



**Suntec Real Estate Investment Trust
2018 First Half and Second Quarter Unaudited Financial Statements &
Distribution Announcement**

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

Suntec REIT owns Suntec City Mall and certain office units in Suntec Towers One, Two and Three and the whole of Suntec Towers Four and Five, which form part of the integrated commercial development known as "Suntec City". The property portfolio also comprises 60.8 per cent effective interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ") and a one-third interest in Marina Bay Financial Centre Towers 1 and 2, and the Marina Bay Link Mall (collectively known as "MBFC Properties") and a 30.0 per cent interest in 9 Penang Road (formerly known as Park Mall). Suntec REIT also holds a 100.0 per cent interest in the commercial building located at 177 Pacific Highway, Sydney, Australia and a 50.0 per cent interest in a commercial building to be developed located at Olderfleet, 477 Collins Street, Melbourne, Australia.

On 27 February 2018, Dexus Southgate Trust exercised the put option to sell the balance 50.0 percent interest in Southgate Complex to Southgate Trust (the "Transaction"). Southgate Trust is jointly held by Suntec REIT (through Suntec REIT (Australia) Trust) and PIP Southgate Sub-Trust in the proportion of 50:50. The Transaction was completed on 31 May 2018. Consequently, Suntec REIT's indirect interest in Southgate Complex has increased from 25.0 percent to 50.0 percent.

The financial information for the period from 1 January 2018 to 30 June 2018 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

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SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS

	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	90,521	87,305	3.7%	181,240	175,741	3.1%
Net property income	60,719	59,417	2.2%	123,707	121,250	2.0%
Income contribution from joint ventures	22,616	21,809	3.7%	45,337	46,110	-1.7%
Distributable income	66,009	66,033	0.0%	130,823	127,879	2.3%
- from operations	56,009	58,033	-3.5%	114,323	116,879	-2.2%
- from capital ^(a)	10,000	8,000	25.0%	16,500	11,000	50.0%
Distribution per unit (cents) ^(b)	2.474	2.493	-0.8%	4.907	4.918	-0.2%
- from operations	2.099	2.191	-4.2%	4.288	4.498	-4.7%
- from capital ^(a)	0.375	0.302	24.2%	0.619	0.420	47.4%
Annualised distribution per unit (cents)	9.923	9.999	-0.8%	9.895	9.918	-0.2%

Footnote:

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

(b) Please refer to Page 13 for the distribution per unit computation.

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1 (a)(i) Statements of Total Return and Statement of Distribution for the First Half and Second Quarter ended 30 June 2018

Statement of total return	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue ^(a)	90,521	87,305	3.7%	181,240	175,741	3.1%
Maintenance charges ^(b)	(6,641)	(5,036)	-31.9%	(11,677)	(10,072)	-15.9%
Property management fees	(2,480)	(2,393)	-3.6%	(4,940)	(4,780)	-3.3%
Property tax	(5,773)	(5,945)	2.9%	(11,739)	(11,877)	1.2%
Other property expenses ^(c)	(14,908)	(14,514)	-2.7%	(29,177)	(27,762)	-5.1%
Property expenses	(29,802)	(27,888)	-6.9%	(57,533)	(54,491)	-5.6%
Net property income	60,719	59,417	2.2%	123,707	121,250	2.0%
Share of profit of joint ventures ^(d)	28,720	17,524	63.9%	46,610	37,180	25.4%
Finance income ^(e)	7,122	4,998	42.5%	11,767	10,378	13.4%
Finance expenses ^(e)	(22,514)	(33,826)	33.4%	(44,033)	(54,145)	18.7%
Asset management fees - base fee	(8,191)	(7,994)	-2.5%	(16,142)	(15,923)	-1.4%
Asset management fees - performance fee	(3,738)	(3,712)	-0.7%	(7,593)	(7,650)	0.7%
Trust expenses ^(f)	(1,041)	(1,032)	-0.9%	(1,984)	(2,108)	5.9%
Net income	61,077	35,375	72.7%	112,332	88,982	26.2%
Net change in fair value of financial derivatives ^(g)	137	295	-53.6%	12,620	(3,200)	494.4%
Total return before tax	61,214	35,670	71.6%	124,952	85,782	45.7%
Income tax expense ^(h)	(1,785)	(1,168)	-52.8%	(3,501)	(4,988)	29.8%
Total return for the period after tax	59,429	34,502	72.2%	121,451	80,794	50.3%
Attributable to:						
Unitholders	57,409	33,605	70.8%	117,595	79,818	47.3%
Non-controlling interests	2,020	897	125.2%	3,856	976	295.1%
Total return for the period	59,429	34,502	72.2%	121,451	80,794	50.3%

Statement of distribution	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period attributable to Unitholders before distribution	57,409	33,605	70.8%	117,595	79,818	47.3%
Non-tax chargeable items ⁽ⁱ⁾	(27,746)	(1,716)	-1516.9%	(57,327)	(17,906)	-220.2%
Taxable income	29,663	31,889	-7.0%	60,268	61,912	-2.7%
Dividend income ⁽ⁱ⁾	26,346	26,144	0.8%	54,055	54,967	-1.7%
Income available for distribution to Unitholders	56,009	58,033	-3.5%	114,323	116,879	-2.2%
Unitholders' distribution:						
- from operations	56,009	58,033	-3.5%	114,323	116,879	-2.2%
- from capital ^(k)	10,000	8,000	25.0%	16,500	11,000	50.0%
Distributable amount to Unitholders	66,009	66,033	0.0%	130,823	127,879	2.3%

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Footnotes:

- (a) Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Maintenance charges for the current quarter and the half year ended 30 June 2018 was higher year-on-year due to sinking fund contribution for the upgrading works of the common area for all Suntec Office Towers with effect from 1 June 2018.
- (c) Other property expenses for the current quarter and the half year ended 30 June 2018 was higher compared to the corresponding period mainly due to expenditure from more convention events held during the period.
- (d) This relates to the Group's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), one-third interest in BFC Development LLP ("BFCD LLP"), 30.0% interest in Park Mall Pte. Ltd and 50.0% interest in Southgate Trust. The increase was due to the revaluation gain from the additional 25.0% indirect interest in Southgate Complex acquired in May 2018.
- (e) Included in the finance income and finance expenses are the following:

	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income:						
Interest income						
- fixed deposits and current account	87	95	-8.4%	207	201	3.0%
- loans to joint ventures	5,768	4,802	20.1%	11,008	9,826	12.0%
- interest rate swaps	194	-	n.m.	194	-	n.m.
Net foreign currency exchange differences	1,073	101	962.4%	358	351	2.0%
	7,122	4,998	42.5%	11,767	10,378	13.4%
Finance expenses:						
Interest expense						
- bank loans, notes and convertible bonds ⁽¹⁾	(19,989)	(15,638)	-27.8%	(37,878)	(31,506)	-20.2%
- interest rate swaps ⁽²⁾	(401)	(2,618)	84.7%	(1,995)	(4,999)	60.1%
Amortisation and transaction costs ⁽³⁾	(2,124)	(15,570)	86.4%	(4,160)	(17,640)	76.4%
	(22,514)	(33,826)	33.4%	(44,033)	(54,145)	18.7%
Net financing costs	(15,392)	(28,828)	46.6%	(32,266)	(43,767)	26.3%

(1) Interest expense on bank loans, notes and convertible bonds for the current quarter and the half year ended 30 June 2018 was higher year-on-year due to increase in interest rates.

(2) Interest rate swaps costs for the current quarter and the half year ended 30 June 2018 decreased year-on-year due to higher interest rates.

(3) Amortisation and transaction costs for the current quarter and the half year ended 30 June 2018 were lower year-on-year due to a one-time write-off of unamortised transaction costs in relation to the conversion and redemption of convertible bonds in the corresponding period.

- (f) Trust expenses for the half year ended 30 June 2018 was lower compared to the corresponding period mainly due to lower legal and professional fees incurred.
- (g) This relates to the net gain arising from fair value remeasurement of the foreign currency forward contracts, interest rate swaps and convertible bonds. These have little impact on distributable income.
- (h) This relates to income tax on operating profits and non-tax transparent income received as well as deferred tax provision. The income tax for the quarter was higher year-on-year mainly attributed to higher profits of a subsidiary. The income tax for the half year ended 30 June 2018 was lower year-on-year mainly due to an underprovision of deferred tax made by a subsidiary in the quarter ended 31 March 2017.

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

Non-tax deductible/(chargeable) items	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of transaction costs	2,005	15,451	-87.0%	3,923	17,404	-77.5%
Asset management fees paid/payable in units	8,825	8,634	2.2%	17,569	17,391	1.0%
Net change in fair value of financial derivatives	(137)	(165)	-17.0%	(12,759)	3,046	-518.9%
Net foreign currency exchange differences	(965)	264	-465.5%	(401)	68	-689.7%
Temporary differences and other adjustments ⁽¹⁾	1,955	511	282.6%	2,811	(834)	-437.1%
Net profit from subsidiaries and/or joint ventures	(39,429)	(26,411)	49.3%	(68,470)	(54,981)	24.5%
Total	(27,746)	(1,716)	1516.9%	(57,327)	(17,906)	220.2%

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

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

	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Wholly-owned subsidiaries:						
Comina Investment Limited ⁽¹⁾	6,020	6,320	-4.7%	12,430	14,734	-15.6%
Suntec Harmony Pte. Ltd. ⁽²⁾	2,736	2,280	20.0%	5,472	4,560	20.0%
Suntec REIT Capital Pte. Ltd. ⁽³⁾	5,350	4,850	10.3%	10,350	9,600	7.8%
Suntec REIT (Australia) Trust ⁽⁴⁾	4,112	3,502	17.4%	8,504	7,814	8.8%
	18,218	16,952	7.5%	36,756	36,708	0.1%
Joint venture:						
BFC Development LLP ⁽⁵⁾	8,128	9,192	-11.6%	17,299	18,259	-5.3%
	26,346	26,144	0.8%	54,055	54,967	-1.7%

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

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

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

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

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

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

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1 (b)(i) Statements of Financial Position as at 30 June 2018

	Group		Trust	
	30/6/18	31/12/17	30/6/18	31/12/17
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	1,965	2,109	268	382
Investment properties	6,385,475	6,387,338	5,011,800	5,011,000
Interest in joint ventures ^(a)	2,831,028	2,660,234	1,463,696	1,463,696
Investments in subsidiaries ^(b)	-	-	1,535,462	1,367,549
Derivative assets ^(c)	3,150	803	3,150	170
Total non-current assets	9,221,618	9,050,484	8,014,376	7,842,797
Current assets				
Derivative assets ^(c)	426	243	426	243
Trade and other receivables ^(d)	32,838	18,232	32,372	13,413
Cash and cash equivalents	132,448	172,655	75,215	120,801
Total current assets	165,712	191,130	108,013	134,457
Total assets	9,387,330	9,241,614	8,122,389	7,977,254
Current liabilities				
Interest-bearing borrowings ^(e)	1,036,366	237,004	1,036,366	237,004
Trade and other payables ^(f)	107,249	108,889	57,941	56,395
Derivative liabilities ^(c)	1,506	456	1,506	456
Current portion of security deposits	20,193	25,387	17,819	23,211
Total current liabilities	1,165,314	371,736	1,113,632	317,066
Non-current liabilities				
Interest-bearing borrowings ^(e)	2,386,580	2,993,867	2,021,233	2,628,756
Non-current portion of security deposits	46,121	39,899	42,654	37,079
Derivative liabilities ^(c)	25,193	40,141	25,193	40,141
Deferred tax liabilities ^(g)	31,173	28,996	-	-
Total non-current liabilities	2,489,067	3,102,903	2,089,080	2,705,976
Total liabilities	3,654,381	3,474,639	3,202,712	3,023,042
Net assets	5,732,949	5,766,975	4,919,677	4,954,212
Represented by:				
Unitholders' funds ^(h)	5,604,968	5,639,074	4,919,677	4,954,212
Non-controlling interests	127,981	127,901	-	-
Total Equity	5,732,949	5,766,975	4,919,677	4,954,212

Footnotes:

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

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

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

(d) The increase for both the Group and the Trust was mainly due to dividend receivable from joint ventures.

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- (e) *The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 30 June 2018 relates to a S\$500 million loan facility and S\$105 million euro medium term notes due in the fourth quarter of 2018 and a S\$800 million loan facility due in the second quarter of 2019. The S\$500 million loan facility, with an outstanding principal of S\$132.3 million, will be refinanced with a S\$150 million euro medium term notes issued in July 2018. The remaining loans and notes will be refinanced in due course.*
- (f) *The decrease in trade and other payables mainly relate to lower accruals of progress billings for Olderfleet, 477 Collins Street and lower deferred income recorded by a subsidiary.*
- (g) *The increase in deferred tax liabilities mainly relate to a subsidiary's provision of deferred tax for the half year ended 30 June 2018.*
- (h) *Please refer to statement of movements in unitholders' funds item 1(d)(i) for details.*

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

	Group		Trust	
	30/6/18	31/12/17	30/6/18	31/12/17
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Unsecured ^(b)				
(i) financial institutions	931,421	132,138	931,421	132,138
(ii) notes	104,945	104,866	-	-
(iii) subsidiary	-	-	104,945	104,866
	1,036,366	237,004	1,036,366	237,004
Amount repayable after one year				
- Secured ^(a)	365,347	365,111	-	-
- Unsecured ^(b)				
(i) financial institutions	975,939	1,765,013	975,939	1,765,013
(ii) notes & convertible bonds	1,045,294	863,743	357,176	355,237
(iii) subsidiary	-	-	688,118	508,506
	2,386,580	2,993,867	2,021,233	2,628,756
	3,422,946	3,230,871	3,057,599	2,865,760

Details of borrowings and collaterals

- (a) *The Group has in place a secured S\$366.0 million term loan facility for a term of five years. As at 30 June 2018, the Group has drawn down S\$366.0 million.*

The facility is secured on the following:

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

- (b) *As at 30 June 2018, the Group has unsecured interest-bearing borrowings comprising S\$1,913.7 million from various institutional banks, S\$387.5 million of convertible bonds and S\$795.0 million euro medium term notes issued by SRMTN and on-lent to the Trust.*

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1 (c) Statements of Cash Flow

	Group			
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	1/1/18 to 30/6/18	1/1/17 to 30/6/17
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Net income	61,077	35,375	112,332	88,982
Adjustments for:				
Depreciation of plant and equipment	333	300	649	588
Loss on disposal of plant and equipment	-	-	10	14
Asset management fees paid/payable in units	8,825	8,634	17,569	17,391
Net financing costs ^(a)	15,392	28,828	32,266	43,767
Allowance for doubtful receivables	467	738	1,044	1,287
Share of profit of joint ventures	(28,720)	(17,524)	(46,610)	(37,180)
Operating income before working capital changes	57,374	56,351	117,260	114,849
Changes in working capital				
Trade and other receivables	7,903	(176)	1,893	(5,765)
Trade and other payables	(6,112)	5,870	(12,676)	4,925
Cash flows generated from operations	59,165	62,045	106,477	114,009
Income tax paid	-	-	-	-
Net cash flow from operating activities	59,165	62,045	106,477	114,009
Investing activities				
Interest received	5,843	4,892	11,204	10,018
Dividend received from joint ventures	16,689	19,343	18,676	19,343
Change in investment in joint ventures ^(b)	(160,055)	-	(164,236)	-
Capital expenditure on investment properties	(905)	(412)	(1,473)	(552)
Purchase of plant and equipment	(383)	(241)	(565)	(456)
Proceeds from disposal of plant and equipment	-	-	1	-
Progress payments on construction ^(c)	(8,336)	-	(18,084)	-
Net cash flow (used in)/from investing activities	(147,147)	23,582	(154,477)	28,353
Financing activities				
Proceeds from interest-bearing loans	11,322	600,000	11,322	600,000
Proceeds from euro medium term notes	180,000	-	180,000	100,000
Unit issue costs paid	-	(30)	(30)	(30)
Financing costs paid	(22,417)	(18,090)	(45,183)	(40,699)
Repayment of convertible bonds	-	(45,500)	-	(45,500)
Repayment of interest-bearing loans	-	(555,000)	-	(655,000)
Dividend paid to non-controlling interest	(1,764)	(1,470)	(3,528)	(2,940)
Distributions to unitholders	(64,655)	(61,852)	(134,019)	(127,984)
Net cash flow from/(used in) financing activities	102,486	(81,942)	8,562	(172,153)
Net increase/(decrease) in cash and cash equivalents	14,504	3,685	(39,438)	(29,791)
Cash and cash equivalents at beginning of the period	117,935	149,223	172,655	182,450
Effect on exchange rate fluctuations on cash held	9	102	(769)	351
Cash and cash equivalents at end of the period	132,448	153,010	132,448	153,010

Footnote:

- (a) Please refer to footnote (e) under note 1(a)(i) Statement of Total Return and Statement of Distribution for the quarter ended 30 June 2018 on page 4.
- (b) This relates mainly to the acquisition of an additional 25.0% effective interest in Southgate Complex, Australia in May 2018.
- (c) This relates to progress payments made in relation to Olderfleet, 477 Collins Street in Australia which is currently under development.

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

	Group			
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	1/1/18 to 30/6/18	1/1/17 to 30/6/17
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	5,605,993	5,470,235	5,639,074	5,468,935
Operations				
Total return for the period attributable to unitholders	57,409	33,605	117,595	79,818
Net increase in net assets resulting from operations	57,409	33,605	117,595	79,818
Effective portion of changes in fair value of cash flow hedges ^(a)	956	(639)	1,079	(1,273)
Translation differences from financial statements of foreign entities	(408)	(7,260)	(30,636)	8,987
Net gain/(loss) recognised directly in Unitholders' funds	548	(7,899)	(29,557)	7,714
Unitholders' transactions				
Creation of units				
- conversion of convertible bonds ^(b)	-	174,155	500	174,155
- asset management fees payable in units ^(c)	-	-	5,660	5,606
Units to be issued				
- asset management fees payable in units ^(c)	5,835	5,665	5,835	5,665
Unit issue expenses	-	(30)	(30)	(30)
Distributions paid to unitholders ^(d)	(64,817)	(61,852)	(134,109)	(127,984)
Net (decrease)/increase in net assets resulting from unitholders' transactions	(58,982)	117,938	(122,144)	57,412
Unitholders' funds as at end of period	5,604,968	5,613,879	5,604,968	5,613,879

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	Trust			
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	1/1/18 to 30/6/18	1/1/17 to 30/6/17
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	4,935,257	4,829,495	4,954,212	4,835,536
Operations				
Total return for the period attributable to unitholders	43,402	29,616	87,609	84,101
Net increase in net assets resulting from operations	43,402	29,616	87,609	84,101
Unitholders' transactions				
Creation of units				
- conversion of convertible bonds ^(b)	-	174,155	500	174,155
- asset management fees payable in units ^(c)	-	-	5,660	5,606
Units to be issued				
- asset management fees payable in units ^(c)	5,835	5,665	5,835	5,665
Unit issue expenses	-	(30)	(30)	(30)
Distributions paid to unitholders ^(d)	(64,817)	(61,852)	(134,109)	(127,984)
Net (decrease)/increase in net assets resulting from unitholders' transactions	(58,982)	117,938	(122,144)	57,412
Unitholders' funds as at end of period	4,919,677	4,977,049	4,919,677	4,977,049

Footnotes:

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

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For First Half and Second Quarter ended 30 June 2018**

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

	Group and Trust			
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	1/1/18 to 30/6/18	1/1/17 to 30/6/17
	Units	Units	Units	Units
Issued units at the beginning of the period	2,661,093,699	2,547,447,348	2,652,435,452	2,536,662,773
Creation of units:				
- conversion of convertible bonds in units	-	95,689,646	242,718	95,689,646
- as payment for asset management fee	2,970,092	3,154,654	11,385,621	13,939,229
Issued units at the end of the period	2,664,063,791	2,646,291,648	2,664,063,791	2,646,291,648
Units to be issued:				
- asset management fee payable in units ^(a)	3,417,014	3,042,969	3,417,014	3,042,969
Issuable units at the end of the period	3,417,014	3,042,969	3,417,014	3,042,969
Total issued and issuable units	2,667,480,805	2,649,334,617	2,667,480,805	2,649,334,617

Footnotes:

(a) These are units to be issued to the Manager as partial satisfaction of asset management base fee incurred for the quarter ended 30 June 2018.

Convertible Bonds – Group & Trust

(a) Convertible Bonds due 2021

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

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

As at 30 June 2018, S\$87.5 million (30 June 2017: S\$88.0 million) of CB 2021 remained outstanding which are convertible by holders into units of Suntec REIT at any time on or after 16 October 2016 at an adjusted conversion price of S\$2.06 per unit. (30 June 2017: S\$2.061 per unit).

(b) Convertible Bonds due 2024

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

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

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

The figures for the half year and quarter ended 30 June 2018 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

**Financial Statements Announcement
For First Half and Second Quarter ended 30 June 2018**

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

Please see attached review report.

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

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

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

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

(i) FRS 115 Revenue from Contracts with Customers

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

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

(ii) FRS 109 Financial Instruments

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

FRS 109 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

There was no significant change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model. This did not have any significant impact to the financial statements of the Group. Accordingly, the Group did not recognise any adjustments to the opening unitholders' funds on 1 January 2018.

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

**Financial Statements Announcement
For First Half and Second Quarter ended 30 June 2018**

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

Earnings per unit

	Group			
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	1/1/18 to 30/6/18	1/1/17 to 30/6/17
Weighted average number of issued/issuable units ^(a)	2,664,101,341	2,585,336,081	2,662,567,257	2,566,496,380
Earnings per unit for the period based on the weighted average number of units in issue (cents)	2.155	1.300	4.417	3.110
Weighted average number of units on the fully diluted basis	2,667,480,805	2,591,633,201	2,667,425,824	2,574,378,739
Earnings per unit for the period based on the fully diluted basis (cents) ^(b)	2.105	1.297	3.862	3.100

Footnotes:

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

Distribution per Unit

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

	Group			
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	1/1/18 to 30/6/18	1/1/17 to 30/6/17
Number of issued and issuable units at end of period entitled to distribution ^(a)	2,667,480,805	2,649,334,617	2,667,480,805	2,649,334,617
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	2.474 ⁽¹⁾	2.493 ⁽¹⁾	4.907 ⁽²⁾	4.918 ⁽²⁾

- (1) The distribution per unit for the quarter ended 30 June 2018 of **2.474** cents per unit (30 June 2017: **2.493** cents per unit) comprised a taxable income component of **1.773** cents per unit (30 June 2017: **1.894** cents per unit), a tax exempt income component of **0.326** cents per unit (30 June 2017: **0.297** cents per unit) and a capital distribution of **0.375** cents per unit (30 June 2017: **0.302** cents per unit).
- (2) The distribution per unit for the half year ended 30 June 2018 of **4.907** cents per unit (30 June 2017: **4.918** cents per unit) comprised a taxable income component of **3.632** cents per unit (30 June 2017: **3.894** cents per unit), a tax exempt income component of **0.656** cents per unit (30 June 2017: **0.604** cents per unit) and a capital distribution of **0.619** cents per unit (30 June 2017: **0.420** cents per unit).

Footnotes:

- (a) The computation of actual DPU for the period from 1 April 2018 to 30 June 2018 is based on the number of units entitled to the distribution:
- (i) The number of units in issue as at 30 June 2018 of 2,664,063,791; and
- (ii) The units issuable to the Manager by 30 July 2018 as partial satisfaction of asset management base fees incurred for the period from 1 April 2018 to 30 June 2018 of 3,417,014.

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For First Half and Second Quarter ended 30 June 2018**

7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 30 June 2018

	Group		Trust	
	30/6/18 ^(a)	31/12/17	30/6/18 ^(a)	31/12/17
NAV / NTA per unit (S\$)	2.101	2.119	1.844	1.862

Footnotes:

(a) The number of units used for computation of actual NAV per unit is 2,667,480,805. This comprised of:

- (i) The number of units in issue as at 30 June 2018 of 2,664,063,791; and
- (ii) The units issuable to the Manager by 30 July 2018 as partial satisfaction of asset management base fees incurred for the period from 1 April 2018 to 30 June 2018 of 3,417,014.

8. Review of the performance for the First Half and Second Quarter ended 30 June 2018

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

Properties	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue:						
Suntec City	58,051	59,637	-2.7%	116,403	118,862	-2.1%
177 Pacific Highway	9,574	9,255	3.4%	20,074	19,964	0.6%
Suntec Singapore	22,896	18,413	24.3%	44,763	36,915	21.3%
Total gross revenue	90,521	87,305	3.7%	181,240	175,741	3.1%
Net Property Income:						
Suntec City	42,961	45,445	-5.5%	87,729	91,241	-3.8%
177 Pacific Highway	8,159	7,821	4.3%	17,232	17,319	-0.5%
Suntec Singapore	9,599	6,151	56.1%	18,746	12,690	47.7%
Total net property income	60,719	59,417	2.2%	123,707	121,250	2.0%

8(ii) Income contribution from joint ventures

	Group					
	1/4/18 to 30/6/18	1/4/17 to 30/6/17	Change	1/1/18 to 30/6/18	1/1/17 to 30/6/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Joint ventures:						
One-third interest in ORQ:						
- Interest income	557	488	14.1%	1,075	991	8.5%
- Dividend income	6,020	6,320	-4.7%	12,430	14,734	-15.6%
	6,577	6,808	-3.4%	13,505	15,725	-14.1%
One-third interest in MBFC Properties:						
- Interest income	5,210	4,314	20.8%	9,932	8,835	12.4%
- Distribution income	8,128	9,192	-11.6%	17,299	18,259	-5.3%
	13,338	13,506	-1.2%	27,231	27,094	0.5%
50% interest in Southgate Complex ^(a) :						
- Dividend/Distribution income	2,701	1,495	80.7%	4,601	3,291	39.8%
	2,701	1,495	80.7%	4,601	3,291	39.8%
Total income contribution	22,616	21,809	3.7%	45,337	46,110	-1.7%

Footnotes:

(a) The 50% interest is effective from 31 May 2018.

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Review of performance 2Q FY18 vs 2Q FY17

For 2Q FY 18, the gross revenue was S\$90.5 million, an increase of S\$3.2 million or 3.7% higher year-on-year. The increase was contributed by higher revenue from Suntec Singapore (by S\$4.5 million to S\$22.9 million) and an increase in retail revenue from Suntec City mall (by S\$0.2 million to S\$25.7 million, 0.6% higher), partially offset by lower office revenue (by S\$1.4 million to S\$42.0 million, 3.3% lower).

The decrease in office revenue was mainly from Suntec City Office primarily due to transitory downtime from replacement leases commencing progressively from March 2018.

Suntec Singapore's revenue contribution for the quarter of S\$22.9 million comprises S\$18.2 million from convention and S\$4.7 million from retail. The increase was due to higher convention revenue achieved for the quarter.

The net property income for 2Q FY18 was S\$60.7 million, 2.2% higher year-on-year. This was mainly attributed to higher contribution from Suntec Singapore.

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for the quarter was S\$22.6 million, 3.7% higher due to the acquisition of the additional 25.0% interest in Southgate Complex which was completed on 31 May 2018.

Net financing costs for the quarter was S\$15.4 million, a decrease of S\$13.4 million mainly due to a one-time write-off of unamortised transaction costs in relation to the convertible bonds in 2Q FY17. The all-in financing cost for Suntec REIT was 2.74% per annum for the quarter and the consolidated gearing stood at 36.5% as at 30 June 2018.

Total distributable income for the quarter of S\$66.0 million was in line with 2Q FY17. The distribution per unit ("DPU") for the quarter was 2.474 cents per unit, 0.8% lower than 2Q FY17 DPU of 2.493 cents per unit. This includes a capital distribution of S\$10.0 million or 0.375 cents per unit.

The overall committed occupancy for the office and retail portfolios stood at 99.0% and 98.2% respectively as at 30 June 2018.

For the Singapore office portfolio, the committed occupancy of Suntec City Office was 99.7%, while ORQ and MBFC Properties both maintained 100% committed occupancies as at 30 June 2018. In Australia, the committed occupancy for 177 Pacific Highway maintained at 100% while the committed occupancy for Southgate Complex improved to 92.7% as at 30 June 2018.

For the Singapore retail portfolio, the committed occupancy for the entire Suntec City was 98.6%, while the committed occupancy for Marina Bay Link Mall improved to 99.4% as at 30 June 2018. In Australia, the committed occupancy for Southgate Complex (retail) was 90.4% as at 30 June 2018.

Review of performance 1H FY18 vs 1H FY17

For 1H FY18, the gross revenue was S\$181.2 million, an increase of S\$5.5 million or 3.1% higher year-on-year. The increase was contributed by higher revenue from Suntec Singapore (by S\$7.8 million to S\$44.8 million) and an increase in retail revenue from Suntec City mall (by S\$0.8 million to S\$51.6 million, 1.7% higher), partially offset by lower office revenue (by S\$3.2 million to S\$84.8 million, 3.6% lower).

The decrease in office revenue was similarly due to the transitory downtime from replacement leases at Suntec City Office.

Suntec Singapore's revenue contribution for 1H FY18 of S\$44.8 million comprises S\$34.9 million from convention and S\$9.9 million from retail. The increase was similarly due to higher convention revenue achieved for the period.

The net property income for 1H FY18 was S\$123.7 million, 2.0% higher year-on-year.

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The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for 1H FY18 was S\$45.3 million, 1.7% lower due to one-offs in 1Q FY17 from ORQ, partially offset by higher contribution from Southgate Complex due to the increased stake.

Net financing costs for 1H FY18 was S\$32.3 million, a decrease of S\$11.5 million mainly due to a one-time write-off of unamortised transaction costs in relation to the convertible bonds in 2Q FY17. The all-in financing cost for Suntec REIT was 2.73% per annum for 1H FY18.

Total distributable income for 1H FY18 of S\$130.8 million was S\$2.9 million or 2.3% higher year-on-year. The distribution per unit ("DPU") for 1H FY18 was 4.907 cents per unit, 0.2% lower than 1H FY17 DPU of 4.918 cents per unit. This includes a capital distribution of S\$16.5 million or 0.619 cents per unit.

9. Variance between the forecast and actual results

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

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

The Singapore economy improved in the second quarter of 2018. Based on the report released by the Ministry of Trade and Industry ("MTI") on 13 July 2018, the Singapore economy grew by 3.8% on a year-on-year basis.

The Singapore office market continued to improve in the second quarter of 2018. Overall CBD rents grew by 2.8% to S\$9.71 psf/mth amidst a firm leasing market arising from a tightening supply. The overall CBD occupancy decreased by 1.1% to 90.8% mainly due to the inclusion of the newly completed Frasers Towers.¹

Looking ahead, the Manager will continue its proactive asset management to maintain a high occupancy level for its Singapore office portfolio notwithstanding the remaining vacant space in recently completed buildings and secondary stock in the market.

The Singapore retail market was stable in the second quarter of 2018 as consumer and business sentiments remained positive.¹

Despite the persistent tight manpower conditions and high operational costs in the Singapore retail market, the Manager will continue its strategy of increasing asset utilisation and active tenant adjustment to further strengthen the positioning of Suntec City mall.

According to the Australian Bureau of Statistics, the Australian economy on a year-on-year basis, grew by 3.1% in the first quarter of 2018. On 3 July 2018, the Reserve Bank of Australia maintained the cash rate unchanged at 1.5%, in line with sustainable growth in the economy and achieving the inflation target over time.

In Australia, the national office CBD occupancy increased by 0.5% to 99.1% in the first quarter of 2018. Leasing activity continues to be positive in the Sydney, North Shore and Melbourne office markets driven mainly by flight to quality and expansionary activities. Looking ahead, occupancy and rental levels are expected to remain high given the strong occupier demand coupled with limited new supply.²

In view of the rising interest rate environment, the Manager will continue its prudent capital management strategy and proactively manage the refinancing of loans due in 2018 and 2019.

¹ JLL, Office and Retail Market Reports 2Q 2018.

² JLL, Australia Office Overview and Outlook, Sydney CBD Office, North Shore Office and Melbourne CBD Office Market Reports 1Q 2018.

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11. Distributions

(a) Current financial period

Any distribution declared for the current period? Yes

Name of distribution Distribution for the period from 1 April 2018 to 30 June 2018

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	1.773
Tax-exempt income	0.326
Capital distribution	0.375
Total	2.474

Distribution Type

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

Par value of units Not meaningful

Tax Rate

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

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

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

Remark Nil

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(b) Corresponding period of the immediately preceding financial period

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

Yes

Name of distribution

Distribution for the period from 1 April 2017 to 30 June 2017

Distribution Rate

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	1.894
Tax-exempt income	0.297
Capital distribution	0.302
Total	2.493

Distribution Type

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

Par value of units

Not meaningful

Tax Rate

Taxable income

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

Tax-exempt income

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

Capital distribution

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

Remark

Nil

(c) Date paid/payable:

29 August 2018

(d) Books Closure Date:

2 August 2018

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

Not applicable.

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Suntec REIT (the “Manager”) which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 30 June 2018, statement of total return & distribution statement, cash flow statement and statement of changes in unitholders’ funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

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

Lim Hwee Chiang, John
Director

Chan Kong Leong
Director and Chief Executive Officer

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

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

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

The Manager hereby certifies that in relation to the distribution to the Unitholders of Suntec REIT for the quarter ended 30 June 2018:

- a. Suntec REIT will declare a distribution which is classified as capital distribution from a tax perspective, being derived from a portion of the sales proceeds from the sale of Park Mall in December 2015, in addition to the income available for distribution for the quarter ended 30 June 2018,
- b. The Manager is satisfied on reasonable grounds that, immediately after making the distributions, Suntec REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of Suntec REIT for the quarter ended 30 June 2018 and is verified by our external tax consultant.

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

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

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

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

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

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

Chan Kong Leong
Director
25 July 2018