.5% of the total office NLA are due to expire in FY 2016, FY 2017 and FY 2018 respectively, whilst 42.7% is due to expire in FY 2019 and beyond.



For the retail portfolio, as at 31 December 2015, 27.0%, 25.7% and 21.1% of the total retail NLA are due to expire in FY 2016, FY 2017 and FY 2018 respectively, whilst 24.1% is due to expire in FY 2019 and beyond.

Weighted Average Lease Expiry Profile

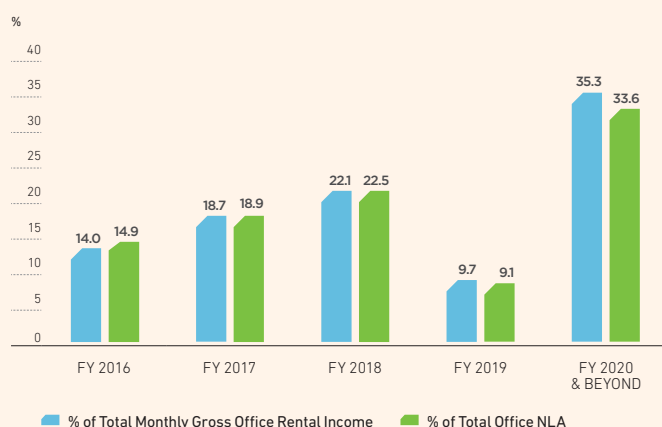
The weighted average lease expiry ("WALE") of the office portfolio was 3.4 years as at 31 December 2015 and the WALE of the office leases committed in FY 2015 was 3.9 years, contributing 30.1% to the total monthly gross office rental income.

The WALE of the retail portfolio was 2.2 years and the WALE of the retail leases committed in FY 2015 was 2.9 years, contributing 15.2% to the total monthly gross retail rental income.

Office Portfolio

Lease Expiry Profile¹

As at 31 December 2015



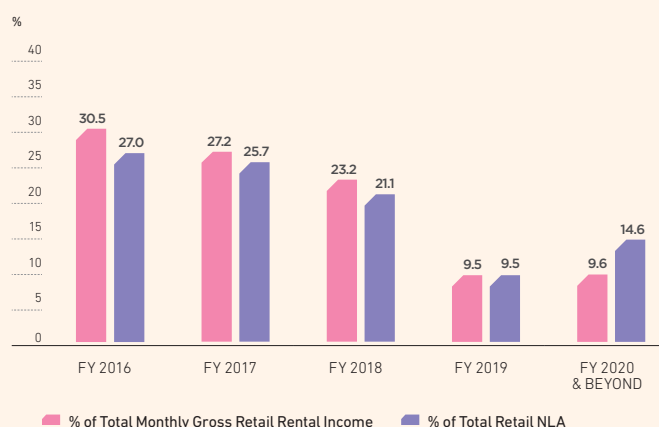
Note:

¹ Includes 30.0% interest in Park Mall, one-third interest in One Raffles Quay and one-third interest in Marina Bay Financial Centre Towers 1 and 2.

Retail Portfolio

Lease Expiry Profile¹

As at 31 December 2015



Note:

¹ Includes 30.0% interest in Park Mall, one-third interest in One Raffles Quay, one-third interest in the Marina Bay Link Mall and 60.8% interest in Suntec Singapore.

Property Portfolio

Suntec City



Property Statistics

As at 31 December 2015

LOCATION

3, 5, 6, 7, 8 and 9 Temasek Boulevard
and 1 Raffles Boulevard, Singapore

TITLE

Leasehold 99 years from 1989

TOTAL NET LETTABLE AREA

2,287,833 sq ft¹

Office: 1,331,948 sq ft

Retail: 955,885 sq ft¹

NUMBER OF TENANTS (ACTUAL)

620

CAR PARK LOTS

3,066²

PURCHASE PRICE

S\$2,484.6 million³

MARKET VALUATION

S\$5,406 million⁴

(31 December 2014: S\$5,202 million)

GROSS REVENUE

S\$306.0 million⁵

(2014: S\$258.0 million)

NET PROPERTY INCOME

S\$211.9 million

(2014: S\$172.7 million)

COMMITTED OCCUPANCY

98.7%⁶

(31 December 2014: 99.9%⁷)

Notes:

¹ Reflects the total retail net lettable area of Suntec City mall and Suntec Singapore.

² Owned and managed by the Management Corporation Strata Title Plan No. 2197 (MCST).

³ Includes the purchase price for strata office space and the investment of a 60.8% interest in Suntec Singapore.

⁴ Includes the value of a 60.8% interest in Suntec Singapore of S\$406.1 million.

⁵ Comprises gross rental income of S\$215.0 million and other income of S\$3.1 million and S\$87.9 million from Suntec Singapore.

⁶ Refers to Suntec City Office and Suntec City (Phases 1, 2 and 3)

⁷ Refers to Suntec City Office and Suntec City (Phases 1 and 2)



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

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

As part of Singapore's 50th birthday celebrations, Suntec City was voted in the SG Heart Map initiative, as one the nation's top 50 places which holds special memories to the community.

The remaking of Suntec City commenced in June 2012 and was completed in June 2015. The rejuvenated Suntec City is now transformed into a premier MICE¹, business, shopping and lifestyle destination.

In November 2015, Suntec REIT acquired three floors of strata office space amounting to approximately 38,000 sq ft. With this,

Suntec REIT owns a 59% interest in Suntec City Office Towers, 100% of Suntec City mall and a 60.8% interest in Suntec Singapore Convention and Exhibition Centre. Easily accessible by car and public transport networks, Suntec City houses a total of 3,066 carparks over two basement levels, and is directly linked to the Esplanade Station and Promenade Station on the Circle and Downtown MRT lines.

The Manager's objective for Suntec City is to generate sustainable growth from Suntec City following the completion of the asset enhancement works.

Note:

¹ Meetings, Incentives, Conventions and Exhibitions



Property Portfolio

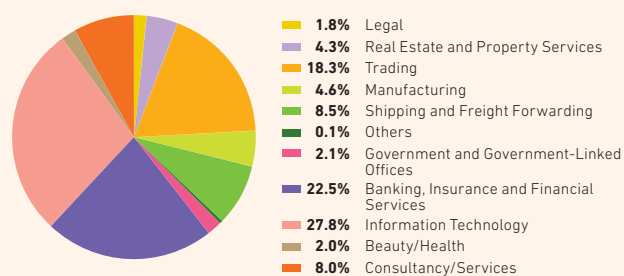
Suntec City Office



Suntec City Office

Business Sector Analysis (By Gross Rental Income)

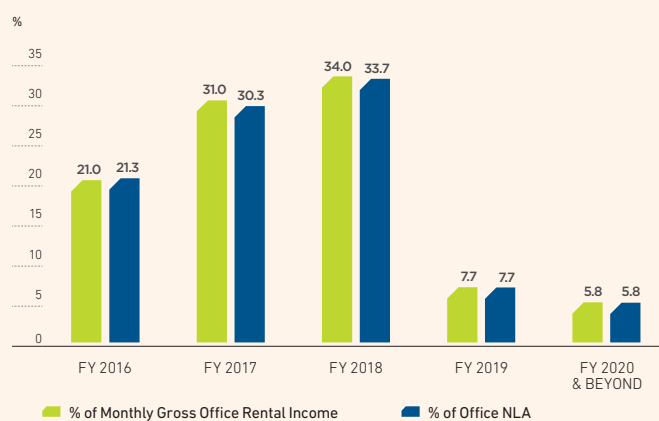
As at 31 December 2015



Suntec City Office

Lease Expiry Profile

As at 31 December 2015



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

With quality buildings fronting the Marina Bay skyline and complemented by a wealth of amenities from the integrated shopping mall, Suntec City Offices draw a good stream of diverse multinational firms ranging from sectors such as Banking, Insurance and Financial Services, Information Technology, Trading and Shipping and Freight Forwarding.

Diverse Tenant Mix

For the month of December 2015, 27.8% of the total gross office revenue was attributable to the Information Technology sector, followed by 22.5% and 18.3% from Banking, Insurance and Financial Services sector and Trading sector respectively.

In terms of NLA, as at 31 December 2015, 28.1% of Suntec City's office NLA for was attributable to the Information Technology sector, followed by 23.5% and 17.6% from the Banking, Insurance and Financial Services sector and the Trading sector respectively.

The top 10 office tenants of Suntec City office contributed 18.2% of Suntec City's total gross revenue for the month of December 2015, representing 34.6% of the Suntec City office NLA owned by Suntec REIT.

Lease Expiry Profile

Based on the committed leases as at 31 December 2015, 21.3%, 30.3% and 33.7% of Suntec City's office NLA is due to expire in FY 2016, FY 2017 and FY 2018 respectively, whilst 13.5% is due to expire in FY 2019 and beyond.



Property Portfolio

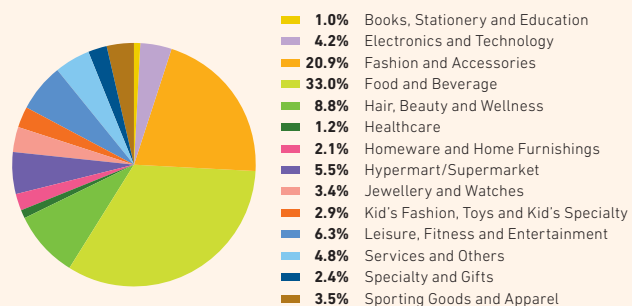
Suntec City Retail



Suntec City Retail

Business Sector Analysis (By Gross Rental Income¹)

As at 31 December 2015



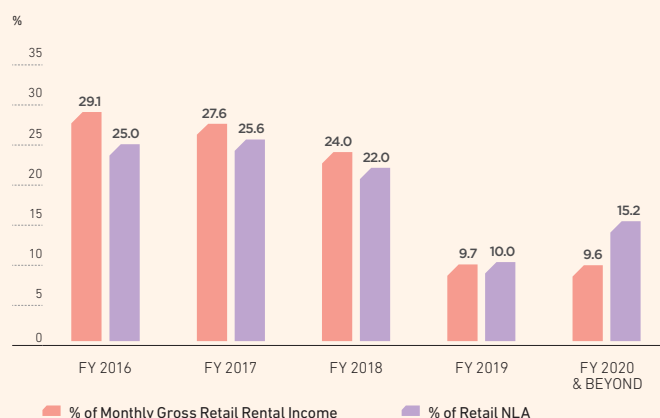
Note:

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

Suntec City Retail

Lease Expiry Profile¹

As at 31 December 2015



Note:

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

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

The remaking of Suntec City commenced in June 2012 and was completed in June 2015 with the opening of Phase 3. After the remaking, Suntec City is now an exciting lifestyle destination offering a well-selected range of specialty retail stores, new food and beverages concepts and entertainment options. Suntec City now houses over 360 retail establishments. Key tenants in Phase 3 include Asics, Benjamin Barker, Calla Spa, Cath Kidston, Cole Haan, GG<5, Germain, Lamborghini, Nike, Nine West, Onitsuka Tiger, Owndays, Philip Stein, Raphael Gabriel, Rimowa, Reebok, Samantha Thavasa, StarThreeSixty, Steve Madden, The Bespoke Club, Royal Sporting House and ToTT Store. New F&B offerings include Arn Nan Alfresco Bar + Bistro, Artisan Boulangerie Campagnie, Balacalava, Bottura, Cedele, Dallas Restaurant & Bar, District 10 Bar & Grill, Eat at Seven, Kuishin Bo, Pasarbella, Saint Ma and Sumiya.

Following the completion of the remaking, Suntec City celebrated its official opening in a ceremony which was graced by Mr Tan Chuan-Jin, Minister for Social and Family Development. To mark the occasion, a contribution of S\$200,000 was made to the President's Challenge 2015 beneficiaries, which is co-championed by the Ministry of Social and Family Development and National Council of Social Service, to benefit voluntary welfare organisations from different sectors.

Vibrant Tenant Mix

For the month of December 2015, 53.9% of the total gross retail revenue was attributable to the Food and Beverage and Fashion and Accessories sectors, and the remaining from other varied sectors such as Hair, Beauty and Wellness, Hypermarket/Supermarket, Leisure, Fitness and Entertainment and Services and Others.



In terms of NLA, as at 31 December 2015, 26.5% of Suntec City retail NLA was attributable to the Food and Beverages sector, followed by 19.4% and 12.8% from the Fashion and Accessories sector and Fitness, Leisure and Entertainment sector respectively.

The top 10 retail tenants of Suntec City contributed 9.7% of Suntec City's total gross revenue for the month of December 2015, representing 30.4% of the mall's total NLA.

Lease Expiry Profile

Based on the committed leases as at 31 December 2015, 25.0%, 25.6% and 22.0% of Suntec City's total retail NLA is due to expire in FY 2016, FY 2017 and FY 2018 respectively, whilst 25.2% is due to expire in FY 2019 and beyond.



Property Portfolio

Suntec Singapore



Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore") is a world-class meeting, convention and exhibition venue. This award-winning facility can cater to events from 10 to 20,000 persons, offering direct access to 5,800 hotel rooms, 1,000 retail outlets and 300 restaurants within close proximity to Singapore's entertainment and cultural attractions.

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

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

Following the completion of the asset enhancement works in June 2013, conference delegates at the transformed Suntec

Singapore can enjoy new facilities which incorporate enhanced flexibility, functionality and convertibility. Another new highlight is the impressive three-storey high definition digital wall comprising 664 full HD LED screens which was awarded the Guinness World Records title for "Largest High Definition Video Wall".

Since inception, Suntec Singapore has received numerous international, regional and local accolades and awards in recognition of its high standards of service excellence, dedication and passion. In 2015, it won the "Best Corporate MICE Venue" at the HRM Asia Readers Choice Awards 2015, "Best Convention & Exhibition Centre" at the 26th Annual TTG Travel Awards 2015, "Most Innovative Catering Concept" at the UFI 2015 Operations Award and its 10th consecutive award for "Asia's Leading Meetings & Conference Centre" at the World Travel Awards 2015.

In 2015, Suntec Singapore hosted more than 1,300 events and welcomed more than 3.5 million visitors.



Property Portfolio

Park Mall



Property Statistics

As at 31 December 2015

LOCATION

9 Penang Road, Singapore 238459

TITLE

Leasehold 99 years from 1969

TOTAL NET LETTABLE AREA

267,148 sq ft

Office: 123,232 sq ft

Retail: 143,916 sq ft

(existing Park Mall area)

NET LETTABLE AREA

80,144 sq ft¹

(existing Park Mall area)

PERMISSIBLE GROSS LETTABLE AREA FROM ACQUIRED LAND

65,454 sq ft

NUMBER OF TENANTS (ACTUAL)

120

CAR PARK LOTS

346

PURCHASE PRICE

S\$245.1 million²

MARKET VALUATION

S\$123.5 million³

(31 December 2014: S\$411.8 million)

GROSS REVENUE

S\$23.5 million⁴

(2014: S\$24.4 million)

NET PROPERTY INCOME

S\$17.3 million⁵

(2014: S\$18.9 million)

COMMITTED OCCUPANCY

94.6%

(31 December 2014: 100%)

Notes:

¹ Reflects 30.0% interest.

² Includes the purchase price of 1,316.2 sq m of land along Penang Road amounting to S\$15.1 million.

³ Reflects Suntec REIT's 30.0% interest in Park Mall as at 30 November 2015.

⁴ Comprises gross rental income of S\$22.3 million and other income of S\$1.2 million up to 22 December 2015.

⁵ Reflects net property income up to 22 December 2015.



Park Mall is an integrated office, lifestyle and home furnishing mall situated within the Orchard Road shopping belt. It is located next to Dhoby Ghaut MRT interchange station, a key transit hub for many commuters shuttling between the North-South, North-East and Circle MRT lines. Park Mall comprises a 15-storey office cum retail complex and has been conceptualised and launched as a premier furniture and lifestyle shopping mall.

Major tenants at Park Mall's offices include SSTC Education Centre, Nu Skin Enterprise Singapore Pte Ltd, Star Cruise Pte Ltd, Academy of Certified Counsellors and World Creative Education Pte Ltd, whilst major retail tenants at Park Mall's include Xtra Designs Pte Ltd, Furniture & Furnishings Pte Ltd, Furniture Club Holdings Pte Ltd and The V Furniture Pte Ltd.

In July 2007 and March 2008, the Manager acquired from the Singapore Government two strips of land along Penang Road amounting to approximately 14,167 sq ft for amalgamation with

Park Mall, at a total acquisition cost of S\$15.1 million. Together, the two strips of land will create an additional floor area of about 65,454 sq ft for the property, and increase the total permissible gross floor area for Park Mall to approximately 450,000 sq ft.

As part of the Manager's proactive approach in reviewing and evaluating asset plans of its portfolio, Park Mall was divested for S\$411.8 million on 22 December 2015. In conjunction with the divestment, Park Mall Investment Limited, a joint venture company of which Suntec REIT has a 30% interest, has been set up to redevelop Park Mall into a commercial development comprising two office blocks with an ancillary retail component. The redevelopment will unlock the underlying value of the property by further enhancing the gross floor area of the site.

The Manager's objective for Park Mall is to unlock the underlying value of the property with its divestment and redevelopment.

Property Portfolio

One Raffles Quay



Property Statistics

As at 31 December 2015

LOCATION

One Raffles Quay,
Singapore 048583

TITLE

Leasehold 99 years from 2001

TOTAL NET LETTABLE AREA

1,331,281 sq ft

NET LETTABLE AREA

443,760 sq ft¹

NUMBER OF TENANTS (ACTUAL)

43

CAR PARK LOTS

713

PURCHASE PRICE

S\$941.5 million¹

MARKET VALUATION

S\$1,263 million¹
(31 December 2014: S\$1,228 million)

NET INCOME CONTRIBUTION

S\$26.1 million²
(2014: S\$30.0 million)

COMMITTED OCCUPANCY

99.8%
(31 December 2014: 100.0%)

Notes:

¹ Reflects one-third interest.

² Comprises dividend income and interest income from the joint venture net of all taxes.

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

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

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

One Raffles Quay has a large and diversified tenant base comprising 38 office tenants and five retail tenants. The major office tenants include ABN AMRO Bank N.V., Deutsche Bank, Ernst & Young, The Royal Bank of Scotland and UBS AG.

In equal partnership with reputable property companies Hongkong Land and Keppel REIT, Suntec REIT holds a one-third interest in One Raffles Quay through the acquisition of the entire

issued share capital of Comina Investment Limited, a special purpose company holding one-third of the issued share capital of One Raffles Quay Pte Ltd, the developer and owner of the property.

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

Strong Tenant Mix

For the month of December 2015, 90.8% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

Lease Expiry Profile

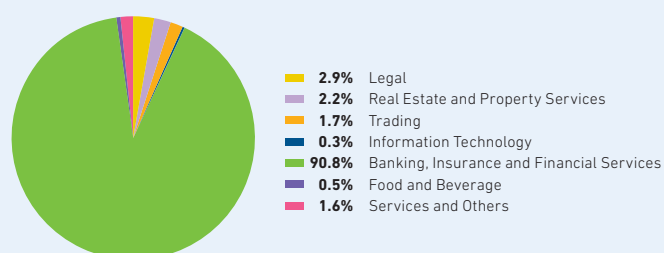
Based on the committed leases as at 31 December 2015, 39.0% of One Raffles Quay's total NLA is due to expire during the period from FY 2016 to FY 2019, whilst 60.8% is due to expire in FY 2020 and beyond.

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

One Raffles Quay

Business Sector Analysis (By Gross Rental Income¹)

As at 31 December 2015

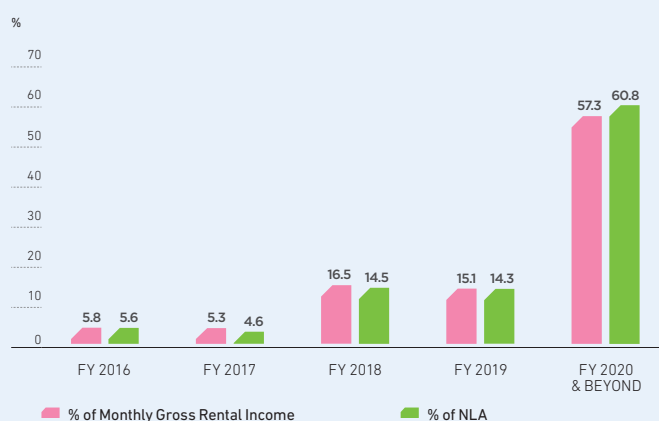


Note:
¹ Reflects one-third interest.

One Raffles Quay

Lease Expiry Profile¹

As at 31 December 2015



Note:
¹ Reflects one-third interest.

Property Portfolio

MBFC Properties¹



Property Statistics

As at 31 December 2015

LOCATION

8 Marina Boulevard,
Singapore 018981

TITLE

Leasehold 99 years from 2005

TOTAL NET LETTABLE AREA

1,741,853 sq ft

NET LETTABLE AREA

580,618 sq ft²

NUMBER OF TENANTS (ACTUAL)

101

CAR PARK LOTS

697

PURCHASE PRICE

S\$1,495.8 million²

MARKET VALUATION

S\$1,682 million²
(31 December 2014: S\$1,655 million)

NET INCOME CONTRIBUTION

S\$68.6 million³
(31 December 2014: S\$74.7 million)

COMMITTED OCCUPANCY

99.3%
(31 December 2014: 100%)

Notes:

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

² Reflects one-third interest.

³ Comprises other income, dividend income and interest income from the joint venture net of all taxes.

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

Designed by the internationally renowned architectural firm Kohn Pedersen Fox Associates of New York, Phase 1 of the development comprises a 33-storey office tower ("Tower 1"), a 50-storey office tower ("Tower 2"), Marina Bay Residences, the Marina Bay Link Mall which consists of approximately 94,906 sq ft of NLA for retail use including the ground levels of Tower 1 and Tower 2 and the Ground Plaza, and 697 car park lots. There is an underground link from Marina Bay Link Mall to the Raffles Place MRT Station and it is also directly connected to the Downtown MRT station.

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

The MBFC Properties was named Best Commercial Development in South East Asia at the 2013 South East Asia Property Awards. It was accorded the top award in the Office category at the FIABCI Prix d'Excellence Awards 2012, which recognises the world's outstanding real estate developments. The MBFC properties also clinched the Gold award for the Mixed-Use category and the Participants' Choice Award in the MIPIM Asia Awards 2011.

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

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

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

Strong Tenant Mix

For the month of December 2015, 63.5% of the total gross revenue was attributable to the Banking, Insurance and Financial Services sector.

Lease Expiry Profile

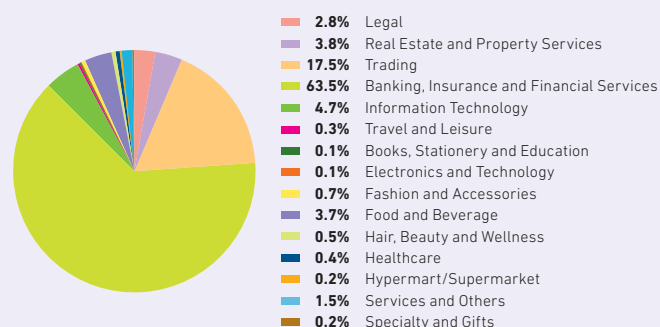
Based on the committed leases as at 31 December 2015, 21.6% of the total NLA of the MBFC Properties is due to expire during the period from FY 2016 to FY 2019, whilst 77.7% is due to expire in FY 2020 and beyond.

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

MBFC Properties

Business Sector Analysis (By Gross Rental Income¹)

As at 31 December 2015

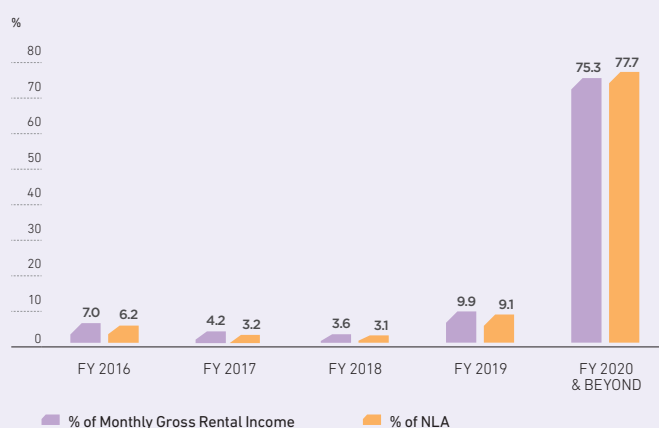


Note:
¹ Reflects one-third interest.

MBFC Properties

Lease Expiry Profile¹

As at 31 December 2015



Note:
¹ Reflects one-third interest.

Property Portfolio

177 Pacific Highway



Property Statistics

As at 31 December 2015

LOCATION

177 Pacific Highway,
North Sydney NSW 2060

TITLE

Freehold

SITE AREA

26,027 sq ft

GROSS FLOOR AREA

487,243 sq ft

TOTAL NET LETTABLE AREA

431,163 sq ft

CAR PARK LOTS

112

PURCHASE PRICE

A\$413.2 million

MARKET VALUATION

A\$485 million¹

(31 December 2014: A\$415 million)

PRE-COMMITTED OCCUPANCY

100%

Note:

¹ Based on an "as if complete" basis. The carrying value as at 31 December 2015 and 31 December 2014 was S\$371.8 million and S\$176.9 million respectively.

177 Pacific Highway, the 31-storey A-grade state-of-the-art commercial tower is North Sydney's first new commercial tower in six years and is scheduled for completion by the second half of 2016. As at end February 2016, the property was 77% completed.

Designed by award winning architecture firm Bates Smart, 177 Pacific Highway will feature state-of-the-art design elements and will set a new benchmark for office buildings in North Sydney. The property boasts a number of environmentally sustainable features and will be a 5-star NABERS Energy rating and a 5-star Green Star as built rating.

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

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

Independent Market Report

The Singapore Office Property Market



Overview

As a result of the uncertainties in the global economies and labor disruption issues brought about by the restructuring of the domestic economy, business prospects in Singapore remained modest, with more companies now focused on reducing cost. Meanwhile, the return of excess space by financial institutions, which arose either because of mergers and acquisitions, scaling back of business lines or plunging oil and commodity prices, had put further pressure on the market. Consequently, the office leasing market in 2015 continued to be dominated by flight-to-quality or a consolidation to smaller premises rather than business expansion.

The latest statistics from the Urban Redevelopment Authority ("URA") showed that as at the end of 2015, the island-wide office stock stood at 81.4 million sq ft, a marginal increase of 0.1% from the previous year. The island-wide office stock recorded a much lower net increase of about 64,600 sq ft over the course of 2015, following the 1.2 million sq ft in 2014. The small net increase of new office supply came mainly from South Beach Tower at Beach Road and the addition and alteration ("A&A") works at Fragrance Empire Building at Alexandra Road (formerly known as NOL Building), which was offset by the withdrawal of old office buildings such as Equity Plaza at Cecil Street and Keypoint at Beach Road for redevelopment or A&A works.

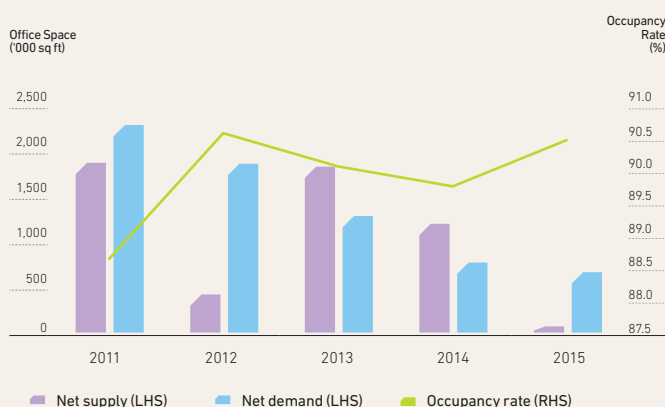
On the demand side, net take-up of island-wide office space declined to about 667,400 sq ft in 2015 from 775,000 sq ft in 2014. However, as there was lesser net new supply for the year,

the overall occupancy rate of office space improved slightly by 0.7% from 89.8% at the end of 2014 to 90.5% at end 2015. Office space in Outside Central Region witnessed the highest increase in occupancy levels with a 4.2% pick up as new projects which received their Temporary Occupation Permits in 2014 were steadily taken up.

According to the URA, office rents in Central Area inched down another 1.7% quarter-on-quarter ("q-o-q") in 4Q 2015. Rents in Fringe Area also continued to moderate, decreasing 2.0% q-o-q. On an annualised basis, rents in both Central Area and Fringe Area recorded declines of 6.3% year-on-year ("y-o-y") and 6.2% y-o-y respectively.

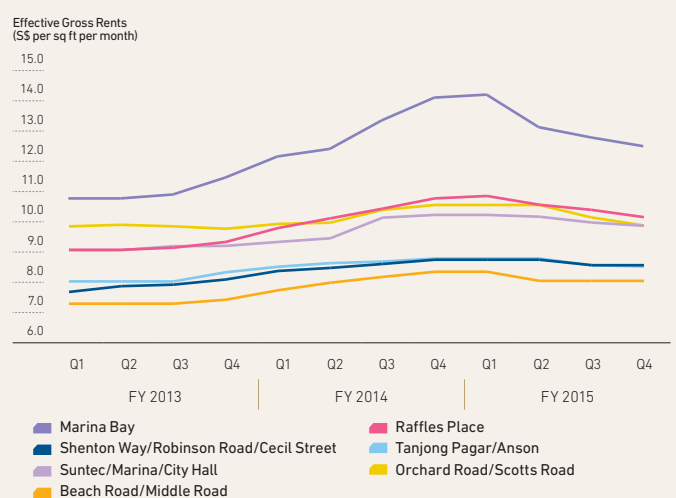
After a sterling 14.4% yearly growth in 2014, average monthly rents of Grade A offices in the Central Business District ("CBD") tracked by Savills fell 5.7% y-o-y to S\$9.31 per sq ft as of 4Q 2015. The softening of Grade A office rents was seen in all the micro-markets. Among these, the Marina Bay precinct, where the most modern Grade A office projects are located recorded the sharpest rental decline of 11.8% y-o-y. Tenants in these prime office buildings, such as foreign financial institutions, have continued to sub-let excess space taken up during the expansion fervor of the past few years. In contrast, office rents in the Suntec/Marina/City Hall area recorded a more subtle drop of 3.7% y-o-y in 2015 and settled at an average of S\$9.39 per sq ft by 4Q 2015.

Island-Wide Office Space Supply, Demand And Occupancy Rate



Source: URA, Savills Research

Average Rents of Grade A Office Space By Location



Source: Savills Research

Outlook

For 2016, global economic growth was originally expected to improve on the back of a better performance in the US. However, the collapse of oil and commodity prices on top of a slowdown of the Chinese economy has upset any forecast of recovery. Against this backdrop, the growth outlook for the Singapore economy in 2016 is modest and expected to be within the range of 1.0% to 3.0%.

According to available information from the URA, an additional office supply with a combined Gross Floor Area ("GFA") of about 9.5 million sq ft is expected to be completed by 2019. The bulk of the pipeline supply is located in the Downtown Core Planning Area, with major projects including Guoco Tower at Wallich Street, Duo Tower at Fraser Street, Marina One at Straits View, 5 Shenton Way at Shenton Way and Frasers Tower at Cecil Street, while the city fringe and suburban areas will see the completion of Vision Exchange in Jurong East and the office component in a mixed development at Paya Lebar Central.

In the near term, the office leasing market is expected to face continuing challenges such as relatively weaker demand, tenants adopting a "wait-and-see" attitude, substantial up-coming supply and the release of excess space by existing tenants, particularly from the financial, energy and chemical industries. These will exert downward pressures on the overall market.

The Singapore Retail Property Market

Overview

In line with the challenges that the global economies are faced with, the performance of Singapore's retail market in 2015 has correspondingly been subdued with retail sales (excluding motor vehicles) trending down. On top of this, retailers are also faced with tighter foreign labour supply which has made them focused on streamlining operations and containing costs.

Although retail leasing demand was flat in 2015, mall landlords tried to hold rents relatively firm. Some have used this period to embark on asset enhancement initiatives ("AEIs") to remain competitive. This includes adapting their tenant-mix to customer catchment and consolidating mall positioning to boost repeat visits by patrons.

Notwithstanding the tough business climate, Singapore remains high on the list amongst Southeast Asia countries that international retailers want to set up presence in. Higher-end brands still make a path towards the prime shopping districts of Orchard Road and Marina Bay Sands where catchment size of locals, foreigners and tourists are the highest.

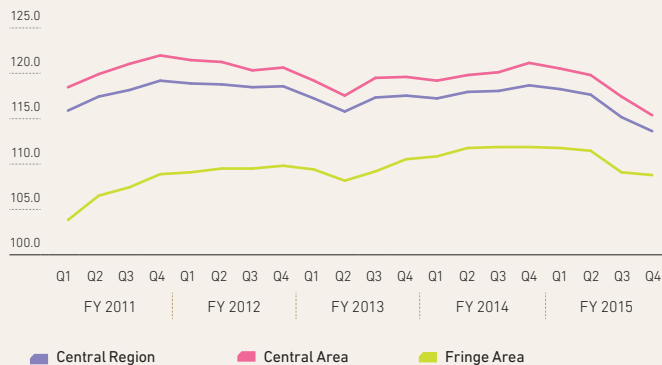
Since the second quarter of 2014, the Singapore tourism industry had been impacted by factors such as the implementation of China's Tourism Law, regional socio-political issues, regional aviation incidents as well as the strong Singapore dollar relative to regional currencies. With a slew of initiatives, including a S\$20 million global marketing campaign to leverage on the Republic's Golden Jubilee year, visitor arrivals started to show a turnaround from May 2015. As a result, there were a total of about 15.2 million visitor arrivals for the year 2015, up 0.9% from the preceding year. Notably, visitors from China and India increased by 22.3% y-o-y and 7.5% y-o-y respectively.

Based on URA data, the total island-wide stock of retail space was 64.3 million sq ft as of 4Q 2015. This represented a net increase of 613,500 sq ft for the whole of 2015. Over the same period, the net demand of retail space island-wide was a negative 322,900 sq ft. Sluggish retail sales as well as higher labour and operating costs have put the brakes on some retailers' expansion plans while some others have consolidated their business operations by closing non-profitable stores and focusing on performing ones. The increase in the island-wide stock, together with falling take-up resulted in 4Q 2015 vacancy rate rising to 7.2% from the 5.8% recorded in 4Q 2014.

In 2015, the retail experience in the Suntec/Marina/City Hall micro-market was rejuvenated with the completion of Capitol Piazza at Stamford Road, a new retail addition at the South Beach Project, the reintroduction of the last phase of Suntec City Mall's AEI to the market and Marina Square's new retail wing. The new retail space has attracted a number of well-known retailers and F&B operators. Nevertheless, the average vacancy rate of retail space in the micro-market increased 3.8% y-o-y to 12.5% in 4Q 2015 partly due to the time lag between the completion of new retail space and the tenants' move in.

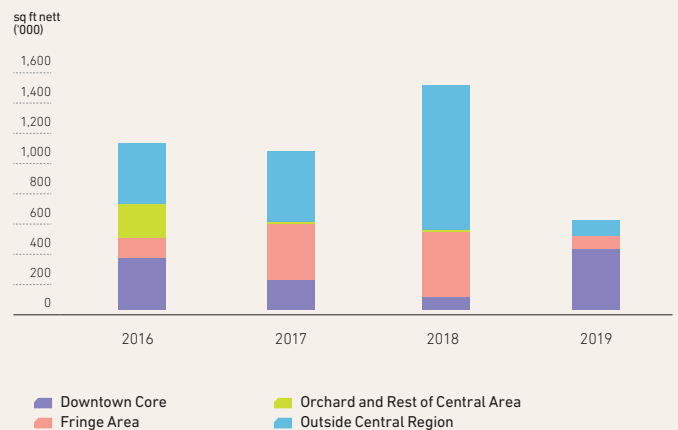
The slowing local economy, weakening consumer confidence and decreasing tourism receipts had put downward pressures on general retail rents. By 4Q 2015, the URA's rental index of retail space in Central Region has declined for four consecutive quarters and is 4.1% below 4Q 2014 levels. By location, Central Area recorded a bigger rental fall of 4.6% y-o-y compared with the 2.7% y-o-y in Fringe Area. In the Suntec/Marina/City Hall micro-market, in the absence of new supply, the vacancy level of retail space is likely to decline on the back of an expected steady take-up of remaining available retail space in the near term.

URA Rental Index of Retail Space



Source: URA, Savills Research

Upcoming Net Lettable Retail Space by Year and Region



Source: Savills Research

Outlook

Approximately 4.2 million sq ft of new retail space is expected to be completed from 2016 to 2019, of which the Downtown Core Planning Area will add about 1.0 million sq ft or 24.2% of the total future supply. Notable completions in 2016 are the Downtown Gallery at Shenton Way, Tanjong Pagar Centre, which is located above the Tanjong Pagar MRT station, and DUO Galleria at Fraser Street. In 2017, the retail mall in the mixed development Marina One and the retail component at Oxley Tower will commence operations. For 2018, retail malls that are expected to be operational include Robinson Towers at Robinson Road and Frasers Tower at Cecil Street, while the significant new supply in 2019 will come from the redevelopment of Funan DigitalLife Mall.

Cost pressures are expected to continue to plague the retail industry, especially in the areas of constrained labour supply and rising goods delivery costs. Although rents have been relatively stable for the past few years, revenues, as proxied by the retail sales index, have not increased fast enough to keep pace with rising occupancy costs. At the top line, competition is coming from both the physical and the ephemeral (on-line) fronts.

On the physical front, the prevalence of budget air travel has brought regional cities to within easy reach. In turn, they have

become competitors to shops here that sell comparable goods such as fashion, shoes and jewellery. Secondly, the retail leasing landscape is evolving in tandem with consumer trends, which are increasingly driven by technology. In the battle of bricks versus clicks, e-commerce has in recent years been carving out an increasing share of sales in the retail market – Mr. Li Yi Shyan, the Senior Minister of State of the Ministry of Trade and Industry and Ministry of National Development, said at the Singapore Retail Industry Conference in September 2015 that online spending rose from S\$1.08 billion in 2014 to S\$1.22 billion in 2015, a growth of 13%.

In the short term, the best shot in the arm for the retail industry is for tourist numbers to grow again. If the tourist numbers remain stable, the industry should still be on a net expansion phase and retail rents, being dependent on the fortunes of the retail sector as a whole, will possibly be able to manage an orderly readjustment to the new age posed by online shopping. After considering these factors, we expect the overall retail rents to soften moderately in 2016.

Investor Communications

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

The senior management team of the Manager has held regular meetings and conference calls with institutional investors throughout the year. Our participation in various key regional equity and property conferences has also enabled us to remain accessible to investors and given us the opportunity to provide key strategic and performance updates on Suntec REIT. The sixth annual general meeting of Suntec REIT unitholders in April 2015 was well-attended by retail investors. It was an opportune time for senior management of the Manager to actively engage retail investors in their enquiries and discussions about Suntec REIT.

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

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

Unitholder Enquiries

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

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

Proposed Suntec REIT FY2016/FY2017 Calendar

April 2016

- Annual General Meeting
- Announcement of the first quarter results
- Book closure date to determine the first quarter distribution entitlement

May 2016

- The first quarter distribution

July 2016

- Announcement of the second quarter and half-year results
- Books closure date to determine the second quarter distribution entitlement

August 2016

- The second quarter distribution

October 2016

- Announcement of the third quarter and nine months results
- Books closure date to determine the third quarter distribution entitlement

November 2016

- The third quarter distribution

January 2017

- Announcement of the fourth quarter and full year results

February 2017

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



Corporate Governance

49	Corporate Governance
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Financial Contents

63	Report of the Trustee
64	Statement by the Manager
65	Independent Auditors' Report
66	Statements of Financial Position
67	Statements of Total Return
68	Distribution Statements
70	Statements of Movements in Unitholders' Funds
71	Portfolio Statements
74	Consolidated Statement of Cash Flows
75	Notes to the Financial Statements
118	Statistics of Unitholdings
121	Additional Information
123	Notice of Annual General Meeting
126	Corporate Directory
127	Proxy Form

Corporate Governance

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

On 8 October 2010, the Manager received a Capital Markets Services ("CMS") Licence issued by the MAS to carry out REIT management and has complied with the regulations as required under the licensing regime for REIT Managers.

The Manager is committed to sound corporate governance policies and practices and observes high standards of conduct in line with the recommendations of the Code of Corporate Governance issued by MAS on 2 May 2012 ("2012 Code").

The following segments describe the Manager's main corporate governance policies and practices. They encompass proactive measures for avoiding situations of conflict and potential conflicts of interest, including prioritising the interests of Unitholders over that of the Manager's, ensuring compliance with applicable laws and regulations, and ensuring that the Manager's obligations under the Trust Deed (as defined below) are properly and efficiently carried out. The Manager confirms that it has adhered to the principles and guidelines as set out in the 2012 Code, and has specified and explained areas of deviation.

THE MANAGER OF SUNTEC REIT

The Manager has general powers of management over the assets of Suntec REIT and its main responsibility is to manage Suntec REIT's assets and liabilities in the best interest of Unitholders. The Manager's executive officers are qualified CMS Licence representative who fulfill the MAS regulations.

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

Other main functions and responsibilities of the Manager include:

1. using its best endeavours to ensure that the business of Suntec REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for Suntec REIT at arm's length and on normal commercial terms;
2. preparing property reports on a regular basis, which may contain forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these reports is to monitor and explain the performance of Suntec REIT's assets;
3. ensuring compliance with the applicable provisions of the Securities and Futures Act, the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Code on Collective Investment Schemes ("CIS Code") issued by the MAS, including the Property Funds Appendix contained in the CIS Code, the Trust Deed (as amended), the tax ruling dated 15 June 2004 issued by the Inland Revenue Authority of Singapore, the CMS licensing conditions and all other relevant legislation or contracts;
4. attending to all communications with Unitholders; and
5. supervising the property managers which provide property management, lease management, marketing and marketing co-ordination services in relation to Suntec REIT's properties pursuant to the respective property management agreements.

The Manager was appointed in accordance with the terms of the trust deed constituting Suntec REIT dated 1 November 2004 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 and a first amending and restating deed dated 7 September 2010 (collectively, the "Trust Deed").

The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, including by a resolution passed by a simple majority of Unitholders, present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

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

The Board is also responsible for the strategic business direction and risk management of Suntec REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointment of directors. The Board has established a framework for the management of the Manager and Suntec REIT and the framework comprises a system of strong internal controls, robust risk management processes and clear policies and procedures. The Board also sets the values and ethical standards of Suntec REIT as well as considers sustainability issues relevant to its business environment and stakeholders.

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

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

Four Board meetings were held during the financial year ended 31 December 2015 ("FY 2015"). The attendance of the Directors at Board meetings and Board Committee meetings, as well as the frequency of such meetings, is disclosed in this report.

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

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

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

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

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

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

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An orientation is arranged for new Directors to be briefed on the business activities of Suntec REIT and its strategic directions and policies. Where relevant, training is regularly provided for Directors in areas such as accounting, legal and industry-specific knowledge. A list of training courses or seminars which might be of interest is sent to the Directors who are encouraged to attend. The costs of arranging and funding the training of the directors will be borne by Suntec REIT.

BOARD COMPOSITION AND GUIDANCE

Principle 2 *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% Unitholders¹. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

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

The Chairman of the Board is Ms Chew Gek Khim.

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

Corporate Governance

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

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

The Independent Directors exercise objective judgement on Suntec REIT's affairs and from Management. The Independent Directors have no relationships (as defined in the 2012 Code) with the Trustee, the Manager, its related corporations, its 10% Shareholders², its officers or 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement.

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

When reviewing Management proposals or decisions, the Independent Non-Executive Directors bring their objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors meet without presence of Management on a need-basis.

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

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

The Board is of the view that the current composition of Directors who, as a group, provide the diversity in respect of skills, experience, gender and knowledge of Suntec REIT and that the current Board size is appropriate, taking into consideration the nature and scope of Suntec REIT's operations. As the Board currently comprises three Independent Directors out of the total of seven members, the Board would continue to review its composition to reach the required ratio under the regulations.

Profiles of the Directors and other relevant information are set out on Pages 14 to 17 of this annual report.

BOARD COMMITTEE

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

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

Designated Committee

The Designated Committee is tasked to assist the Board in reviewing matters relating to financing, refinancing, hedging strategies and arrangements and transactions involving derivative instruments for hedging purposes. The Designated Committee has adopted its own terms of reference.

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

No Designated Committee meeting was held in FY 2015. However, the Designated Committee reviewed matters relating to financing, refinancing and hedging arrangements through email communications with Management. The members of Designated Committee comprise:

- Mr Chow Wai Wai, John (Chairman)
 - Mr Tan Kian Chew (Member)
 - Mr Chen Wei Ching, Vincent (Member)
 - Ms Seow Bee Lian, Cheryl (Member*)
- * Ms Seow is the Group Chief Financial Officer, Group Finance of ARA Asset Management Limited.

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

MEETING ATTENDANCE

The matrix of Board members' participation in the various Board and Board Committee meetings and attendance thereat during FY 2015 is as follows:

Board Members	Board Meetings		Audit Committee Meetings	
	Participation	Attendance/ Number of Meetings	Participation	Attendance/ Number of Meetings
Ms Chew Gek Khim	Chairman	4/4	NA	NA
Mr Lim Hwee Chiang, John	Member	3/4	NA	NA
Mr Chen Wei Ching, Vincent	Member	4/4	Chairman	5/5
Mr Lim Lee Meng	Member	4/4	Member	5/5
Mr Tan Kian Chew	Member	3/4	Member	4/5
Mr Chow Wai Wai, John	Member	4/4	NA	NA
Mr Yeo See Kiat	Member and CEO	4/4	CEO	NA

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The roles of Chairman and CEO are separate and held by Ms Chew Gek Khim and Mr Yeo See Kiat respectively. The Chairman and the CEO are not immediate family members. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability. The Chairman leads the Board and ensures that its members work together with Management in a constructive manner to address strategies, business operations and enterprise issues. The Chairman also ensures that there is effective communication with Unitholders and promotes a culture of openness and high standard of corporate governance. The CEO has full executive responsibilities over the business direction and day-to-day operational decisions of managing Suntec REIT in accordance with the objectives established by the Board.

BOARD MEMBERSHIP AND PERFORMANCE

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

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

When reviewing and recommending the appointment of new Directors, the Board takes into consideration the current Board size and mix, and the principles outlined earlier in this statement. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated taking into account various factors including the current and mid-term needs and goals of Suntec REIT, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable. The Board reviews each candidate's ability to contribute to the proper guidance of the Manager in its management of Suntec REIT, including attributes such as integrity, commitment, financial literacy and reputation. The Board also seeks to refresh its membership progressively taking into account the balance of skills and experience, while ensuring the continuity of long-serving Directors.

Although the Directors have other listed company board representations and principal commitments, the Board has determined that each individual Director has devoted sufficient time and attention to his/her role as a Director and to the affairs of the Manager. In FY 2015, the Directors attended the Board meetings, had given feedback and participated constructively when discussing the activities of Suntec REIT. The Board has also procured written confirmations from each of the Independent Directors stating that they are able to carry out their duties as a Director of the Manager and they would address any competing time commitments that may arise, despite their multiple Board representations. The Board is of the view that such external appointments do not hinder the Directors from carrying out their duties as Directors of the Manager and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold.

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

Corporate Governance

The Board notes that Mr Tan Kian Chew and Mr Lim Lee Meng, who were both appointed in October 2004, have served on the Board for more than nine years. In view of the fact that both Mr Tan Kian Chew and Mr Lim Lee Meng continue to express their individual viewpoints, debate issues and objectively scrutinise and challenge Management, the Board has determined for FY 2015 that both Mr Tan Kian Chew's and Mr Lim Lee Meng's tenure have not affected their respective independence or ability to bring independent and considered judgement to bear in their discharge of duties as Board and Board Committee members. The Board will continue to assess the composition of Independent Directors based on the applicable regulatory requirements going forward.

The Board has received written annual confirmations from each of the Independent Directors in respect of his independence pursuant to the 2012 Code. Based on these written confirmations, the Board has reviewed and determined that Mr Chen Wei Ching, Vincent, Mr Lim Lee Meng and Mr Tan Kian Chew are to be considered Independent Directors and are free from any of the relationships stated in the guidelines of the 2012 Code with the Trustee, the Manager, its related corporations, its 10% shareholders or its officers or 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view towards the best interest of Suntec REIT.

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

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

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

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

The Board has assessed the current Board and Board committee's performance, as well as the performance of each individual Director for FY 2015. The Board has deliberated and is of the view that the performance of the Board and each individual Director was satisfactory.

ACCESS TO INFORMATION

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

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

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

Board meetings for each year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. Board papers are generally circulated at least three days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or Board Committee Chairman of his or her views on the matters to be discussed or conveyed to other Directors at the meetings. Where appropriate, Management will be requested to attend meetings of the Board and Board Committees in order to provide their input and insight into matters being discussed, and to respond to any queries that the Directors may have.

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

The appointment and the removal of the Company Secretary shall be reviewed by the Board.

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

(B) REMUNERATION MATTERS**PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

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

LEVEL AND MIX OF REMUNERATION

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

DISCLOSURE OF REMUNERATION

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

The remuneration of the Non-Executive Directors for FY 2015 comprises entirely of Directors' fees and the details of the Non-Executive Directors' remuneration is set out below:

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

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

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis and (ii) the remuneration of at least the top five Executive Officers (which shall not include the CEO and Executive Officers who are Directors), on a named basis, in bands of S\$250,000. The Board has assessed and decided against the disclosure of the remuneration of the CEO, Executive Directors and Executive Officers on a named basis, whether in exact quantum or in bands of S\$250,000 for the following reasons:

- (i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five Executive Officers so as to minimise potential staff movements which would cause undue disruptions to the management team of Suntec REIT;
- (ii) it is important that the Manager retains its competent and committed staff to ensure the continuity of business and operations of Suntec REIT;
- (iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders; and
- (iv) there is no misalignment between the remuneration of the CEO and Executive Officers and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from Suntec REIT, and not by Suntec REIT itself.

The Board has assessed the remuneration policies and practices of ARA and deemed such remuneration policies and practices to be appropriate taking into account the circumstances of Suntec REIT. Accordingly, the Manager has adopted the remuneration policies and practices of ARA, which has a Remuneration Committee that determines and recommends to the Board the remuneration framework of the Directors and key management personnel. The Manager in adopting the remuneration policies and practices of ARA, ensures that such remuneration policy and packages are aligned with the interests of the Unitholders and designed to attract and retain talented staff, while taking into account the prevailing market conditions within the industry.

Under the remuneration policy and practice adopted, a comprehensive and structured performance assessment is carried out annually for the CEO and Executive Officers of the Manager. At the start of the year, key performance indicators for the CEO and Executive Officers are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time bound. Such key performance indicators reflect organisational goals and are linked to Suntec REIT's and the individual's performance.

Corporate Governance

A mid-year review is carried out to monitor the performance and relevance of these indicators and a year-end review is carried out to measure actual performance against the key performance indicators. Based on these reviews, the variable year-end bonus for the CEO and Executive Officers is determined.

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

The Remuneration Committee of ARA reviews annually the succession planning regime of Senior Management positions within the Manager. The suitability of internal successors is assessed by the Remuneration Committee and is benchmarked against external prospects. As part of talent management, the succession planning regime identifies and develops talents to assume senior positions when they become available, and motivates and retains high potential and performing staff.

In light of the new Guidelines to REIT Managers issued on 1 January 2016, the Board will further deliberate on the remuneration policies and practices concerning the Manager to comply with applicable regulations.

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

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Risk Assessment and Management of Business Risk

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

Key risks, process owners, risk factors, mitigating actions and risk indicators are continually identified, assessed and monitored by Management as part of Suntec REIT's enterprise risk management framework (the "ERM Framework") and documented in the Risk Profile maintained by the Manager and reviewed by the Audit Committee and the Board.

The ERM Framework lays out the governing policies and procedures which comply with recommendations of the 2012 Code, and ensure that the risk management and internal control systems provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

Risk Management Committee

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

The Risk Management Committee meets regularly to review the Risk Profile of Suntec REIT. The Risk Management Committee, which is headed by the CEO, reports to the Audit Committee on overall risk management matters every six months during the Audit Committee meetings. The Risk Management Committee identifies the strategic, operational, financial, compliance and information technology risks faced by Suntec REIT and sets out the appropriate mitigating actions and monitoring mechanism to respond to these risks and changes in the external business environment. The Risk Profile highlights the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks within the risk appetite approved by the Board. The key risks highlighted in the Risk Profiles include strategic, leasing, asset management, financial and compliance risk.

The CEO and his management team are primarily responsible for maintaining the internal controls and risk management systems. Risks are proactively identified and addressed. The ownership of these risks lies with the respective business and corporate executive heads with stewardship residing with the Board. The Internal Auditors also perform reviews of the Risk Profiles and related internal control systems, including financial, operational, compliance and information technology controls, as part of the internal audit plan approved by the Audit Committee. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. In addition, the External Auditors perform tests of certain controls relevant to the preparation of Suntec REIT's financial statements. The External Auditors report any significant deficiencies of such internal controls to the Audit Committee. The Audit Committee and the Board review the adequacy and effectiveness of Suntec REIT's risk management and internal control systems at least once annually.

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

The Board has received written assurance from the CEO and Senior Director, Finance of the Manager that: (a) the financial records have been properly maintained and that the financial statements give a true and fair view of Suntec REIT's operations and finances; and (b) regarding the effectiveness of Suntec REIT's risk management and internal control systems.

In addition, an Internal Assessment Checklist ("1207(10) Checklist") had been used by Management as a guide to assess the adequacy of internal controls addressing financial, operational and compliance risks and to confirm whether there are any significant deficiencies. The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit Committee, in conjunction with the reports submitted by the Internal Auditors and External Auditors, as well as, the letters of undertaking from the CEO and Senior Director, Finance of the Manager to give assurance on the state of internal controls.

Based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the Internal Auditors and External Auditors, together with the Management's confirmation on the adequacy and effectiveness of the internal controls, the Board is of the opinion (with the concurrence of the Audit Committee) that, taking into account the nature, scale and complexity of the Manager's operations, the systems of risk management and internal controls addressing financial, operational, compliance and information technology control risks were adequate and effective to meet the needs of Suntec REIT in its current business environment as at 31 December 2015, pursuant to Rule 1207(10) of the Listing Manual of the SGX-ST. In addition, the Audit Committee has also reviewed and is satisfied with the adequacy of the resources devoted to and qualifications of the Manager's executive officers who are performing accounting, financial reporting and compliance roles.

Whistle-Blowing Policy

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

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

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

Details of the Whistle-Blowing Programme and arrangements are posted on Suntec REIT's website. The website provides a feedback channel for any complainant to raise possible improprieties directly to the Audit Committee. New staff will be briefed on the Whistle-Blowing Programme during the staff orientation programmes. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are also covered as part of the staff's annual declaration of compliance.

AUDIT COMMITTEE

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

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

Corporate Governance

The Audit Committee currently comprises three Independent Directors, namely:

- Mr Chen Wei Ching, Vincent Chairman
- Mr Lim Lee Meng Member
- Mr Tan Kian Chew Member

The members of the Audit Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit Committee Chairman and members of the Audit Committee are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr Chen Wei Ching, Vincent has more than 20 years of experience in the banking and financial industry, while Mr Lim Lee Meng has extensive accounting experience as the Partner of RSM Chio Lim LLP and Mr Tan Kian Chew has relevant financial experience as a Board Member of CapitaLand Mall Trust Management Limited.

The Audit Committee is guided by its Terms of Reference which defines its duties and scope of authority. Specifically, the duties of the Audit Committee include:

1. reviewing the annual audit plan, including the nature and scope of the internal and external audits before the commencement of these audits;
2. reviewing the adequacy of the internal audit process and effectiveness of Suntec REIT's risk management and internal controls, including financial, operational, compliance and information technology controls;
3. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
4. monitoring procedures in place to ensure compliance with applicable legislation, the Listing Manual of the SGX-ST and the Property Funds Appendix;
5. reviewing the quarterly and full year financial statements before these are submitted to the Board for approval, focusing in particular, on the following:
 - changes in accounting policies and practices;
 - major risk areas;
 - significant adjustments resulting from the audit;
 - the going concern statement;
 - compliance with accounting standards;
 - compliance with stock exchange and statutory/regulatory requirements;
 - any significant financial reporting issues and judgements so as to ensure the integrity of the financial statements; and
 - all announcements relating to Suntec REIT's financial performance.
6. reviewing and approving the financial statements, consolidated statement of financial position and statement of total return and auditors' report;
7. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager or the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
8. reviewing and discussing with the External Auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on Suntec REIT's operating results or financial position and Management's response;
9. reviewing the assistance given by the Management to the External Auditors;
10. reviewing annually the independence of the External Auditors and the aggregate amount of fees paid to the External Auditors for the financial year;
11. undertaking such other reviews and projects as may be requested by the Board; and
12. monitoring procedures established to regulate Interested Person Transactions (as defined below), including ensuring compliance with the provisions of the Listing Manual of the SGX-ST relating to transactions between the Trustee and an "interested person", and the provisions of the Property Funds Appendix relating to transactions between the Trustee and an "interested party" (both such types of transactions constituting "Interested Person Transactions").

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

In FY 2015, the Audit Committee had met with the Internal Auditors and External Auditors without the presence of Management. The Internal Auditors and External Auditors may also request the Audit Committee to meet if they consider a meeting necessary. Both the Internal Auditors and External Auditors have confirmed that they had full access to and had received the full co-operation and support of Management.

During the year, the Audit Committee performed an independent review of the quarterly and full year financial statements of Suntec REIT. In the process, the Audit Committee reviewed the key areas of management judgement applied for adequate provisioning and disclosure, accounting policies and any significant changes made that would have a material impact on the financials.

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

In connection with the ERM Framework under risk management, the Audit Committee has, in FY 2015, reviewed the approach taken in identifying and assessing risks and internal controls in the Risk Profile Register documented and maintained by Management.

The Audit Committee has also conducted a review of all non-audit services provided by the External Auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of audit and non-audit fees paid/payable to the External Auditors for FY 2015 amounted to S\$390,300 and S\$116,700 respectively.

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

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

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

On a quarterly basis, Management reported to the Audit Committee the interested person transactions ("IPTs"). The IPTs together with the Register of IPTs has been reviewed by the Audit Committee.

Five Audit Committee meetings were held during FY 2015.

INTERNAL AUDIT

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

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

The Internal Auditor conducts audits to evaluate the effectiveness of the risk management and internal control systems in Suntec REIT which include financial, operational, compliance controls and information technology. The internal audit plan adopts a risk-based approach covering all business of Suntec REIT and support functions of the Manager and property managers. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the Audit Committee.

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

For FY 2015, the internal audit function of the Manager was outsourced to Ernst & Young Advisory Pte. Ltd., a member firm of Ernst & Young Global Limited. The Audit Committee is satisfied that the Internal Auditor has met the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

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

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

Corporate Governance

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

(D) COMMUNICATION WITH UNITHOLDERS

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

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

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

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

Suntec REIT's website provides Unitholders with comprehensive information required to make well-informed investment decisions. Information on Suntec REIT's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "Newsroom" link, which shows current and past announcements, financial results and Annual Reports; (2) "Investors" link shows Suntec REIT's distribution history, historical stock price and research coverage and (3) "Contact Us" link which includes Whistle Blowing Policy, email alerts and contact details.

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

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

In FY 2015, Management met with institutional investors and analysts through group presentations, one-on-one meetings and conference calls. Management also strives to maintain regular dialogue with retail investors and keep them updated on developments through timely announcements, Suntec REIT's website and general media in order to ensure a level playing field.

Unitholders are informed of meetings through notices accompanied by annual reports or circulars sent to them. Unitholders are invited at such meetings to put forth any questions they may have on the resolutions to be debated and decided upon. If any Unitholder is unable to attend, he/she is allowed to appoint in advance up to two proxies to vote on his/her behalf at the meeting through proxy forms sent to the Unitholder. At the meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the Annual General Meeting in the Notice.

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

Unitholders are accorded the opportunity to raise relevant questions and to communicate their views at Unitholders' meetings. Voting at general meetings is conducted by way of a poll. Unitholders will be briefed on the procedures involved in conducting a poll. This allows all Unitholders present or represented at the meetings to vote on a one-unit-one-vote basis. The voting results of all votes cast for or against each resolution is then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting.

(E) ADDITIONAL INFORMATION

DEALINGS IN SUNTEC REIT UNITS

The Manager has adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees in respect of dealings in Suntec REIT's units ("Units").

In general, the internal code of conduct encourages Directors and employees of the Manager to hold Units, but prohibits them from dealing in such Units:

1. during the period commencing two weeks before the public announcement of Suntec REIT's quarterly results and one month before the public announcement of Suntec REIT's annual results and (where applicable) any property valuations, and ending on the date of announcement of the relevant results or property valuations; and

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

Directors and employees of the Manager are discouraged from dealing in Units on short-term considerations. The Manager confirms that its Directors and employees have adhered to the internal compliance code of conduct for dealing in the Units for FY 2015.

In addition, the Manager will announce to the SGX-ST particulars of its unitholdings in Suntec REIT and any changes thereto within one business day after the change. The Manager has also undertaken that it will not deal in Units during the period commencing two weeks and one month before the public announcement of Suntec REIT's quarterly and full year results respectively and (where applicable) any property valuations, and ending on the date of announcement of the said information.

DEALING WITH CONFLICTS OF INTEREST

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

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

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

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

In addition, the following procedures will be undertaken:

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

Corporate Governance

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

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

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

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

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

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

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

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

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

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

Material Contracts

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

Report of The Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA Trust Management (Suntec) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 1 November 2004 (as amended by a first supplemental deed dated 25 January 2006, a second supplemental deed dated 20 April 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010 and a first amending and restating deed dated 7 September 2010) (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 66 to 117 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Esther Fong
Senior Vice President, Trustee Services

Singapore
11 March 2016

Statement by The Manager

In the opinion of the directors of ARA Trust Management (Suntec) Limited, the accompanying financial statements set out on pages 66 to 117, comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statements, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Suntec Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") as at 31 December 2015, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Trust will be able to meet its financial obligations as and when they materialise.

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

Lim Hwee Chiang, John

Director

Yeo See Kiat

Director and Chief Executive Officer

Singapore

11 March 2016

Independent Auditors' Report

Unitholders of Suntec Real Estate Investment Trust

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

Report on the financial statements

We have audited the accompanying 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 2015, and the Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds and Consolidated Statement of Cash Flows of the Group and the Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 66 to 117.

Manager's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the 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 as at 31 December 2015 and the total return, distributable income, movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

11 March 2016

¹ 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 and a first amending and restating deed dated 7 September 2010.

Statements of Financial Position

As at 31 December 2015

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Plant and equipment	4	2,706	2,804	403	207
Investment properties	5	5,799,901	5,947,522	5,000,000	5,211,800
Intangible asset	6	–	10,044	–	10,044
Interest in joint ventures	7	2,456,648	2,372,855	1,467,060	1,471,360
Investments in subsidiaries	8	–	–	982,650	802,582
Trade and other receivables	9	237,629	100,071	–	–
Deferred tax assets	10	–	449	–	–
Derivative assets	11	6,955	1,850	5,063	1,850
		8,503,839	8,435,595	7,455,176	7,497,843
Current assets					
Derivative assets	11	3,040	138	3,040	87
Inventories		–	6	–	–
Trade and other receivables	9	12,832	16,677	5,536	6,089
Cash and cash equivalents	12	445,267	149,536	393,579	103,036
		461,139	166,357	402,155	109,212
Total assets		8,964,978	8,601,952	7,857,331	7,607,055
Current liabilities					
Interest-bearing borrowings	13	638,043	–	638,043	–
Trade and other payables	14	107,708	106,648	65,452	56,248
Derivative liabilities	11	–	8,298	–	8,298
Security deposits		20,398	13,336	16,136	12,479
Provision for taxation		1,295	1,709	1,295	1,709
		767,444	129,991	720,926	78,734
Non-current liabilities					
Interest-bearing borrowings	13	2,574,669	2,980,655	2,210,511	2,616,973
Security deposits		48,686	57,858	46,922	52,088
Derivative liabilities	11	7,895	15,118	7,895	15,118
Deferred tax liabilities	10	3,627	–	–	–
		2,634,877	3,053,631	2,265,328	2,684,179
Total liabilities		3,402,321	3,183,622	2,986,254	2,762,913
Net assets		5,562,657	5,418,330	4,871,077	4,844,142
Represented by:					
Unitholders' funds		5,444,005	5,305,398	4,871,077	4,844,142
Non-controlling interests	17	118,652	112,932	–	–
		5,562,657	5,418,330	4,871,077	4,844,142
Units in issue ('000)	18	2,521,239	2,502,246	2,521,239	2,502,246
Net asset value per Unit (\$)	19	2.154	2.117	1.928	1.933

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

Statements of Total Return

Year ended 31 December 2015

		Group		Trust	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Gross revenue	20	329,515	282,407	320,298	289,779
Property expenses	21	(100,298)	(90,780)	(53,358)	(48,398)
Net property income		229,217	191,627	266,940	241,381
Other income	22	13,753	19,345	13,753	19,345
Share of profit of joint ventures	7	100,133	139,112	–	–
Finance income	23	40,724	30,724	27,966	21,883
Finance costs	23	(87,933)	(75,572)	(82,051)	(74,117)
Net finance costs		(47,209)	(44,848)	(54,085)	(52,234)
Amortisation of intangible asset	6	(10,044)	(14,399)	(10,044)	(14,399)
Asset management fees					
- base fee	24	(30,358)	(29,637)	(26,997)	(26,312)
- performance fee	24	(15,083)	(13,626)	(15,083)	(13,626)
Professional fees		(599)	(541)	(410)	(325)
Trustee's fees		(1,466)	(1,428)	(1,391)	(1,348)
Audit fees		(445)	(411)	(360)	(335)
Valuation fees		(65)	(154)	(72)	(114)
Other expenses	25	(1,022)	(16,992)	(717)	(914)
Net income		236,812	228,048	171,534	151,119
Net change in fair value of financial derivatives		10,000	(3,429)	10,000	(3,429)
Loss on disposal of an investment property		(2,656)	–	(2,656)	–
Net change in fair value of investment properties	5	128,728	98,034	63,310	99,667
Total return for the year before tax		372,884	322,653	242,188	247,357
Tax expense	26	(6,738)	(7,003)	(1,859)	(2,174)
Total return for the year after tax		366,146	315,650	240,329	245,183
Attributable to:					
Unitholders of the Trust		354,091	317,400	240,329	245,183
Non-controlling interests	17	12,055	(1,750)	–	–
		366,146	315,650	240,329	245,183
Earnings per Unit (cents)					
Basic	27	14.087	12.983	9.561	10.029
Diluted	27	13.443	12.589	9.144	9.788

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

Distribution Statements

Year ended 31 December 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Amount available for distribution to Unitholders at the beginning of the year	64,419	58,041	64,419	58,041
Total return attributable to Unitholders	354,091	317,400	240,329	245,183
Net tax adjustments (Note A)	(199,808)	(177,636)	(7,362)	(25,397)
Taxable income	218,702	197,805	297,386	277,827
Add:				
- Tax exempt dividend income (Note B)	78,684	80,022	–	–
- Others (Note C)	19,000	10,500	19,000	10,500
Amount available for distribution to Unitholders	316,386	288,327	316,386	288,327
<i>Distributions to Unitholders:</i>				
Distribution of 2.577 cents per Unit for period from 1/10/2014 to 31/12/2014	(64,592)	–	(64,592)	–
Distribution of 2.230 cents per Unit for period from 1/1/2015 to 31/3/2015	(55,991)	–	(55,991)	–
Distribution of 2.500 cents per Unit for period from 1/4/2015 to 30/6/2015	(62,889)	–	(62,889)	–
Distribution of 2.522 cents per Unit for period from 1/7/2015 to 30/9/2015	(63,586)	–	(63,586)	–
Distribution of 2.562 cents per Unit for period from 1/10/2013 to 31/12/2013	–	(58,171)	–	(58,171)
Distribution of 2.105 cents per Unit for period from 1/1/2014 to 26/3/2014	–	(47,795)	–	(47,795)
Distribution of 0.124 cents per Unit for period from 27/3/2014 to 31/3/2014	–	(3,092)	–	(3,092)
Distribution of 2.266 cents per Unit for period from 1/4/2014 to 30/6/2014	–	(56,598)	–	(56,598)
Distribution of 2.328 cents per Unit for period from 1/7/2014 to 30/9/2014	–	(58,252)	–	(58,252)
	(247,058)	(223,908)	(247,058)	(223,908)
Income available for distribution to Unitholders at end of the year	69,328	64,419	69,328	64,419
Distribution per Unit (cents)*	10.002	9.400	10.002	9.400

* The distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution relating to 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 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Note A				
Net tax adjustments comprise:				
- Amortisation of intangible asset	10,044	14,399	10,044	14,399
- Amortisation of transaction costs	9,432	13,818	9,432	13,818
- Asset management fees paid/payable in Units	33,664	31,951	33,664	31,951
- Net profit from subsidiaries and joint ventures	(123,777)	(149,119)	–	–
- Trustee's fees	1,391	1,348	1,391	1,348
- Net change in fair value of investment properties	(128,728)	(98,034)	(63,310)	(99,667)
- Net foreign currency exchange differences	4,393	1,960	7,641	6,674
- Net change in fair value of financial derivatives	(10,000)	3,429	(10,000)	3,429
- Loss on disposal of an investment property	2,656	–	2,656	–
- Other items (Note D)	1,117	2,612	1,120	2,651
Net tax adjustments	(199,808)	(177,636)	(7,362)	(25,397)

Note B

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

Note C

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

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 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance at the beginning of the year	5,305,398	4,844,464	4,844,142	4,448,991
Total return for the year after tax attributable to Unitholders of the Trust	354,091	317,400	240,329	245,183
Effective portion of changes in fair value of cash flow hedges ⁽¹⁾	2,973	1,172	–	–
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(5,063)	(7,606)	–	–
Net loss recognised directly in Unitholders' fund	(2,090)	(6,434)	–	–
Unitholders' transactions				
Creation of Units:				
- private placement Units	–	350,001	–	350,001
- asset management fees paid in Units	24,839	23,694	24,839	23,694
Units to be issued:				
- asset management fees payable in Units	8,825	8,257	8,825	8,257
Unit issue expenses	–	(8,076)	–	(8,076)
Distributions to Unitholders	(247,058)	(223,908)	(247,058)	(223,908)
Net (decrease)/increase in Unitholders' funds resulting from Unitholders' transactions	(213,394)	149,968	(213,394)	149,968
Unitholders' funds at end of the year	5,444,005	5,305,398	4,871,077	4,844,142

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

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

Portfolio Statements

As at 31 December 2015

Group	Description Of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate	Carrying Value	Percentage of Unitholders' funds
							2015 %	2014 %	2015 %
							2015 \$'000	2014 \$'000	2014 %
<i>Investment properties in Singapore</i>									
	Suntec City mall	Leasehold	99 years	73 years	3 Temasek Boulevard	Commercial	97.6	2,000,000	1,970,000
							99.6 [#]		37.2
	Suntec City Office Towers	Leasehold	99 years	73 years	5 – 9 Temasek Boulevard	Commercial	99.3	3,000,000	2,830,000
							100.0		53.3
	Park Mall*	Leasehold	99 years	53 years	9 Penang Road	Commercial	–	–	411,800
							100.0		–
	Suntec Singapore ^	Leasehold	99 years	73 years	1 Raffles Boulevard	Commercial	n/m	665,697	658,904
							n/m		12.2
									12.4
<i>Investment properties in Australia</i>									
	177 Pacific Highway	Freehold	–	–	177 – 199 Pacific Highway	Under development	n/m	134,204	76,818
							n/m		2.5
									1.4
Investment properties, at valuation									
Interest in joint ventures (note 7)									
							5,799,901	5,947,522	106.5
							2,456,648	2,372,855	45.1
							8,256,549	8,320,377	151.6
							(2,693,892)	(2,902,047)	(49.5)
							5,562,657	5,418,330	102.1
							(118,652)	(112,932)	(2.1)
							5,444,005	5,305,398	100.0
									100.0
Other assets and liabilities (net)									
Net assets									
Non-controlling interests									
Unitholders' funds									

* the sale of Park Mall was completed on 22 December 2015.

^ denotes Suntec Singapore Convention and Exhibition Centre.

refers to Suntec City Phase 1 and 2.

n/m denotes not meaningful.

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

Portfolio Statements

As at 31 December 2015

Trust	Investment properties in Singapore											
Description Of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate		Carrying Value		Percentage of Unitholders' funds		
						2015 %	2014 %	2015 \$'000	2014 \$'000	2015 %	2014 %	
Suntec City mall	Leasehold	99 years	73 years	3 Temasek Boulevard	Commercial	97.6	99.6*	2,000,000	1,970,000	41.0	40.7	
Suntec City Office Towers	Leasehold	99 years	73 years	5 – 9 Temasek Boulevard	Commercial	99.3	100.0	3,000,000	2,830,000	61.6	58.4	
Park Mall*	Leasehold	99 years	53 years	9 Penang Road	Commercial	–	100.0	–	411,800	–	8.5	
Investment properties, at valuation												
Interest in joint ventures (note 7)												
Investments in subsidiaries (note 8)												
Other assets and liabilities (net)												
Unitholders' funds												
								5,000,000	5,211,800	102.6	107.6	
								1,467,060	1,471,360	30.1	30.4	
								982,650	802,582	20.2	16.5	
								7,449,710	7,485,742	152.9	154.5	
								(2,578,633)	(2,641,600)	(52.9)	(54.5)	
								4,871,077	4,844,142	100.0	100.0	

* the sale of Park Mall was completed on 22 December 2015.

refers to Suntec City Phase 1 and 2.

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

Portfolio Statements

As at 31 December 2015

Note:

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

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

177 Pacific Highway relates to a 31-storey commercial tower, scheduled to be completed by the second half of 2016.

The carrying amounts of the investment properties as at 31 December 2015 and 31 December 2014 were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") and CBRE Valuations Pty Limited. (2014: Colliers and Colliers International Valuation & Advisory Services (NSW) Pty Limited). The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on direct comparison method, capitalisation approach and discounted cash flow method.

Description of property	Valuation	
	2015 \$'000	2014 \$'000
Suntec City mall	2,000,000	1,970,000
Suntec City Office Towers	3,000,000	2,830,000
Suntec Singapore	665,697	658,904
Park Mall	–	411,800
177 Pacific Highway	501,102*	448,864*

* For 177 Pacific Highway, the investment property under development, the carrying value of the asset is derived based on valuation of \$501.1 million (2014: \$448.9 million) less progress payments included in other receivables (see note 9) and estimated costs to complete.

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

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Note	Group 2015 \$'000	2014 \$'000
Cash flows from operating activities			
Net income		236,812	228,048
Adjustments for:			
Allowance for doubtful trade receivables (net)		793	171
Bad debt recovered		(16)	–
Reversal of allowance for doubtful other receivables		–	(172)
Amortisation of intangible asset		10,044	14,399
Asset management fees paid/payable in Units		33,664	31,951
Depreciation of plant and equipment		985	1,160
Loss on disposal of plant and equipment		11	2
Net finance costs		47,209	44,848
Share of profit of joint ventures		(100,133)	(139,112)
		229,369	181,295
Changes in:			
Inventories		6	(1)
Trade and other receivables		1,581	1,814
Trade and other payables		2,114	12,627
Cash generated from operations		233,070	195,735
Tax paid		(1,753)	(38)
Net cash from operating activities		231,317	195,697
Cash flows from investing activities			
Capital expenditure on investment properties		(40,759)	(96,403)
Acquisition of investment properties		(105,705)	–
Progress payments on construction		(139,607)	(70,708)
Dividend income received		56,202	65,662
Change in investment in joint ventures		(15,000)	12,936
Loan repayment from a joint venture		7,000	–
Loan to joint ventures		(30,009)	(7,000)
Interest received		40,250	30,740
Net proceeds from the sale of an investment property		409,937	–
Proceeds from sale of plant and equipment		–	8
Purchase of plant and equipment		(898)	(1,176)
Net cash from/(used in) investing activities		181,411	(65,941)
Cash flows from financing activities			
Distributions to Unitholders		(247,058)	(223,908)
Dividends paid to non-controlling interest		(7,056)	(3,920)
Financing costs paid		(84,320)	(65,547)
Proceeds from issuance of units		–	350,001
Units issue costs paid		–	(8,076)
Proceeds from euro medium term notes		105,000	310,000
Repayment of loans to non-controlling interest		–	(21,952)
Proceeds from interest-bearing loans		207,158	1,242,216
Repayment of interest-bearing loans		(89,000)	(1,738,504)
Net cash used in financing activities		(115,276)	(159,690)
Net increase/(decrease) in cash and cash equivalents		297,452	(29,934)
Cash and cash equivalents at beginning of the year		149,536	181,130
Effects on exchange rate fluctuations on cash held		(1,721)	(1,660)
Cash and cash equivalents at end of the year	12	445,267	149,536

Significant Non-Cash Transactions

The Group and the Trust had issued or will be issuing a total of 20,428,472 (2014: 17,875,476) Units to the Manager, amounting to approximately \$33,664,000 (2014: \$31,951,000) at unit prices ranging from \$1.4995 to \$1.8694 (2014: \$1.6430 to \$1.9479) as satisfaction of asset management fees payable in Units in respect of the year ended 31 December 2015.

Capital expenditure on investment properties excludes accrued cost of \$37,150,000 (2014: \$43,700,000).

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 11 March 2016.

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 and a first amending and restating deed dated 7 September 2010) (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 on ("CPFIS") 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 2015 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

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

(i) *Property management fees*

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

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

The property management fees are payable monthly in arrears.

(ii) *Asset management fees*

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

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

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 in the form of Units and/or cash as the Manager may elect. The portion of the asset management fees payable in the form of Units will be made on a quarterly basis, in arrears. The portion of the asset management fees payable in cash will be made on a monthly basis, in arrears.

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 sale price on all future acquisition or disposal of properties.

Notes to the Financial Statements

1 GENERAL (CONT'D)

(iii) *Trustee's fee*

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

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

2 BASIS OF PREPARATION

2.1 *Statement of compliance*

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

2.2 *Basis of measurement*

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

2.3 *Functional and presentation currency*

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

2.4 *Use of estimates and judgements*

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

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

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

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

Measurement of fair values

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

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

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

Significant valuation issues are reported to the Audit Committee.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Subsidiaries

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

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

Loss of control

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 *Basis of consolidation (cont'd)*

Joint ventures

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

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

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries and joint ventures in the separate financial statements

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

3.2 *Foreign currency*

Foreign currency transactions

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

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

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of 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' fund. However, if the foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to the statement of total return.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment

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

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

Depreciation is recognised as an expense in the statement of total return on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment.

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

Furniture and fittings	5 years
Equipment	3 – 5 years
Motor vehicles	10 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 capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

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

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

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

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

Property that is being constructed for future use as investment property is accounted for at fair value.

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

3.5 Intangible asset

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

The intangible asset is amortised in the statement of total return on a systematic basis over its estimated useful life. The estimated useful life for the intangible asset is approximately 5 years. Intangible asset is tested for impairment as described in note 3.8.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories consist of operating supplies. Operating supplies is the amount of stocks held above the minimum level required to be maintained for the operations. Cost of operating supplies is determined on a first-in, first-out basis and comprises all costs of purchase and other costs incurred in bringing the supplies to their present location and condition.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Inventories (cont'd)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Financial instruments

Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

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

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

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

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

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

Derivative financial instruments, including hedge accounting

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

Derivative financial instruments, including hedge accounting (cont'd)

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

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

Cash flow hedges

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

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

Separable embedded derivatives

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

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of total return.

Convertible bonds

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

Subsequent to initial recognition, the convertible bonds are measured at amortised cost using the effective interest method. The derivative liability is measured at fair value through the statement of total return.

3.8 Impairment

Non-derivative financial assets

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or economic conditions that correlate with defaults.

Loans and receivables

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

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

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

Non-financial assets

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

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

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

Impairment losses recognised in prior periods in respect of other assets 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 Revenue recognition

Rental income from operating leases

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue recognition (cont'd)

Dividend income

Dividend income is recognised on the date that the right to receive payment is established.

3.11 Expenses

Property expenses

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

Property expenses are recognised on an accrual basis.

Asset management fees

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

Trustee's fee

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

3.12 Finance income and finance costs

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

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

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

3.13 Tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

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

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

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

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

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Tax (cont'd)

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

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

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

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

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- 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; or
- 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.

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.

3.14 Earnings per unit

The Group presents basic and diluted earnings per unit data for its ordinary units. Basic earnings per unit is calculated by dividing the total return for the year after tax attributable to Unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to Unitholders of the Trust and the weighted average number of units outstanding, for the effects of all dilutive potential units, which comprise convertible bonds.

3.15 Segment reporting

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 *New standards and interpretations not adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. In addition, Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial years ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Manager is currently assessing the impact of transitioning to the new reporting framework on the financial statements of the Group and the Trust.

These new standards include, among others, FRS 109 *Financial Instruments* which is mandatory for adoption by the Group on 1 January 2018.

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

As FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Trust in accounting for financial instruments, the standard is expected to be relevant. The Group does not plan to adopt the standard early.

Notes to the Financial Statements

4 PLANT AND EQUIPMENT

GROUP	Furniture and fittings \$'000	Equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost				
At 1 January 2014	3,350	1,164	19	4,533
Additions	776	400	–	1,176
Disposals	(15)	(206)	(19)	(240)
At 31 December 2014	4,111	1,358	–	5,469
Additions	417	481	–	898
Disposals	(17)	(27)	–	(44)
At 31 December 2015	4,511	1,812	–	6,323
Accumulated depreciation				
At 1 January 2014	1,031	686	18	1,735
Depreciation charge for the year	958	201	1	1,160
Disposals	(14)	(197)	(19)	(230)
At 31 December 2014	1,975	690	–	2,665
Depreciation charge for the year	657	328	–	985
Disposals	(14)	(19)	–	(33)
At 31 December 2015	2,618	999	–	3,617
Carrying amounts				
At 1 January 2014	2,319	478	1	2,798
At 31 December 2014	2,136	668	–	2,804
At 31 December 2015	1,893	813	–	2,706

TRUST	Equipment \$'000
Cost	
At 1 January 2014	516
Additions	252
Disposals	(187)
At 31 December 2014	581
Additions	380
Disposals	(16)
At 31 December 2015	945
Accumulated depreciation	
At 1 January 2014	487
Depreciation charge for the year	74
Disposals	(187)
At 31 December 2014	374
Depreciation charge for the year	184
Disposals	(16)
At 31 December 2015	542
Carrying amounts	
At 1 January 2014	29
At 31 December 2014	207
At 31 December 2015	403

5 INVESTMENT PROPERTIES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	5,947,522	5,741,208	5,211,800	5,015,200
Acquisitions	105,705	–	105,705	–
Capital expenditure capitalised	33,559	111,358	31,778	96,933
Disposals	(412,593)	–	(412,593)	–
	5,674,193	5,852,566	4,936,690	5,112,133
Changes in fair value	128,728	98,034	63,310	99,667
Effects of movements in exchange rates	(3,020)	(3,078)	–	–
At 31 December	5,799,901	5,947,522	5,000,000	5,211,800

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

During the financial year ended 31 December 2015, interest capitalised as cost of investment properties for the Group and the Trust amounted to \$153,000 (2014: \$1,750,000) (note 23).

Security

The investment properties, part of Suntec City Office Tower 3 and Suntec Singapore, with a total carrying value of \$961,797,000 (2014: \$946,404,000), have been mortgaged as security for credit facilities granted to the Group (note 13).

Fair value hierarchy

The fair value of investment properties is determined by an external, independent property valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Valuation of the investment properties is carried out at least once a year.

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

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.

Level 3 fair value

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

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

GROUP AND TRUST

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate	6.50% - 7.50% (2014: 6.50% - 8.75%)	The estimated fair value would increase if the discount rates and terminal yield were lower.
	Terminal yield	4.25% - 6.50% (2014: 4.25% - 7.00%)	
Capitalisation approach	Capitalisation rate	4.00% - 6.25% (2014: 4.00% - 6.88%)	The estimated fair value would increase if the capitalisation rate was lower.
Direct comparison method	Price per square foot	\$625 - \$2,449 (2014: \$619 to \$2,239)	The estimated fair value would increase if the price per square foot was higher.

Notes to the Financial Statements

6 INTANGIBLE ASSET

	Group and Trust \$'000
Cost	
At 1 January 2014, 31 December 2014 and 31 December 2015	176,298
Amortisation	
At 1 January 2014	151,855
Amortisation charge for the year	14,399
At 31 December 2014	166,254
Amortisation charge for the year	10,044
At 31 December 2015	176,298
Carrying amounts	
At 1 January 2014	24,443
At 31 December 2014	10,044
At 31 December 2015	–

The intangible asset represents the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with Choicewide Group Limited, the vendor of the one-third interest in BFCD LLP.

The intangible asset was fully amortised in 2015 in accordance with the Deed of Income Support.

7 INTEREST IN JOINT VENTURES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Investment in joint ventures	1,820,417	1,759,633	858,138	858,138
Loans to joint ventures	636,231	613,222	608,922	613,222
	2,456,648	2,372,855	1,467,060	1,471,360

The loans to joint ventures are unsecured. The loans bear interest between 3.3% to 3.5% (2014: 3.0% to 3.5%) per annum above the three-month Singapore Dollar Swap Offer Rate and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Group's and the Trust's net investment in the entities it is stated at cost less accumulated impairment loss.

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Effective interests held by the Group	
		2015 %	2014 %
One Raffles Quay Pte. Ltd. (ORQPL) ⁽¹⁾	Singapore	33.33	33.33
BFC Development LLP (BFCDLLP) ⁽¹⁾	Singapore	33.33	33.33
Park Mall Investment Limited (PMIL) ⁽²⁾	British Virgin Islands	30.0	–
Held by joint ventures			
Held by PMIL			
Park Mall Holdings Limited ⁽²⁾	British Virgin Islands	30.0	–
Held by Park Mall Holdings Limited			
Park Mall Pte. Ltd. ⁽³⁾	Singapore	30.0	–

7 INTEREST IN JOINT VENTURES (CONT'D)

One Raffles Quay Pte. Ltd. owns the property One Raffles Quay.

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

Park Mall Pte. Ltd. owns Park Mall.

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

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

⁽³⁾ Audited by KPMG LLP Singapore.

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

	ORQPL \$'000	BFCDLLP \$'000	PMIL \$'000	Total \$'000
2015				
Revenue	164,733	221,873	543	387,149
Expenses	(92,504)	(125,657)	(594)	(218,755)
Net change in fair value of investment properties	9,000	123,000	–	132,000
Total return for the year^(a)	81,229	219,216	(51)	300,394
^(a) Includes:				
- Depreciation	(27)	(158)	–	(185)
- Interest income	43	37	–	80
- Interest expense	(30,664)	(72,286)	(232)	(103,182)
- Tax expense	(14,943)	–	–	(14,943)
Non-current assets	1,673,498	5,035,920	424,149	7,133,567
Current assets ^(b)	1,502,618	9,274	5,898	1,517,790
Current liabilities ^(c)	(57,840)	(24,310)	(5,921)	(88,071)
Non-current liabilities ^(d)	(1,034,993)	(1,687,866)	(374,176)	(3,097,035)
Net assets	2,083,283	3,333,018	49,950	5,466,251
^(b) Includes cash and cash equivalents	14,817	12,156	5,876	32,849
^(c) Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–
^(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,029,180	1,691,927	374,176	3,095,283
Group's interest in net assets of joint ventures at the beginning of the year	689,617	1,070,016	–	1,759,633
Share of total return	27,076	73,072	(15)	100,133
Distributions received during the year	(24,120)	(32,082)	–	(56,202)
Gain recognised directly in Unitholders' funds	1,855	–	–	1,855
Capital injection	–	–	15,000	15,000
Carrying amount of interest in joint ventures at the end of the year	694,428	1,111,006	14,985	1,820,419

Notes to the Financial Statements

7 INTEREST IN JOINT VENTURES (CONT'D)

	ORQPL \$'000	BFCDLLP \$'000	Total \$'000
2014			
Revenue	162,076	208,009	370,085
Expenses	(86,109)	(104,141)	(190,250)
Net change in fair value of investment properties	140,000	97,500	237,500
Total return for the year^(a)	215,967	201,368	417,335
^(a) Includes:			
- Depreciation	(46)	(192)	(238)
- Interest income	39	45	84
- Interest expense	(28,313)	(59,426)	(87,739)
- Tax expense	(15,583)	(1,251)	(16,834)
Non-current assets	1,638,392	4,930,456	6,568,848
Current assets ^(b)	1,520,244	42,839	1,563,083
Current liabilities ^(c)	(45,268)	(62,481)	(107,749)
Non-current liabilities ^(d)	(1,044,517)	(1,700,766)	(2,745,283)
Net assets	2,068,851	3,210,048	5,278,899
^(b) Includes cash and cash equivalents	7,636	26,953	34,589
^(c) Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–
^(d) Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,039,483	1,704,827	2,744,310
Group's interest in net assets of joint ventures at the beginning of the year	647,752	1,050,228	1,697,980
Share of total return	71,989	67,123	139,112
Distributions received during the year	(28,384)	(37,278)	(65,662)
Gain recognised directly in Unitholders' funds	1,139	–	1,139
Return of capital ⁽¹⁾	(2,879)	(10,057)	(12,936)
Carrying amount of interest in joint ventures at the end of the year	689,617	1,070,016	1,759,633

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

8 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2015 \$'000	2014 \$'000
Equity investment at cost	666,807	609,564
Loan to subsidiaries	315,843	193,018
	982,650	802,582

Loan to subsidiaries is interest free and settlement is neither planned nor likely to occur in the foreseeable future. This loan is in substance, a part of the Trust's net investment in the subsidiaries and is stated at cost less accumulated impairment loss.

8 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interests held by the Group	
		2015 %	2014 %
<u>Held by the Trust</u>			
Comina Investment Limited. ⁽²⁾	British Virgin Islands	100.0	100.0
Suntec Harmony Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0
Suntec REIT MTN Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0
Suntec REIT Capital Pte. Ltd. ⁽¹⁾	Singapore	100.0	100.0
Suntec REIT (Australia) Trust ⁽²⁾	Australia	100.0	100.0
Suntec (PM) Pte. Ltd. ⁽¹⁾	Singapore	100.0	–
<u>Held through subsidiaries</u>			
<i>Held by Suntec Harmony Pte. Ltd.</i>			
Harmony Partners Investments Limited ⁽²⁾	British Virgin Islands	51.0	51.0
<i>Held by Harmony Partners Investments Limited</i>			
Harmony Investors Group Limited ⁽²⁾	British Virgin Islands	60.8	60.8
<i>Held by Harmony Investors Group Limited</i>			
Harmony Investors Holding Limited ⁽²⁾	British Virgin Islands	60.8	60.8
<i>Held by Harmony Investors Holding Limited</i>			
Harmony Convention Holding Pte Ltd ⁽¹⁾	Singapore	60.8	60.8
<i>Held by Suntec REIT (Australia) Trust</i>			
Suntec REIT 177 Trust ⁽²⁾	Australia	100.0	100.0

Harmony Convention Holding Pte Ltd owns Suntec Singapore.

Suntec REIT 177 Trust owns the property under development located at 177 – 199 Pacific Highway, North Sydney.

⁽¹⁾ Audited by KPMG LLP Singapore.

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

9 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	13,160	14,556	6,171	3,964
Impairment losses	(1,450)	(1,010)	(1,357)	(685)
Net receivables	11,710	13,546	4,814	3,279
Deposits	6	6	–	–
Amounts due from subsidiaries				
- Trade	–	–	160	315
- Non-trade	–	–	–	60
Other receivables	237,629	100,071	–	–
Prepayments	1,116	3,125	562	2,435
	250,461	116,748	5,536	6,089
<i>Classified as:</i>				
Current	12,832	16,677	5,536	6,089
Non-current	237,629	100,071	–	–
	250,461	116,748	5,536	6,089

Notes to the Financial Statements

9 TRADE AND OTHER RECEIVABLES (CONT'D)

The trade receivables in respect of part of Suntec City Office Tower 3 and Suntec Singapore, amounting to \$6,611,000 (2014: \$10,605,000) are charged or assigned by way of security for credit facilities granted to the Group (note 13).

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

Other receivables of the Group relates to progress payments amounting to \$237,629,000 (2014: \$100,071,000), made in relation to a commercial building in North Sydney, Australia, which is currently under development. The progress payments, which yield a coupon of 6.32% (2014: 6.32%) per annum, will be reclassified to investment properties upon completion.

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

10 DEFERRED TAX ASSETS/(LIABILITIES)

Movements in deferred tax assets/(liabilities) of the Group during the year

	At 1 January 2014 \$'000	Recognised in statement of total return (note 26) \$'000	At 31 December 2014 \$'000	Recognised in statement of total return (note 26) \$'000	At 31 December 2015 \$'000
Plant and equipment	631	(631)	–	(5,157)	(5,157)
Tax loss carry-forward	4,110	(3,661)	449	1,081	1,530
	4,741	(4,292)	449	(4,076)	(3,627)

11 FINANCIAL DERIVATIVES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Derivative assets				
- Interest rate swaps				
- Used for hedging	1,892	51	–	–
- At fair value through statement of total return	8,103	1,937	8,103	1,937
	9,995	1,988	8,103	1,937
<i>Classified as:</i>				
Current	3,040	138	3,040	87
Non-current	6,955	1,850	5,063	1,850
	9,995	1,988	8,103	1,937
Derivative liabilities				
- Forward exchange contracts	–	8,298	–	8,298
- Embedded derivatives relating to convertible bonds	7,895	15,118	7,895	15,118
	7,895	23,416	7,895	23,416
<i>Classified as:</i>				
Current	–	8,298	–	8,298
Non-current	7,895	15,118	7,895	15,118
	7,895	23,416	7,895	23,416

11 FINANCIAL DERIVATIVES (CONT'D)

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

Interest rate swaps of the Group and the Trust with a total notional amount of \$1,300,000,000 and \$1,050,000 (2014: \$947,500,000 and \$820,000) respectively, have been entered into at the reporting date to provide fixed rate funding for terms of 3 years (2014: 3 years) at an average interest rate of 0.75% to 1.70% (2014: 0.48% to 0.90%) per annum. This includes interest rate swaps designated as hedging instruments in cash flow hedges with notional amount of \$250,000,000 (2014: \$127,500,000).

In 2014, the Group and the Trust entered into forward currency contracts with a total notional amount of \$131,141,000 to hedge the currency risk against Australian dollar. As at 31 December 2015, there were no outstanding forward currency contracts.

Offsetting financial assets and financial liabilities

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

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

As at 31 December 2015 and 31 December 2014, the Group's derivative financial assets and liabilities do not have any amounts that are eligible or offsetting under the enforceable master netting arrangement.

12 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and in hand	445,267	137,098	393,579	90,598
Fixed deposits	–	12,438	–	12,438
	445,267	149,536	393,579	103,036

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and the Trust is 0.38% and 0.41% (2014: 0.40% and 0.52%) per annum respectively. Interest rates reprice at intervals of one month.

Cash and cash equivalents in respect of part of Suntec City Office Tower 3 and Suntec Singapore amounting to \$41,585,000 (2014: \$41,052,000) are charged or assigned by way of security for credit facilities granted to the Group (note 13).

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

Notes to the Financial Statements

13 INTEREST-BEARING BORROWINGS

		Group		Trust	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Term loans					
- secured		463,904	462,801	99,746	99,119
- unsecured		2,480,349	2,254,335	2,480,349	2,254,335
		2,944,253	2,717,136	2,580,095	2,353,454
Convertible bonds					
- unsecured	15	268,459	263,519	268,459	263,519
		3,212,712	2,980,655	2,848,554	2,616,973
<i>Classified as:</i>					
Current		638,043	–	638,043	–
Non-current		2,574,669	2,980,655	2,210,511	2,616,973
		3,212,712	2,980,655	2,848,554	2,616,973

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

Terms and debt repayment schedule

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

	Currency	Weighted average nominal interest rate %	Year of maturity	2015		2014	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group							
Floating rate term loans	SGD	2.50%	2016 – 2019	2,290,286	2,281,583	2,172,128	2,160,192
Fixed rate term loans	SGD	3.64%	2016 – 2020	665,000	662,670	560,000	556,944
Convertible bonds	SGD	1.40%	2018	280,000	268,459	280,000	263,519
				3,235,286	3,212,712	3,012,128	2,980,655
Trust							
Floating rate term loans	SGD	2.33%	2016 – 2019	1,924,286	1,917,425	1,806,128	1,796,510
Fixed rate term loans	SGD	3.64%	2016 – 2020	665,000	662,670	560,000	556,944
Convertible bonds	SGD	1.40%	2018	280,000	268,459	280,000	263,519
				2,869,286	2,848,554	2,646,128	2,616,973

13 INTEREST-BEARING BORROWINGS (CONT'D)

Secured term loans

As at 31 December 2015, the Group has in place secured term loan facilities of \$466.0 million (2014: \$466.0 million) with a panel of banks. As at 31 December 2015, the Group has drawn down \$466.0 million (2014: \$466.0 million) of secured facilities.

The facilities are secured on the following:

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

Unsecured term loans

Included in unsecured term loans are medium term notes ("MTN") and euro medium term notes ("EMTN") amounted to \$150.0 million (2014: \$150.0 million) and \$415.0 million (2014: \$310.0 million), respectively.

14 TRADE AND OTHER PAYABLES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	4,558	2,027	1,547	682
Accrued operating expenses	55,707	61,678	32,554	31,056
Amount due to a subsidiary (trade)	–	–	48	18
Amounts due to related parties (trade)				
- Trustee	368	230	368	230
- Manager	3,369	722	3,369	722
- Related parties of the Manager	3,453	5,193	1,426	1,051
Accrued income	21,469	21,432	9,332	8,143
Interest payable	14,425	12,340	13,462	11,734
Other payables	4,359	3,026	3,346	2,612
	107,708	106,648	65,452	56,248

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

Notes to the Financial Statements

15 CONVERTIBLE BONDS – DEBT COMPONENT

	Group and Trust	
	2015 \$'000	2014 \$'000
At 1 January	263,519	258,731
Amortisation of transaction costs	818	821
Interest accretion	4,122	3,967
At 31 December	268,459	263,519

Convertible bonds due 2018

In 2013, the Trust issued \$280.0 million principal amounts of convertible bonds (the "Bonds") due 2018 which carry a coupon interest at 1.40% per annum. The Bonds are convertible by bondholders into Units at the conversion price of \$2.111 (2014: \$2.111) at any time on or after 9 am on 28 April 2013 up to 3.00 p.m. on 11 March 2018 or, if redeemed prior to 11 March 2018, then up to 3.00 p.m. on a date no later than 7 business days prior to the date fixed for redemption thereof.

Based on the conversion price, the Bonds are convertible into approximately 132,638,559 (2014: 132,638,559) Units, representing 5.3% (2014: 5.3%) of the total number of Units of the Trust in issue as at 31 December 2015. The Trust has the option to pay cash in lieu of issuing new Units on conversion of any Bonds. The Bonds may be redeemed, in whole or in part, at the option of the bondholder on 18 March 2016 at their principal amount plus interest accrued up to the date of the redemption. The Bonds may also be redeemed, in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, at the option of the Trust on or at any time after 18 March 2016 but not less than 7 business days prior to 18 March 2018 (subject to the satisfaction of certain conditions). If at any time the aggregate principal amount of the Bonds outstanding is less than 10.0% of the aggregate principal amount originally issued, the Trust shall have the option to redeem such outstanding Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption.

On 26 January 2016, the Manager announced that the conversion price of the Bonds would be adjusted from \$2.111 per unit to \$2.042 per unit with effect from 26 February 2016. Based on the revised conversion price, the Bonds are convertible into approximately 137,120,470 Units, representing 5.4% of the total number of Units in issue as at 31 December 2015.

On 7 March 2016, the Manager announced that the bondholders of \$275.0 million in aggregate principal of the Bonds, representing 98.2% of the outstanding \$280.0 million in aggregate principal amount, have exercised their put option to redeem. The Bonds will be redeemed on 18 March 2016 and be cancelled thereafter. Following such redemption and cancellation, the aggregate principal amount of the Bonds remaining outstanding will be \$5.0 million, representing 1.8% of the aggregate principal originally issued.

As at 31 December 2015, the effective interest rate for the Bonds – debt component – is approximately 3.35% (2014: 3.35%) per annum.

16 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Derivative assets					
- Used for hedging	11	1,892	51	–	–
- At fair value through statement of total return	11	8,103	1,937	8,103	1,937
Trade and other receivables*	9	249,345	113,623	4,974	3,654
Cash and cash equivalents	12	445,267	149,536	393,579	103,036
		704,607	265,147	406,656	108,627

* Exclude prepayments.

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

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

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Office	15	288	15	288
Retail	5,013	3,164	4,799	2,991
Convention	6,682	10,094	–	–
	11,710	13,546	4,814	3,279

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

Impairment losses

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

	2015 \$'000	2014 \$'000
Group		
Not past due	6,742	6,544
Past due 31 – 60 days	3,111	2,588
Past due 61 – 90 days	1,080	1,754
More than 90 days	777	2,660
	11,710	13,546
Trust		
Not past due	1,928	1,416
Past due 31 – 60 days	1,688	712
Past due 61 – 90 days	795	326
More than 90 days	403	825
	4,814	3,279

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

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	1,010	908	685	908
Impairment loss recognised	1,015	325	876	–
Write-back of impairment loss	(222)	(154)	(75)	(154)
Allowance utilised	(353)	(69)	(129)	(69)
At 31 December	1,450	1,010	1,357	685

Based on historic default rates, the Manager believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group, and the Group has sufficient security deposits as collateral.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group and the Trust are satisfied that no recovery of the amounts owing are possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2015 and 31 December 2014, the Group and the Trust do not have any collective impairment on its trade receivables.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

		Cash flows			
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
Group					
2015					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,281,583	(2,455,520)	(54,065)	(2,401,455)	–
Fixed rate term loans	662,670	(722,063)	(19,234)	(702,829)	–
Convertible bonds	268,459	(280,833)	(280,833)	–	–
Trade and other payables*	86,239	(86,239)	(86,239)	–	–
Security deposits	69,084	(69,084)	(20,398)	(47,098)	(1,588)
	3,368,035	(3,613,739)	(460,769)	(3,151,382)	(1,588)
Derivative financial liabilities/(assets)					
Interest rate swaps (net-settled)					
- Used for hedging ⁽¹⁾	(1,892)	(1,426)	(630)	(796)	–
- At fair value through statement of total return ⁽¹⁾	(8,103)	1,133	2,009	(876)	–
	(9,995)	(293)	1,379	(1,672)	–
	3,358,040	(3,614,032)	(459,390)	(3,153,054)	(1,588)
2014					
Non-derivative financial liabilities					
Floating rate term loans ⁽¹⁾	2,160,192	(2,294,116)	(31,322)	(2,262,794)	–
Fixed rate term loans	556,944	(629,790)	(21,235)	(297,417)	(311,138)
Convertible bonds	263,519	(292,576)	(3,920)	(288,656)	–
Trade and other payables*	85,216	(85,216)	(85,216)	–	–
Security deposits	71,194	(71,194)	(13,336)	(55,342)	(2,516)
	3,137,065	(3,372,892)	(155,029)	(2,904,209)	(313,654)
Derivative financial liabilities/(assets)					
Interest rate swaps (net-settled)					
- Used for hedging ⁽¹⁾	(51)	(87)	(87)	–	–
- At fair value through statement of total return ⁽¹⁾	(1,937)	(8,357)	(4,469)	(3,888)	–
Forward exchange contracts (gross-settled)	8,298				
- Outflow	–	(131,141)	(131,141)	–	–
- Inflow	–	123,546	123,546	–	–
	6,310	(16,039)	(12,151)	(3,888)	–
	3,143,375	(3,388,931)	(167,180)	(2,908,097)	(313,654)

* Exclude accrued income.

⁽¹⁾ For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 1.16% - 1.59% (2014: 0.23% - 0.42%) was used.

16 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

			Cash flows			
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	
Trust						
2015						
Non-derivative financial liabilities						
Floating rate term loans ⁽¹⁾	1,917,425	(2,052,998)	(44,644)	(2,008,354)	–	
Fixed rate term loans	662,670	(722,063)	(19,234)	(702,829)	–	
Convertible bonds	268,459	(280,833)	(280,833)	–	–	
Trade and other payables*	56,120	(56,120)	(56,120)	–	–	
Security deposits	63,058	(63,058)	(16,136)	(45,334)	(1,588)	
	2,967,732	(3,175,072)	(416,967)	(2,756,517)	(1,588)	
Derivative financial liabilities/(assets)						
Interest rate swaps (net-settled)						
- At fair value through statement of total return ⁽¹⁾	(8,103)	1,133	2,009	(876)	–	
	(8,103)	1,133	2,009	(876)	–	
	2,959,629	(3,173,939)	(414,958)	(2,757,393)	(1,588)	
2014						
Non-derivative financial liabilities						
Floating rate term loans ⁽¹⁾	1,796,510	(1,902,173)	(26,002)	(1,876,171)	–	
Fixed rate term loans	556,944	(629,790)	(21,235)	(297,417)	(311,138)	
Convertible bonds	263,519	(292,576)	(3,920)	(288,656)	–	
Trade and other payables*	48,105	(48,105)	(48,105)	–	–	
Security deposits	64,567	(64,567)	(12,479)	(49,572)	(2,516)	
	2,729,645	(2,937,211)	(111,741)	(2,511,816)	(313,654)	
Derivative financial liabilities/(assets)						
Interest rate swaps (net-settled)						
- At fair value through statement of total return ⁽¹⁾	(1,937)	(8,357)	(4,469)	(3,888)	–	
Forward exchange contracts (gross-settled)	8,298					
- Outflow	–	(131,141)	(131,141)	–	–	
- Inflow	–	123,546	123,546	–	–	
	6,361	(15,952)	(12,064)	(3,888)	–	
	2,736,006	(2,953,163)	(123,805)	(2,515,704)	(313,654)	

* Exclude accrued income.

⁽¹⁾ For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 1.16% - 1.59% (2014: 0.23% - 0.42%) was used.

Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's floating rate loans.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Exposure to interest rate risk

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

	Group Nominal amount		Trust Nominal amount	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fixed rate instruments				
Interest-bearing borrowings	(945,000)	(840,000)	(945,000)	(840,000)
Interest rate swaps	(1,300,000)	(947,500)	(1,050,000)	(820,000)
	(2,245,000)	(1,787,500)	(1,995,000)	(1,660,000)
Variable rate instruments				
Interest-bearing borrowings	(2,290,286)	(2,172,128)	(1,924,286)	(1,806,128)
Interest rate swaps	1,300,000	947,500	1,050,000	820,000
	(990,286)	(1,224,628)	(874,286)	(986,128)

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") (2014: 50 bp) in interest rate at the reporting date would increase/(decrease) Unitholders' funds and total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return		Unitholders' funds	
	50 bp increase \$'000	50 bp decrease \$'000	50 bp increase \$'000	50 bp decrease \$'000
Group				
2015				
Variable rate instruments	(11,451)	11,451	–	–
Interest rate swaps	12,623	(12,698)	2,632	(2,676)
Cash flow sensitivity (net)	1,172	(1,247)	2,632	(2,676)
2014				
Variable rate instruments	(10,861)	10,861	–	–
Interest rate swaps	4,297	(4,297)	73	(73)
Cash flow sensitivity (net)	(6,564)	6,564	73	(73)

16 FINANCIAL INSTRUMENTS (CONT'D)**Interest rate risk (cont'd)****Exposure to interest rate risk (cont'd)**

	Statement of total return	
	50 bp increase \$'000	50 bp decrease \$'000
Trust		
2015		
Variable rate instruments	(9,621)	9,621
Interest rate swaps	11,373	(11,448)
Cash flow sensitivity (net)	1,752	(1,827)
2014		
Variable rate instruments	(9,031)	9,031
Interest rate swaps	4,068	(4,068)
Cash flow sensitivity (net)	(4,963)	4,963

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the statement of total return, nor does the Group designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect the statement of total return.

Currency risk

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

	2015 AUD \$'000	2014 AUD \$'000
Group		
Cash and cash equivalents	3,673	14,384
Other receivables	–	13
Intercompany balances	185,678	105,163
Net statement of financial position exposure	189,351	119,560
Forward exchange contracts	–	131,141
Net exposure	189,351	250,701
Trust		
Cash and cash equivalents	3,540	14,285
Other receivables	–	13
Intercompany balances	185,678	105,163
Net statement of financial position exposure	189,218	119,461
Forward exchange contracts	–	131,141
Net exposure	189,218	250,602

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

A 10% strengthening (weakening) of the Singapore Dollar against Australian Dollar would increase/(decrease) Unitholders' funds and total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return		Unitholders' funds	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Group				
10% strengthening	(367)	(14,554)	(18,568)	(10,516)
10% weakening	367	14,554	18,568	10,516
Trust				
10% strengthening	(18,922)	(25,060)	–	–
10% weakening	18,922	25,060	–	–

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their level in fair value hierarchy, are as follows. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Designated at fair value \$'000	Fair value – hedging instrument \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
							Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group									
2015									
Financial assets measured at fair value									
Interest rate swaps at fair value through statement of total return	11	8,103	–	–	–	8,103	–	8,103	–
Interest rate swaps used for hedging	11	–	1,892	–	–	1,892	–	1,892	–
		8,103	1,892	–	–	9,995			
Financial assets not measured at fair value									
Trade and other receivables*	9	–	–	249,345	–	249,345			
Cash and cash equivalents	12	–	–	445,267	–	445,267			
		–	–	694,612	–	694,612			
Financial liabilities measured at fair value									
Embedded derivatives relating to convertible bonds	11	(7,895)	–	–	–	(7,895)	–	–	(7,895)
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	–	–	–	(2,944,253)	(2,944,253)	–	–	(2,952,498)
Security deposits		–	–	–	(69,084)	(69,084)	–	–	(65,509)
Convertible bonds	15	–	–	–	(268,459)	(268,459)	–	–	(271,125)
Trade and other payables	14	–	–	–	(107,708)	(107,708)			
		–	–	–	(3,389,504)	(3,389,504)			

* Excludes prepayments.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Group	Note	Designated at fair value \$'000	Fair value – hedging instrument \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
							Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2014									
Financial assets measured at fair value									
Interest rate swaps at fair value through statement of total return	11	1,937	–	–	–	1,937	–	1,937	–
Interest rate swaps used for hedging	11	–	51	–	–	51	–	51	–
		1,937	51	–	–	1,988			
Financial assets not measured at fair value									
Trade and other receivables*	9	–	–	113,623	–	113,623			
Cash and cash equivalents	12	–	–	149,536	–	149,536			
		–	–	263,159	–	263,159			
Financial liabilities measured at fair value									
Forward exchange contracts	11	(8,298)	–	–	–	(8,298)	–	(8,298)	–
Embedded derivatives relating to convertible bonds	11	(15,118)	–	–	–	(15,118)	–	–	(15,118)
		(23,416)	–	–	–	(23,416)			
Financial liabilities not measured at fair value									
Interest-bearing borrowings	13	–	–	–	(2,717,136)	(2,717,136)	–	–	(2,729,623)
Security deposits		–	–	–	(71,194)	(71,194)	–	–	(68,160)
Convertible bonds	15	–	–	–	(263,519)	(263,519)	–	–	(269,922)
Trade and other payables	14	–	–	–	(106,648)	(106,648)			
		–	–	–	(3,158,497)	(3,158,497)			

* Excludes prepayments.

16 FINANCIAL INSTRUMENTS (CONT'D)

		↙		↘		Fair value			
	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Trust									
2015									
Financial assets measured at fair value									
	11	8,103	-	-	8,103	-	8,103	-	
Financial assets not measured at fair value									
	9	-	4,974	-	4,974				
	12	-	393,579	-	393,579				
		-	398,553	-	398,553				
Financial liabilities measured at fair value									
	11	(7,895)	-	-	(7,895)	-	-	(7,895)	
Financial liabilities not measured at fair value									
	13	-	-	(2,580,095)	(2,580,095)	-	-	(2,588,340)	
		-	-	(63,058)	(63,058)	-	-	(59,600)	
	15	-	-	(268,459)	(268,459)	-	-	(271,125)	
	14	-	-	(65,452)	(65,452)				
		-	-	(2,977,064)	(2,977,064)				

* Excludes prepayments.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

		↙		↘				
		Designated at fair value \$'000	Loans and receivables \$'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								
2014								
Financial assets measured at fair value								
Interest rate swaps	11	1,937	–	–	1,937	–	1,937	–
Financial assets not measured at fair value								
Trade and other receivables*	9	–	3,654	–	3,654			
Cash and cash equivalents	12	–	103,036	–	103,036			
		–	106,690	–	106,690			
Financial liabilities measured at fair value								
Forward exchange contracts	11	(8,298)	–	–	(8,298)	–	(8,298)	–
Embedded derivatives relating to convertible bonds	11	(15,118)	–	–	(15,118)	–	–	(15,118)
		(23,416)	–	–	(23,416)			
Financial liabilities not measured at fair value								
Interest-bearing borrowings	13	–	–	(2,353,454)	(2,353,454)	–	–	(2,365,941)
Security deposits		–	–	(64,567)	(64,567)	–	–	(61,709)
Convertible bonds	15	–	–	(263,519)	(263,519)	–	–	(269,922)
Trade and other payables	14	–	–	(56,248)	(56,248)			
		–		(2,737,788)	(2,737,788)			

* Excludes prepayments.

16 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Group and Trust

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Embedded derivatives relating to convertible bonds	<i>Discounted cash flows and market comparison technique:</i> The fair value of the embedded derivative is the difference between the fair value of the convertible bonds based on broker quotes and the fair value of the liability component of the convertible bonds, determined using the discounted cash flows approach. The valuation requires management to estimate the expected cash flows over the life of the convertible bonds to investors, which are not evidenced by observable market data.	Discount rate - 2.72% (2014: 2.48%)	The estimated fair value of the embedded derivatives relating to convertible bonds would increase if the discount rate was lower.
Forward exchange contracts and Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Key unobservable inputs
Group and Trust		
Fixed rate borrowings	Discounted cash flows	Discount rate - 1.89% - 3.32% (2014: 1.75% - 3.93%)
Security deposits	Discounted cash flows	Discount rate - 2.64% - 2.65% (2014: 1.87% - 1.93%)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within three months) are assumed to approximate their fair values because of the short period to maturity or repricing.

(ii) Transfer between Level 1 and 2

During the financial year ended 31 December 2015, there were no transfers between Level 1 and Level 2.

Notes to the Financial Statements

16 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values (cont'd)

(iii) Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Group and Trust	
	2015 \$'000	2014 \$'000
Embedded derivatives relating to convertible bonds		
At 1 January	(15,118)	(16,740)
Changes in fair value recognised in the statement of total return	7,223	1,622
At 31 December	(7,895)	(15,118)

Sensitivity analysis

If the assumptions applied by management were 5.0% favourable or unfavourable with all other variables held constant, the fair value of the embedded derivative relating to the convertible bonds would decrease/(increase) by \$895,000 (2014: \$1,130,000) and (\$898,000) (2014: (\$1,135,000)) respectively. The analysis is performed on the same basis as 2014.

17 NON-CONTROLLING INTERESTS

The following subsidiaries have material Non-Controlling Interest (NCI):

Name	Principal places of business/ Country of incorporation	Effective interests held by NCI	
		2015 %	2014 %
Harmony Investors Group Limited subgroup ("Harmony")	Singapore	39.2	39.2
Harmony Partners Investment Limited ("HPIL")	British Virgin Islands	49.0	49.0

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

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

17 NON-CONTROLLING INTERESTS (CONT'D)

	Harmony \$'000	HPIL* \$'000	Intra-group elimination \$'000	Total \$'000
2014				
Revenue	72,650	–		
Total (loss)/return for the year	(11,307)	9,014		
Total (loss)/return attributable to NCI for the year	(4,432)	4,416	(1,734)	(1,750)
Non-current assets	661,500	76,744		
Current assets	51,241	–		
Non-current liabilities	(454,933)	(55,200)		
Current liabilities	(51,213)	(8)		
Net assets	206,595	21,536		
Net assets attributable to NCI	80,985	10,553	21,394	112,932
Cash flows used in operating activities	(12,150)	–		
Cash flows from investing activities	1,994	–		
Cash flows from financing activities (dividends to NCI: \$3,920,000)	18,865	–		
Net increase in cash and cash equivalents	8,709	–		

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

18 UNITS IN ISSUE

	Group and Trust	
	2015 '000	2014 '000
Units in issue:		
At 1 January	2,502,246	2,265,335
Issue of Units:		
- private placement	–	218,069
- asset management fees paid in Units	18,993	18,842
At 31 December	2,521,239	2,502,246
Units to be issued:		
- asset management fees payable in Units	5,674	4,238
Total issued and issuable Units at 31 December	2,526,913	2,506,484

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.

Notes to the Financial Statements

18 UNITS IN ISSUE (CONT'D)

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

19 NET ASSET VALUE PER UNIT

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		5,444,005	5,305,398	4,871,077	4,844,142
		'000	'000	'000	'000
Total issued and issuable Units at 31 December	18	2,526,913	2,506,484	2,526,913	2,506,484

20 GROSS REVENUE

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Gross rental income	329,348	282,264	241,467	209,625
Dividend income	–	–	78,684	80,022
Others	167	143	147	132
	329,515	282,407	320,298	289,779

Included in gross rental income of the Group and the Trust are contingent rents amounting to \$1,566,000 (2014: \$802,000) and \$954,000 (2014: \$481,000) respectively.

21 PROPERTY EXPENSES

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Advertising and promotion expenses	4,473	4,534	2,991	3,648
Allowance for/(Reversal of) doubtful receivables	777	(1)	785	(154)
Depreciation of plant and equipment	985	1,160	184	74
Loss on disposal of plant and equipment	11	2	–	–
Maintenance expenses	4,603	2,876	1,513	1,420
Contributions to maintenance funds	19,891	19,905	16,555	16,534
Property management fees (including reimbursables)	26,382	29,743	7,248	6,289
Property tax	23,490	19,283	19,630	16,566
Utilities	3,791	4,590	905	1,116
Agency commission	3,106	2,907	2,556	2,395
Food and beverages related cost	3,946	3,218	–	–
Others	8,843	2,563	991	510
	100,298	90,780	53,358	48,398

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

22 OTHER INCOME

Other income relates to the income support received by the Group and the Trust under the Deed of Income Support entered with Choicewide Group Limited, the vendor of the one-third interest in BFCDD LLP.

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

23 FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest income:				
- bank deposits	1,387	482	1,354	435
- loan to joint ventures	26,114	21,448	26,114	21,448
- progress payments	12,725	8,794	–	–
- interest rate swaps	498	–	498	–
Finance income	40,724	30,724	27,966	21,883
Interest expense:				
- bank loans	(67,281)	(50,945)	(59,640)	(46,245)
- convertible bonds	(3,920)	(3,920)	(3,920)	(3,920)
- interest rate swaps	(2,547)	(5,523)	(1,534)	(5,198)
Amortisation of transaction costs	(9,907)	(14,940)	(9,432)	(13,818)
Net foreign exchange loss	(4,431)	(1,994)	(7,678)	(6,686)
	(88,086)	(77,322)	(82,204)	(75,867)
Borrowing cost capitalised in investment properties	153	1,750	153	1,750
Finance costs	(87,933)	(75,572)	(82,051)	(74,117)
Recognised in the statement of total return	(47,209)	(44,848)	(54,085)	(52,234)

24 ASSET MANAGEMENT FEES

Included in the asset management fees of the Group and the Trust is an aggregate of 20,428,472 (2014: 17,875,476) Units, amounting to \$33,664,000 (2014: \$31,951,000), that have been or will be issued to the Manager in satisfaction of the asset management fees payable in Units.

25 OTHER EXPENSES

Included in other charges are the following items:

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Strategic advisor performance fee paid to a related corporation of the Manager	–	16,056	–	–
Non-audit fees paid to auditors of the Trust	117	127	117	127

Notes to the Financial Statements

26 TAX EXPENSE

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current tax expense					
Current year		1,339	1,752	1,339	1,752
Adjustment for prior years		–	16	–	16
Withholding tax		1,323	943	520	406
		2,662	2,711	1,859	2,174
Deferred tax expense					
Origination and reversal of temporary differences		4,684	4,292	–	–
Adjustment for prior years		(608)	–	–	–
	10	4,076	4,292	–	–
Total tax expense		6,738	7,003	1,859	2,174

Reconciliation of effective tax rate

		Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return for the year before tax		372,884	322,653	242,188	247,357
Less: Share of profit of joint ventures		(100,133)	(139,112)	–	–
		272,751	183,541	242,188	247,357
Income tax using the Singapore tax rate of 17% (2014:17%)		46,368	31,202	41,172	42,051
Effects of tax rates in foreign jurisdiction		(10,858)	2,642	–	–
Non-tax deductible items		11,397	21,855	11,787	13,454
Non-taxable income		(5,710)	(19,066)	(13,021)	(17,771)
Withholding tax		1,323	943	520	406
Tax exempt income		–	–	(3,425)	(5,393)
Tax transparency		(35,174)	(30,589)	(35,174)	(30,589)
(Over)/under provided in prior years		(608)	16	–	16
Total tax expense		6,738	7,003	1,859	2,174

27 EARNINGS PER UNIT

Basic earnings per Unit is based on:

		Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return for the year after tax attributable to Unitholders		354,091	317,400	240,329	245,183
Number of Units					
		Group		Trust	
		2015 '000	2014 '000	2015 '000	2014 '000
Weighted average number of Units:					
- outstanding during the year		2,513,610	2,444,800	2,513,610	2,444,800
- to be issued as payment of asset management fees payable in Units		16	12	16	12
		2,513,626	2,444,812	2,513,626	2,444,812

27 EARNINGS PER UNIT (CONT'D)

In calculating diluted earnings per Unit, the total return for the year after tax and weighted average number of Units in issue are adjusted to take into account the dilutive effect arising from the dilutive Bonds, with the potential Units weighted for the year outstanding.

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total return for the year after tax attributable to Unitholders	354,091	317,400	240,329	245,183
Profit impact of conversion of the dilutive potential Units	1,637	7,085	1,637	7,085
Adjusted total return for the year after tax	355,728	324,485	241,966	252,268

	Group		Trust	
	2015 '000	2014 '000	2015 '000	2014 '000
Weighted average number of Units used in calculation of basic earnings per Unit	2,513,626	2,444,812	2,513,626	2,444,812
Weighted average number of Units to be issued assuming conversion of the Bonds	132,639	132,639	132,639	132,639
Weighted average number of Units used in calculation of diluted earnings per Unit	2,646,265	2,577,451	2,646,265	2,577,451

As at 31 December 2015, the Group and the Trust had Bonds which were convertible into approximately 132,638,559 (2014: 132,638,559) Units.

28 OPERATING SEGMENTS

For the purpose of making resource allocation decisions and assessing segment performance, the Group's chief operating decision maker reviews internal/management reports of its retail, office and convention business segments. The nature of the leases (lease of retail, office, convention or other space) is the factor used to determine the reportable segments. As the retail, office and convention segments of each property are similar in economic characteristics, nature of services and type of customer, the retail, office and convention segments of each property are aggregated accordingly to form the retail, office and convention reportable segments. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Other operations segment, which relates to leasing of advertising space and car park, does not meet any of the quantitative thresholds for determining reportable segments for both 2015 and 2014.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessing segment performance.

Unallocated items comprise mainly other income, trust-related income and expenses, changes in fair value of investment properties and tax expense.

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

Segment information in respect of the Group's geographical segments is not presented as the Group's activities for the year ended 31 December 2015 and 31 December 2014 related mainly to properties located in Singapore.

Notes to the Financial Statements

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Office		Retail			Convention	Others	Total
	Suntec City	Park Mall	Suntec City	Park Mall	Suntec Singapore	Suntec Singapore		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015								
Gross revenue	128,645	8,810	86,380	13,428	24,563	63,339	4,350	329,515
Property expenses	(21,932)	(2,322)	(22,289)	(3,454)	(4,657)	(42,284)	(3,360)	(100,298)
Reportable segment net property income	106,713	6,488	64,091	9,974	19,906	21,055	990	229,217
2014								
Gross revenue	124,945	9,265	57,756	13,796	23,193	49,456	3,996	282,407
Property expenses	(25,588)	(1,960)	(14,823)	(3,218)	(4,951)	(37,431)	(2,809)	(90,780)
Reportable segment net property income	99,357	7,305	42,933	10,578	18,242	12,025	1,187	191,627

Reconciliation of reportable segment net property income

	Group	
	2015 \$'000	2014 \$'000
Total return		
Reportable segment net property income	228,227	190,440
Other net property income	990	1,187
	229,217	191,627
Unallocated amounts:		
- Other income	13,753	19,345
- Net finance costs	(47,209)	(44,848)
- Amortisation of intangible asset	(10,044)	(14,399)
- Asset management fees	(45,441)	(43,263)
- Other trust expenses	(3,597)	(19,526)
- Net change in fair value of financial derivatives	10,000	(3,429)
- Loss on disposal of an investment property	(2,656)	-
- Net change in fair value of investment properties	128,728	98,034
- Share of profit of joint ventures	100,133	139,112
Consolidated total return for the year before tax	372,884	322,653

29 COMMITMENTS

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(a) Capital commitments				
Capital expenditure contracted but not provided for	127,989	297,967	–	23,600
Loan facilities to joint ventures	558,078	553,778	558,078	553,778
	686,067	851,745	558,078	577,378

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

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Receivables:				
Within 1 year	237,108	253,815	220,476	230,053
After 1 year but within 5 years	287,994	351,258	269,989	322,093
More than 5 years	48,629	18,294	6,971	9,820
	573,731	623,367	497,436	561,966

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

30 CONTINGENT LIABILITY

Pursuant to the tax transparency ruling from IRAS, the Trustee and the Manager have provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties that may be suffered by IRAS should IRAS 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 (2014: \$500,000) or 1.0% (2014: 1.0%) of the taxable income of the Trust for the year ended 31 December 2015. Each yearly indemnity has a validity period of the earlier of seven years from the relevant year of assessment and three years from the termination of the Trust.

31 FINANCIAL RATIOS

	Group		Trust	
	2015 %	2014 %	2015 %	2014 %
Expenses to weighted average net assets ¹				
- including performance component of asset management fees	1.12	1.51	1.14	1.22
- excluding performance component of asset management fees	0.83	0.93	0.83	0.93
Portfolio turnover rate ²	1.92	–	2.11	–

¹ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses, interest expense and income tax expense.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

Notes to the Financial Statements

32 RELATED PARTIES

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

	Group	
	2015 \$'000	2014 \$'000
Acquisition fees paid to the Manager	2,410	754
Asset management fees paid/payable to a related corporation of the Manager	3,320	3,274
Agency commission paid/payable to a related corporation of the Manager	5,538	5,550
Divestment fees paid to the Manager	1,441	–
Rental income received/receivable from an associate of the Manager	1,672	1,672
Rental income received/receivable from related corporations of the Manager	1,037	667
Property management fees paid/payable (including reimbursable) to related corporations of the Manager	26,382	29,743
Professional services fees paid/payable to related corporations of the Manager	1,377	–
	Trust	
	2015 \$'000	2014 \$'000
Acquisition fees paid to the Manager	2,410	754
Agency commission paid/payable to a related corporation of the Manager	4,988	5,039
Divestment fees paid to the Manager	1,441	–
Rental income received/receivable from an associate of the Manager	1,672	1,672
Rental income received/receivable from related corporations of the Manager	1,037	667
Property management fees paid/payable (including reimbursable) to a related corporation of the Manager	7,248	6,289
Professional services fees paid/payable to related corporations of the Manager	1,377	–

33 FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The Manager monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager oversees how management of the Manager monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by the Audit Committee. The Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

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

33 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The Group has undrawn unsecured term loan facility of \$196.0 million with a panel of banks. In addition, the Group has a \$500.0 million MTN programme and US\$1,500.0 million (approximately \$1,987.0 million) EMTN programme, of which \$150.0 million and \$415.0 million respectively were utilised.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, which will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

As at 31 December 2015, the Group has entered into interest rate swaps with a total notional amount of \$1,300.0 million (2014: \$947.5 million) whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured and unsecured term loans.

Currency risk

The Group is exposed to currency risk on funding the development property in Australia. In 2014, the Group entered into forward currency contracts with a total notional amount of \$131.1 million whereby the Group agreed with counterparties to exchange Australian dollar at specified rates, on specified dates. As at 31 December 2015, there were no outstanding forward currency contracts.

Capital management

The Board of Directors of the Manager reviews the Group's capital management policy regularly so as to optimise Unitholders' return through a mix of available capital sources. The Group monitors its gearing ratio and maintains it within the approved limits. The Group assesses its capital management approach as a key part of the Group's overall strategy, and this is continuously reviewed by the Manager. The Group's gearing stood at 35.8% (2014: 34.7%) as at 31 December 2015.

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 35.0% of the fund's deposited property. The aggregate leverage of a property fund may exceed 35.0% of the fund's deposited property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35.0% of the fund's deposited property. With effect from 1 January 2016, the Aggregate Leverage of a property fund shall not exceed 45.0%.

The Group's corporate family rating is Baa2.

The Group has complied with the Aggregate Leverage limit of 60.0% and there were no changes in the Group's approach to capital management during the financial year.

34 SUBSEQUENT EVENT

Subsequent to 31 December 2015, the Manager declared distribution of 2.750 cents per unit in respect of the period 1 October 2015 to 31 December 2015 which was paid on 26 February 2016.

Statistics of Unitholders

DISTRIBUTION OF UNITHOLDINGS

As of 1 March 2016

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	26	0.12	580	0.00
100 - 1,000	3,943	18.29	3,866,729	0.15
1,001 - 10,000	12,872	59.70	65,411,436	2.59
10,001 - 1,000,000	4,680	21.70	220,864,419	8.74
1,000,001 and above	41	0.19	2,236,769,634	88.52
Total	21,562	100.00	2,526,912,798	100.00

TWENTY LARGEST UNITS HOLDERS

As of 1 March 2016

No.	Name	No. of Units	%
1	Citibank Nominees Singapore Pte Ltd	825,417,525	32.67
2	DBS Nominees (Private) Limited	394,004,440	15.59
3	HSBC (Singapore) Nominees Pte Ltd	188,976,087	7.48
4	DBS Vickers Securities (Singapore) Pte Ltd	171,214,400	6.78
5	Raffles Nominees (Pte) Ltd	160,582,130	6.35
6	United Overseas Bank Nominees (Private) Limited	101,606,585	4.02
7	DBSN Services Pte. Ltd.	88,746,940	3.51
8	Tecity Management Pte Ltd	38,386,000	1.52
9	WTP Investment (Overseas) Limited	33,523,485	1.33
10	Sword Investments Private Limited	33,494,000	1.33
11	ARA Real Estate Investors XIII Limited	26,975,014	1.07
12	Bank of Singapore Nominees Pte. Ltd.	24,757,743	0.98
13	DB Nominees (Singapore) Pte Ltd	19,105,104	0.76
14	WII Pte. Ltd.	16,656,900	0.66
15	PCK Corporation	13,649,414	0.54
16	ARA Trust Management (Suntec) Limited	11,329,264	0.45
17	Chow Chung Kai	11,041,785	0.44
18	Straits Real Estate Pte Ltd	10,950,000	0.43
19	BNP Paribas Securities Services Singapore Branch	7,254,131	0.29
20	Merrill Lynch (Spore) Pte Ltd	6,330,019	0.25
Total		2,184,000,966	86.45

BONDHOLDER OF 1.40% CONVERTIBLE BONDS DUE 2018

Due Date:	18 March 2018
Initial Conversion Premium:	20% over reference share price
Conversion Price:	S\$2.111 per share [#]
Redemption Price:	100% of principal amount
Conversion Period:	At any time from 28 April 2013 until 11 March 2018, being the date falling 7 days prior to maturity date

The S\$280 million 1.4% convertible bonds due 2018 issued by HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of Suntec Real Estate Investment Trust on 18 March 2013 (the "Bonds") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of the common depository and holding the bonds on behalf for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream").

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of the \$280 million Bonds in the principal amount of S\$280 million. The identity of the holders of the beneficial interests in the Bonds is not currently known.

The Manager has announced on 7 March 2016 that the holders of S\$275 million in aggregate principal amount of the Bonds (representing 98.2% of the outstanding S\$280 million in aggregate principal amount), have exercised their put option pursuant to Condition 7.4 of the Terms and Conditions of the Bonds. The Bonds which will be redeemed on 18 March 2016 at principal amount plus interest accrued to the date of redemption will be cancelled thereafter. Following such redemption and cancellation, the aggregate principal amount of Bonds remaining outstanding will be S\$5 million (representing 1.8% of the aggregate principal amount originally issued) and the Trustee would accordingly be entitled to exercise the right to redeem all outstanding Bonds pursuant to Condition 7.2(c) of the Terms and Conditions of the Bonds.

The conversion price of the Bonds was adjusted to S\$2.042 per unit with effect from 26 February 2016.

SUBSTANTIAL UNITHOLDERS

As at 1 March 2016

As shown in the Register of Substantial Unitholders

No.	Name of Substantial Unitholder	Number of Units	
		Direct Interest	Deemed Interest
1.	The Straits Trading Company Limited ¹	0	201,751,696
2.	The Cairns Pte. Ltd. ²	0	201,751,696
3.	Raffles Investments Limited ³	0	227,798,399
4.	Aequitas Pte. Ltd. ⁴	0	227,798,399
5.	Siong Lim Private Limited ⁵	0	227,798,399
6.	Kambau Pte. Ltd. ⁵	0	227,798,399
7.	Tecity Pte. Ltd. ⁵	0	227,798,399
8.	Grange Investment Holdings Private Limited ⁶	0	227,798,399
9.	Dr Tan Kheng Lian ⁷	1,280,000	227,798,399
10.	Tan Chin Tuan Pte. Ltd. ⁸	0	227,798,399
11.	Blackrock, Inc. ⁹	0	151,921,788
12.	The PNC Financial Services Group, Inc. ¹⁰	0	151,921,788

Notes:

¹ The Straits Trading Company Limited ("STC") holds more than 50 per cent. of the voting rights of each of Straits Real Estate Pte. Ltd. ("SRE") and Sword Investments Private Limited ("Sword") and has a deemed interest in the Units held by SRE and Sword.

In addition, STC, through its wholly-owned subsidiaries, Straits Equities Holdings (One) Pte. Ltd. ("SEH One") and Straits Equities Holdings (Two) Pte. Ltd. ("SEH Two"), collectively holds more than 20 per cent. of the voting rights in ARA Asset Management Limited ("ARA") which in turn holds more than 50 per cent. of the voting rights of each of the Manager, ARA Investors II Limited ("ARA Investors II") and ARA Real Estate Investors XII Limited ("ARA RE"). Accordingly, STC is deemed to be interested in the Units held by the Manager, ARA Investors II and ARA RE.

² The Cairns Pte. Ltd. ("Cairns") holds more than 50 per cent. of the voting rights of STC. Accordingly, Cairns is deemed to have an interest in the Units that STC has a deemed interest in.

³ Raffles Investments Limited ("Raffles") holds more than 50 per cent. of the voting rights of Raffles Investments (1993) Pte Ltd ("Raffles 1993"). Accordingly, Raffles is deemed to have an interest in the Units which Raffles 1993 holds.

In addition, Raffles also holds not less than 20 per cent. of the voting rights in Cairns. Accordingly, Raffles is deemed to have an interest in the Units that Cairns has a deemed interest in.

⁴ Aequitas Pte. Ltd. ("Aequitas") holds more than 50 per cent. of the voting rights of Raffles. Accordingly, Aequitas is deemed to have an interest in the Units that Raffles has a deemed interest in.

⁵ Each of Siong Lim Private Limited ("Siong Lim"), Kambau Pte. Ltd. ("Kambau") and Tecity Pte. Ltd. ("Tecity") holds not less than 20 per cent. of the voting rights of Aequitas. Accordingly, each of Siong Lim, Kambau and Tecity is deemed to have an interest in the Units that Aequitas has a deemed interest in.

⁶ Grange Investment Holdings Private Limited ("Grange") holds more than 50 per cent. of the voting rights of Kambau. Accordingly, Grange is deemed to have an interest in the Units that Kambau has a deemed interest in.

⁷ Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. Accordingly, Dr Tan Kheng Lian is deemed to have an interest in the Units that Tecity has a deemed interest in.

⁸ Tan Chin Tuan Pte. Ltd. ("TCTPL") holds more than 50 per cent. of the voting rights of Grange. Accordingly, TCTPL is deemed to have an interest in the Units that Grange has a deemed interest in.

⁹ BlackRock, Inc. ("BlackRock") holds more than 50 per cent. of the voting rights of the following entities (1) BlackRock Advisors, LLC, (2) BlackRock (Luxembourg) S.A., (3) BlackRock (Netherlands) B.V., (4) BlackRock Advisors (UK) Limited, (5) BlackRock Asset Management Canada Limited, (6) BlackRock Asset Management Ireland Limited, (7) BlackRock Asset Management North Asia Limited, (8) BlackRock Asset Management Schweiz AG, (9) BlackRock Financial Management, Inc., (10) BlackRock Fund Advisors, (11) BlackRock Fund Managers Ltd, (12) BlackRock Institutional Trust Company, N.A., (13) BlackRock International Limited, (14) BlackRock Investment Management (Australia) Limited, (15) BlackRock Investment Management (UK) Ltd, (14) BlackRock Investment Management, LLC, (17) BlackRock Japan Co Ltd, (18) BlackRock Life Limited, (19) iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, and so therefore deemed to have an interest in the Units held by the aforementioned entities.

¹⁰ The PNC Financial Services Group, Inc. is deemed shareholder through its over 20% ownership of BlackRock, Inc.

Statistics of Unitholders

MANAGER'S DIRECTORS' UNITHOLDINGS

As at 21 January 2016

As shown in the Register of Directors' Unitholdings

Name	Number of Units	
	Direct Interest	Deemed Interest
1. Chew Gek Khim	0	0
2. Lim Hwee Chiang, John	1,000,000	0
3. Chen Wei Ching, Vincent	400,000	0
4. Lim Lee Meng	0	0
5. Tan Kian Chew	250,000	0
6. Chow Wai Wai John	2,221,729	0
7. Yeo See Kiat	525,000	550,000 ¹

Note:

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

FREE FLOAT

Based on information made available to the manager as at 1 March 2016, approximately 84.7% of the Units are held in public hands. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

Additional Information

RELATED PARTY TRANSACTIONS

The transactions entered with related parties during the financial period and which fall within the Listing Manual of the SGX-ST and the Property Fund Appendix (excluding transactions of less than \$100,000 each) are as follows:

	Aggregate value of all RPT during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all RPTs conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
ARA Trust Management (Suntec) Limited and its associates		
Asset management fees	45,441	–
Rental income	2,709	–
Property management fees and reimbursables	26,382	–
Professional service fees	1,377	–
Leasing commission	5,538	–
Acquisition fee	2,410	–
Divestment fee	1,441	–
HSBC Institutional Trust Services (Singapore) Limited		
Trustee fees	1,391	–
Choicewide Group Limited		
Income Support	13,753	–
	100,442	–

FEES PAYABLE TO THE MANAGER

The Manager is committed to delivering value to the stakeholders of Suntec REIT, in addition to its key responsibilities of managing and maintaining the long term interests of all Unitholders.

The Manager is entitled to the following fees for the management of Suntec REIT, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management, marketing and investor relations:

- (1) a base fee of 0.3% per annum of the value of the properties of Suntec REIT (as defined under Clause 15.1.1 of the Trust Deed). Pursuant to Clause 15.1.4 of the Trust Deed, the base fee is paid monthly or quarterly, in arrears, in the form of cash and/or Units, as the Manager may elect. The Base Fee, which is based on a fixed percentage of the value of the assets of the Trust, commensurates with the complexity and efforts required of the Manager in managing the Trust.
- (2) a performance fee equal to 4.5% per annum of the Net Property Income of Suntec REIT or any special purpose vehicles for each financial year (as defined under Clause 15.1.2 in the Trust Deed). The performance fee is paid in the form of cash and/or Units, as the Manager may elect. The performance fee methodology is reflective of the alignment of interests between the Manager and the Unitholders in incentivising the Manager to drive higher income yields for Suntec REIT. The Manager is incentivised to review the growth potential of the assets in the portfolio, and improve the long-term performance of such assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive management including undertaking effective leasing strategies and asset enhancement (repositioning) initiatives and achieving cost efficiencies.

In accordance with the Code on Collective Investment Schemes dated 1 January 2016 ("CIS Code"), crystallisation of the performance fee should be no more frequent than once a year. Therefore, with effect from FY 2016, the performance fee payable in the form of Units and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

Additional Information

In addition, the Manager is entitled to an acquisition fee¹ which is paid in the form of cash after the completion of an acquisition. The Manager is also entitled to a divestment fee¹ which is paid in cash after the completion of a divestment. Details of the fee structure of the acquisition fee and divestment fee are set out in Note 1 to the Financial Statements herein (and Clause 15.2.1 of the Trust Deed). The acquisition fee and divestment fee payable to the Manager are to recognise the Manager's efforts in actively seeking potential opportunities to acquire new properties and/or in unlocking the underlying value of existing properties within its asset portfolio through divestments to optimise returns to the Unitholders. The Manager provides these services over and above the provision of ongoing management services with an aim to generate long term benefits for the Unitholders.

Note:

¹ In the case of an interested party transaction, the fee is paid in the form of Units at the prevailing market price and such Units should not be sold within one year from their date of issuance as stipulated in the CIS Code.

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	\$'000
Total operating expenses, including all fees, charges and reimbursables paid to the manager and interested parties ^{1,2}	166,913
Net Assets	5,562,657
Percentage of total operating expenses to Net Assets	3%

Notes:

¹ Excludes finance costs and amortisation of intangible asset

² Includes one-third interest in One Raffles Quay Pte Ltd, one-third interest in BFC Development LLP, 60.8% interest in Harmony Convention Holding Pte Ltd and 30.0% interest in Park Mall Pte. Ltd.

SUBSCRIPTION OF SUNTEC REIT UNITS

As at 31 December 2015, an aggregate of 2,521,238,831 Units were in issue. On 27 January 2016, Suntec REIT issued 5,673,967 Units to the Manager as asset management fees for the period from 1 October 2015 to 31 December 2015.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the holders of units of Suntec Real Estate Investment Trust ("Suntec REIT", and the holders of units of Suntec REIT, "Unitholders") will be held at Level 3, Summit 2, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 14 April 2016 at 10.30 am to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of Suntec REIT (the "Trustee"), the Statement by ARA Trust Management (Suntec) Limited, as manager of Suntec REIT (the "Manager") and the Audited Financial Statements of Suntec REIT for the financial year ended 31 December 2015 and the Auditors' Report thereon.

(Resolution 1)

2. To re-appoint KPMG LLP as the Auditors of Suntec REIT to hold office until the conclusion of the next AGM of Suntec REIT and to authorise the Manager to fix their remuneration.

(Resolution 2)

AS SPECIAL BUSINESS

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

3. GENERAL MANDATE FOR THE ISSUE OF NEW UNITS AND/OR CONVERTIBLE SECURITIES

That authority be and is hereby given to the Manager to

- (a)
 - (i) issue new units in Suntec REIT ("Units") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may, in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (A) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty percent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);
- (B) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (i) any new Units arising from the conversion or exercise of any Instruments which are outstanding as at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Units;

Notice of Annual General Meeting

- (C) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Suntec REIT (as amended) (the "Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (D) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Suntec REIT or (ii) the date by which the next AGM of Suntec REIT is required by applicable regulations to be held, whichever is earlier;
- (E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (F) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Suntec REIT to give effect to the authority conferred by this Resolution.

[See Explanatory Note]

(Resolution 3)

4. OTHER BUSINESS

To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD

ARA Trust Management (Suntec) Limited

as manager of Suntec REIT

Sharon Yeoh

Chiang Wai Ming

Company Secretaries

Singapore

29 March 2016

Notes

1. A Unitholder entitled to attend and vote at the AGM who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The proxy form must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 12 April 2016 at 10.30 a.m. being forty-eight (48) hours before the time fixed for the AGM.

4. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at forty-eight (48) hours before the time appointed for AGM in order for the Depositor to be entitled to attend and vote at the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Explanatory Note to Resolution to be passed:

- (i) Ordinary Resolution 3 above, if passed, will empower the Manager from the date of the AGM until (i) the conclusion of the next AGM of Suntec REIT or (ii) the date by which the next AGM of Suntec REIT is required by the applicable regulations to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of which up to 20% may be issued other than on a *pro rata* basis to Unitholders (in each case, excluding treasury Units, if any).

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Corporate Directory

TRUSTEE

Registered Address

HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay #13-02

HSBC Building

Singapore 049320

Trustee

HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay #03-01

HSBC Building

Singapore 049320

Facsimile: +65 6534 5526

MANAGER

ARA Trust Management (Suntec) Limited

6 Temasek Boulevard #16-02

Suntec Tower Four

Singapore 038986

Telephone: +65 6835 9232

Facsimile: +65 6835 9672

DIRECTORS OF THE MANAGER

Chew Gek Khim

Chairman and Director

Lim Hwee Chiang, John

Director

Chen Wei Ching, Vincent

Independent Director

Lim Lee Meng

Independent Director

Tan Kian Chew

Independent Director

Chow Wai Wai, John

Non-executive Director

Yeo See Kiat

Chief Executive Officer and Director

AUDIT COMMITTEE

Chen Wei Ching, Vincent

Chairman

Lim Lee Meng

Member

Tan Kian Chew

Member

DESIGNATED COMMITTEE

Chow Wai Wai, John

Chairman

Tan Kian Chew

Member

Chen Wei Ching, Vincent

Member

Seow Bee Lian, Cheryl

Member

COMPANY SECRETARIES OF THE MANAGER

Yeoh Kar Choo Sharon

Chiang Wai Ming

LEGAL ADVISER

Allen & Gledhill LLP

One Marina Boulevard #28-00

Singapore 018989

Telephone: +65 6890 7188

Facsimile: +65 6327 3800

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

Telephone: +65 6536 5355

Facsimile: +65 6536 1360

AUDITOR OF THE TRUST

KPMG LLP

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Telephone: +65 6213 3388

Facsimile: +65 6225 2230

(Partner-in-charge: Karen Lee Shu Pei)

(Appointed since Financial Year 2011)

STOCK EXCHANGE QUOTATION

BBG: SUN SP Equity

RIC.SUNT.SI

WEBSITES

www.suntecreit.com

www.ara-asia.com

SUNTEC REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 1 November 2004 (as amended))

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than one proxy to attend the Annual General Meeting and vote (please see Note 5 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2016.

*I/We, _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)

being a unitholder/unitholders of Suntec Real Estate Investment Trust ("**Suntec REIT**"), hereby appoint:

Name	NRIC/ Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/ Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or both of whom failing, the Chairman of the Annual General Meeting ("AGM") as *my/our *proxy/proxies to attend and vote for *me/ us on *my/our behalf at the AGM of the Suntec REIT to be held at Level 3, Summit 2, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 14 April 2016 at 10.30 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as they will on any other matter arising at the AGM.

Note: The Chairman of the AGM will be exercising his/her right under paragraph 11 of Schedule 1 of the trust deed dated 1 November 2004 (as amended) to demand a poll in respect of the resolutions described below to be put to the vote of the Unitholders at the AGM and at any adjournment thereof. Accordingly, such resolutions at the AGM will be voted on by way of poll.

(Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.)

No.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**
AS ORDINARY BUSINESS			
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager and the Audited Financial Statements of Suntec REIT for the year ended 31 December 2015.		
2.	To re-appoint KPMG LLP as Auditors of Suntec REIT and authorise the Manager to fix the Auditors' remuneration.		
AS SPECIAL BUSINESS			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments.		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

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

Total number of Units held



Affix
Postage
Stamp

ARA Trust Management (Suntec) Limited
(as manager of Suntec Real Estate Investment Trust)
c/o
Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.,
50 Raffles Place #32-01, Singapore Land Tower
Singapore 048623

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes To Proxy Form

1. A unitholder of Suntec REIT ("Unitholder") entitled to attend and vote at the Annual General Meeting ("AGM") who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Suntec REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 6 below) will be deemed to relate to all the Units held by the Unitholder.
5. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
- (c) the CPF Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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6. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 12 April 2016 at 10.30 am, being forty-eight (48) hours before the time set for the AGM.
7. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM.
8. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
9. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
12. The Chairman of the AGM will be exercising his/her right under paragraph 11 of Schedule 1 of the trust deed dated 1 November 2004 (as amended) to demand a poll in respect of the resolutions described below to be put to the vote of the Unitholders at the AGM and at any adjournment thereof. Accordingly, such resolutions at the AGM will be voted on by way of poll.
13. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.



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

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