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(a unit trust constituted on 1 November 2004 under the laws of the Republic of Singapore)

**S\$300,000,000**  
**1.75 per cent. Convertible Bonds due 2024**  
**(subject to an upside option in respect of the S\$50,000,000 principal amount**  
**of 1.75 per cent. Convertible Bonds due 2024 as described below)**

**Managed by**



**Issue Price: 100.0 per cent.**

The 1.75 per cent. Convertible Bonds due 2024 in the aggregate principal amount of S\$300,000,000 (the "**Bonds**") are being offered and will be issued by Suntec Real Estate Investment Trust ("**Suntec REIT**"), acting through HSBC Institutional Trust Services (Singapore) Limited, in its capacity as the trustee of Suntec REIT (the "**REIT Trustee**" or the "**Issuer**"). Suntec REIT is managed by ARA Trust Management (Suntec) Limited (the "**REIT Manager**"). The issue price will be 100.0 per cent. of the aggregate principal amount of the Bonds.

The holder of a Bond (a "**Bondholder**") has the right to convert all or some only of the Bonds held by such Bondholder into fully paid units representing undivided interests in Suntec REIT (the "**Units**") at any time during the Conversion Period (as defined in the terms and conditions of the Bonds, the "**Terms and Conditions**" or "**Conditions**"), subject to the Issuer's option to cash settle the Bonds in whole or in part, at an initial conversion price of S\$2.189 per Unit (the "**Conversion Price**"). Further, a Bondholder has the right to exercise conversion rights upon the occurrence of a Change of Control Event (as defined in the Terms and Conditions). The Conversion Price is subject to adjustment in the circumstances described under "Terms and Conditions of the Bonds – Conversion", as well as upon a Change of Control Event (as defined in the Terms and Conditions). The Units are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The closing price of the Units on the SGX-ST on 8 November 2017 was S\$1.955 per Unit.

The Bonds will bear interest at the rate of 1.75 per cent. per annum, payable semi-annually in arrear on 30 May and 30 November of each year, with the first interest payment date falling on 30 May 2018. See "Terms and Conditions of the Bonds – Interest". Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed at 100.0 per cent. of their principal amount on 30 November 2024 (the "**Maturity Date**") plus interest accrued (if any) calculated in accordance with the Terms and Conditions. On or at any time after 30 November 2020 but not less than seven Business Days (as defined in the Terms and Conditions) prior to the Maturity Date, the Issuer may redeem the Bonds in whole but not in part, at their principal amount plus interest accrued to (but excluding) the date of redemption, if the closing price of the Units on each of the 20 consecutive Trading Days (as defined in the Terms and Conditions) immediately prior to the date upon which notice of such redemption is given, was at least 130.0 per cent. of the Conversion Price (as defined herein) in effect on each such Trading Day. The Bonds may also be redeemed at the option of the Bondholders on 30 November 2020 at their principal amount plus interest accrued to the date of redemption. The Issuer may redeem the Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, in the event of certain changes in the laws and regulations relating to taxation in Singapore. The Issuer will, at the option of a Bondholder, upon the occurrence of a Change of Control Event redeem in whole but not in part such Bondholder's Bonds on the Change of Control Redemption Date (as defined in the Terms and Conditions) at their principal amount plus accrued interest to the date of redemption. The Issuer will, at the option of Bondholders, redeem the Bonds in whole but not in part at their principal amount plus accrued interest to the date of redemption upon a Delisting (as defined in the Terms and Conditions) or a Suspension (as defined in the Terms and Conditions) of Units from the SGX-ST. See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation".

The Issuer has granted the Lead Manager an upside option (the "**Upsize Option**") which may be exercised at any time on or before 8 December 2017, in whole or in part, on one or more occasions, to subscribe for up to an additional S\$50,000,000 aggregate principal amount of Bonds (the "**Optional Bonds**"). Unless the context otherwise requires, references to the "Bonds" in this Offering Circular include any Optional Bonds issued by the Issuer pursuant to the exercise of the Upsize Option by the Lead Manager.

Approval-in-principle has been obtained for the listing of the Bonds and the new Units to be issued on conversion of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or options expressed in this Offering Circular. Approval in-principle for the listing and the quotation of the Bonds and the Units issuable upon conversion of the Bonds is not to be taken as an indication of the merits of the proposed Bonds issue, Suntec REIT and/or its subsidiaries.

**Investing in the Bonds and the Units involves certain risks. See "Risk Factors".**

The Bonds will be represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form in the denomination of S\$250,000 each or integral multiples thereof, which will be deposited with, and registered in the name of The Bank of New York Depository (Nominees) Limited being a nominee of the common depository for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about 30 November 2017 (the "**Closing Date**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

**This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds or the Units may not be circulated or distributed, nor may the Bonds or the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) pursuant to, and in accordance with, the conditions of an exemption in Sections 272B and 302C of the SFA; or (2) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption under any provision of Subdivision (4) of each of Divisions 1 and 2 of Part XIII of the SFA.**

The Bonds and the Units issuable upon conversion of the Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States, except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds and the new Units to be issued upon conversion of the Bonds are being offered or sold only outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction in which those offers and sales occur. The Bonds are not transferable except in accordance with the restrictions described under "Subscription and Sale".

**Lead Manager**



**The date of this Offering Circular is 27 November 2017**

## IMPORTANT INFORMATION

The REIT Manager, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to Suntec REIT, and the issue of the Bonds and the Units, which is material in the context of the issue and offering of the Bonds; (ii) the statements contained in this Offering Circular relating to Suntec REIT, its associates and related parties, the Bonds and the Units, are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to Suntec REIT are honestly held, have been reached after considering all relevant circumstances and are based on assumptions that are fair and reasonable; (iv) there are no other facts in relation to Suntec REIT, its associates and related parties, the Bonds or the Units, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the REIT Manager to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the REIT Manager accepts full responsibility for the information contained in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning Suntec REIT, the Bonds or the Units other than as contained herein and, if given or made, any such other information or representation must not be relied upon as having been authorised by the Issuer, the REIT Manager, the Lead Manager, the Bond Trustee (as defined herein) or the Agents (as defined herein) or any of their respective affiliates, advisers or representatives thereof. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation or imply that the information contained herein is correct as of any date subsequent to the date hereof. No representation or warranty, express or implied, is made or given by the REIT Trustee, the Lead Manager, the Bond Trustee or the Agents or any member, employee, counsel, officer, director, representative, agent or affiliate of the foregoing as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as a promise, representation or warranty by the REIT Trustee, the Lead Manager, the Bond Trustee, or the Agents. To the extent permitted by applicable law, each of the REIT Trustee, the Lead Manager, the Bond Trustee and the Agents, expressly disclaims any and all liability that may be based on such information, errors therein or omissions therefrom. Each person receiving this Offering Circular acknowledges that such person has not relied on the Lead Manager or any person affiliated with them in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular has been prepared by the REIT Manager solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular is not intended to invite offers to subscribe for or purchase Units. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. None of the REIT Trustee, the REIT Manager, the Lead Manager, the Bond Trustee or the Agents, represents that this Offering Circular may be lawfully distributed, or that the Bonds will be lawfully offered in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder. Persons who come into possession of this Offering Circular are required by the REIT Manager and the Lead Manager, to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the Units issuable upon conversion of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

There are restrictions on the offer and sale of the Bonds and the Units deliverable on conversion or redemption of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, Hong Kong and Singapore and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale".

The information on the website of the Issuer or the Lead Manager or any other website, is not part of nor shall it be deemed to be incorporated by reference into this Offering Circular.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit evaluation, or (b) should be construed as legal, tax or investment advice, or (c) should be considered as a recommendation by the Issuer, the Lead Manager, the REIT Manager or the Bond Trustee that any recipient of this Offering Circular should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the Issuer, including the merits and risks involved.

See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

In this Offering Circular, certain amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of one thousand million units.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all reference to **Singapore** are references to the Republic of Singapore and all references to the **U.S.** and **United States** are references to the United States of America. All references to “**sq m**” herein are to square metres and all reference to “**sq ft**” are to square feet. All references to the **Government** herein are references to the government of the Republic of Singapore. References herein to **Singapore dollars** and **S\$** are to the lawful currency of Singapore.

All references to “**Lead Manager**” herein are references to The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the REIT Trustee, the REIT Manager or the Lead Manager makes any representation as to the accuracy of such information.

## FORWARD-LOOKING STATEMENTS

The Issuer has included certain statements in this Offering Circular or documents incorporated by reference herein which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, “the Issuer’s judgment” and similar expressions or variations of such expressions, that are “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Suntec REIT, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which Suntec REIT will operate in the future. Among the important factors that could cause Suntec REIT’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in the local, regional or global economy that may adversely affect the property market or result in a reduction of the requirement for real estate in Singapore and elsewhere, and competition in the real estate industry. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and “Business”. These forward-looking statements speak only as of the date of this Offering Circular.

Each of Suntec REIT, the REIT Trustee and the REIT Manager expressly disclaims any obligation or responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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## SUMMARY

*The summary below is intended only to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all the information that may be important to investors. The Issuer recommends reading this entire Offering Circular carefully, including the financial statements and related notes appearing elsewhere in this Offering Circular and the section "Risk Factors". Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary.*

### Suntec REIT

Suntec REIT is a real estate investment trust ("**REIT**") constituted by a trust deed entered into on 1 November 2004 between the REIT Manager and the REIT Trustee, as amended, supplemented and/or restated from time to time (the "**REIT Trust Deed**"). Suntec REIT was listed on the SGX-ST on 9 December 2004 (the "**Listing Date**"). The terms and conditions of the REIT Trust Deed are binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been party to the REIT Trust Deed.

Suntec REIT was established with the investment objective of owning and investing in real estate and real estate-related assets, whether directly or indirectly through the ownership of companies whose primary purpose is to hold or own real estate or 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 REIT Manager is a wholly-owned subsidiary of ARA Asset Management Limited ("**ARA**") and is part of the ARA group of companies (the "**ARA Group**"). The REIT Manager is responsible for the management and administration of Suntec REIT and the implementation of Suntec REIT's strategy for the benefit of the holders ("**Unitholders**") of Units. The ARA Group is also currently involved in managing other 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.

The REIT Manager is focused on delivering regular and stable distributions to Unitholders, and to achieve long-term growth in the net asset value ("**NAV**") per Unit of Suntec REIT, so as to provide Unitholders with a competitive rate of return on their investment.

As at 30 September 2017, Suntec REIT's portfolio of properties comprises office and retail properties in Suntec City, Singapore's largest integrated commercial development (including one of Singapore's largest shopping malls) and a 60.8% interest in Suntec Singapore Convention & Exhibition Centre ("**Suntec Singapore**") (collectively, the "**Suntec Properties**"), a one-third interest in One Raffles Quay (the "**ORQ Interest**"), a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall (collectively known as the "**MBFC Properties**"), and the interest in the MBFC Properties, the "**MBFC Interest**") and a 30.0% interest in 9 Penang Road (the "**Penang Road Interest**"). Suntec REIT also holds a 100% interest in a commercial building located at 177 Pacific Highway, North Sydney Australia ("**177 Pacific Highway**"), a 25.0% interest in Southgate Complex, Melbourne, Australia (the "**Southgate Complex Interest**") and a 50.0% interest in a freehold land and property to be developed, located at Olderfleet, 477 Collins Street, Melbourne, Victoria (the "**Olderfleet Interest**"). The Suntec Properties, the ORQ Interest, the MBFC Interest, the Penang Road Interest, 177 Pacific Highway, the Southgate Complex Interest and the Olderfleet Interest are collectively referred to as the "**Suntec REIT Portfolio**".

As at 30 September 2017, Suntec REIT had total assets of approximately S\$9,189.0 million consisting of an aggregate of approximately 4.3 million sq ft of prime retail and office space, with an aggregate valuation of S\$9,363.8 million. As at 30 September 2017, Suntec REIT's market capitalisation was approximately S\$4,941.0 million (based on the closing price of S\$1.865 per Unit).

Suntec REIT's financial results for the financial years ended 31 December 2015 ("FY 2015"), 31 December 2016 ("FY 2016") and the nine-month financial period ended 30 September 2017 ("FP 2017") were as follows:

	FP 2017	FY 2016	FY 2015
<b>Gross Revenue (S\$'000)</b>	266,873	328,595	329,515
<b>Net Property Income (S\$'000)</b>	185,102	224,575	229,217
<b>Distributable Income (S\$'000)</b>	193,737	253,726	251,967
<b>Distribution Per Unit ("DPU") (cents)</b>	7.401	10.003	10.002

As at 30 September 2017, Suntec REIT had total Unitholders' funds of approximately S\$5,610.3 million.

### Competitive Strengths

Suntec REIT has the following competitive strengths:

- The Suntec REIT Portfolio enjoys a number of competitive strengths:
  - (i) Strategic and prime locations: Suntec Properties, One Raffles Quay and the MBFC Properties are strategically located in the heart of Singapore's Central Business District (the "CBD"), and are in close proximity to the commercial corridors of Raffles Place and Orchard Road which is Singapore's major shopping area. 9 Penang Road is also located close to Orchard Road. 177 Pacific Highway is located in one of the most prominent sites in the North Sydney Central Business District at the junction of Pacific Highway and Berry Street. 177 Pacific Highway enjoys direct access to a number of major surrounding roadways, is well served by public transport and is within walking distance to the North Sydney station. Southgate Complex is located alongside the Yarra River while 477 Collins Street is situated within the western core of Melbourne's CBD. Each of the properties in the Suntec REIT Portfolio is easily accessible by roads and is well-served by public transport facilities.
  - (ii) Large catchment: Suntec Properties has a large catchment of tourists and business travellers from hotels located within walking distance, such as The Ritz-Carlton, Conrad International, Pan Pacific, The Oriental, Marina Mandarin, J.W. Marriott, The Fairmont Singapore, Swissotel The Stamford and the Raffles Hotel. Suntec City, which is integrated with Suntec Singapore, attracts a large number of convention and exhibition participants each year. In addition, Suntec Properties' catchment of regular visitors includes executives and office workers from the Marina Centre and City Hall areas. One Raffles Quay and the MBFC Properties, which are integrated shopping and office buildings, also have a large catchment of executives, office workers and shoppers.



- (iii) High occupancy levels: High occupancy levels reflect the quality and demand for space in the Suntec REIT Portfolio properties. As of 30 September 2017, the committed occupancy levels were 98.8 per cent., 99.6 per cent., 99.6 per cent., 100 per cent. and 89.4 per cent. at Suntec City, One Raffles Quay, the MBFC Properties, 177 Pacific Highway and Southgate Complex, respectively. See “Business Description of Suntec REIT – The Suntec REIT Portfolio”.
- (iv) Quality tenant base: The major tenants at each of the properties in the Suntec REIT Portfolio are mainly foreign institutions, multinational corporations and prominent local companies. Such blue chip tenants have enhanced the stability of the rental income of each of the properties in the Suntec REIT Portfolio as these tenants have significant long-term space requirements in Singapore. See “Business Description of Suntec REIT – The Suntec REIT Portfolio”.
- (v) Quality, award-winning properties: Suntec City is the single largest integrated commercial development in Singapore and has won various awards including two FIABCI Prix d’Excellence Awards (Overall Winner and Commercial/Retail category) in 1999 awarded by the International Real Estate Federation, and the “Outstanding Contribution to Tourism Award” in 1998 from the Singapore Tourism Board. In 2016, Suntec Singapore garnered various industry awards including the “Best Corporate MICE Venue” at the HRM Asia Readers Choice Awards 2016, “Best Convention & Exhibition Centre” at the 27th Annual TTG Travel Awards 2016, and the 11th consecutive award for “Asia’s Leading Meetings & Conference Centre” at the World Travel Awards 2016. Both One Raffles Quay and Marina Bay Financial Centre also won the FIABCI Prix d’Excellence Awards (Office category) in 2008 and 2012, respectively.
- *Strong brand recognition*: The “Suntec” brand name is recognised both domestically and internationally.
  - *Experienced professional management*: The REIT Manager is staffed by experienced professionals who have extensive experience in the real estate industry in Singapore and in the Asia-Pacific region. The REIT Manager’s key staff members have in-depth real estate investment, asset management, research and equity securities market experience. Their familiarity with Singapore commercial assets and property market dynamics is complemented by their commercial property and equity market experience. The REIT Manager is a subsidiary of the ARA Group, which also comprises managers of other real estate investment trusts, including Fortune REIT and Cache Logistics Trust in Singapore, Prosperity REIT and Hui Xian REIT in Hong Kong and AmFirst REIT in Malaysia.
  - *Successful growth achieved through active asset management*: The REIT Manager has achieved organic growth of Suntec REIT by actively managing the Suntec REIT Portfolio, which involves the development of strong relationships with tenants through the provision of proactive property-related services, and through the implementation of asset enhancement strategies. Through such proactive property management, the REIT Manager has successfully maintained high tenant retention levels each year, resulting in low vacancy levels and reducing associated interruptions in rental income, as well as reducing costs associated with marketing and leasing space to new tenants.

## Strategy

The REIT Manager's strategy comprises the following:

- *To deliver regular and stable distributions to Unitholders and to achieve long-term growth in the NAV per Unit of Suntec REIT:* The REIT Manager pursues its principal investment strategy according to the following strategic guidelines: (a) investments will be for the long-term; (b) the investment portfolio will primarily comprise established and income-producing retail and office properties; and (c) future investments will be in properties that are primarily used for retail and/or office purposes. The REIT Manager intends to achieve its key objectives by employing the following combined strategies:
  - (i) an active asset management strategy, which involves active leasing and marketing, prudent control of property outgoings, programmes for the regular maintenance of building structures and asset refurbishment and enhancement projects to maintain the competitive positioning of the assets;
  - (ii) an acquisition growth strategy, which involves the REIT Manager selectively acquiring properties and investments (either with majority or minority positions) which meet the Issuer's investment criteria. Such investments may be by way of direct acquisition and ownership of a property by the Issuer, or may be effected indirectly through the acquisition and ownership of companies or other legal entities whose primary purpose is to hold or own real estate-related assets; and
  - (iii) a capital management strategy, which involves employing appropriate debt and equity financing strategies when financing acquisitions, and utilising interest rate hedging strategies, where appropriate, to optimise risk adjusted returns to Unitholders.
- *Continue to grow through acquisitions:* The REIT Manager aims to pursue opportunities for acquisitions that will provide sustainable cash flows together with opportunities for further growth. The REIT Manager's ability to seek acquisition opportunities is supported by, among other things, the following:
  - (i) the Suntec REIT Portfolio, with an aggregate value of S\$9,363.8 million as at 30 September 2017, provides sufficient diversification and scale to support the acquisition of additional properties; and
  - (ii) the REIT Manager's sufficiently wide mandate to invest in income-producing properties that are used, or primarily used, for retail and/or office purposes.
- *Optimising Suntec REIT's capital structure to fund future acquisitions and property enhancements:* The REIT Manager aims to manage Suntec REIT's capital structure and cost of capital within the borrowing limits set out in Appendix 6 to the Code on Collective Investment Schemes issued by the MAS (the "**Property Funds Appendix**"), and intends to use a combination of debt and equity to fund future acquisitions and property enhancements.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth selected audited financial information of Suntec REIT as at 31 December 2015 and for FY 2015, audited financial information of Suntec REIT as at 31 December 2016 and for FY 2016 and unaudited financial information of Suntec REIT as at 30 September 2017 and for FP 2017 (being the 9-month period ended 30 September 2017).

The audited financial statements of Suntec REIT have been prepared in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

The unaudited financial information of Suntec REIT for FP 2017 presented in this Offering Circular have been reviewed by Suntec REIT’s auditors and prepared in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. However, there can be no assurance that notwithstanding the review, had an audit been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them.

The summary financial information in the table below should be read in conjunction with Suntec REIT’s audited financial statements for FY 2015, Suntec REIT’s audited financial statements for FY 2016 and Suntec REIT’s unaudited financial statements for FP 2017 which are included elsewhere in this Offering Circular. See “Index to the Financial Statements”.

## Consolidated Statement of Financial Position

	30/9/17	As at 31/12/16	31/12/15
	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>			
Plant and equipment	1,932	2,284	2,706
Investment properties	6,331,144	6,247,771	5,799,901
Interest in joint ventures	2,650,634	2,642,904	2,456,648
Trade and other receivables	–	–	237,629
Derivative assets	–	3,202	6,955
	<u>8,983,710</u>	<u>8,896,161</u>	<u>8,503,839</u>
<b>Current assets</b>			
Derivative assets	116	–	3,040
Trade and other receivables	36,080	14,765	12,832
Cash and cash equivalents	169,078	182,450	445,267
	<u>205,274</u>	<u>197,215</u>	<u>461,139</u>
<b>Total assets</b>	<u>9,188,984</u>	<u>9,093,376</u>	<u>8,964,978</u>
<b>Current liabilities</b>			
Interest-bearing borrowings	–	99,798	638,043
Trade and other payables	108,999	93,465	107,708
Derivative liabilities	1,170	160	–
Current portion of security deposits	25,466	14,546	20,398
Provision for taxation	–	–	1,295
	<u>135,635</u>	<u>207,969</u>	<u>767,444</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	3,253,552	3,206,001	2,574,669
Non-current portion of security deposits	40,135	51,090	48,686
Derivative liabilities	8,807	22,030	7,895
Deferred tax liabilities	17,588	13,022	3,627
	<u>3,320,082</u>	<u>3,292,143</u>	<u>2,634,877</u>
<b>Total liabilities</b>	<u>3,455,717</u>	<u>3,500,112</u>	<u>3,402,321</u>
<b>Net assets</b>	<u>5,733,267</u>	<u>5,593,264</u>	<u>5,562,657</u>
<b>Represented by:</b>			
Unitholders' funds	5,610,299	5,468,935	5,444,005
Non-controlling interests	122,968	124,329	118,652
<b>Total Equity</b>	<u>5,733,267</u>	<u>5,593,264</u>	<u>5,562,657</u>
<b>Total issued and issuable Units ('000)</b>	<u>2,652,436</u>	<u>2,547,448</u>	<u>2,526,913</u>
<b>Net asset value per Unit (S\$)</b>	<u>2.115</u>	<u>2.147</u>	<u>2.154</u>

**Consolidated Statement of Total Return**

	<b>For the financial period/year ended</b>		
	<b>30/9/17</b>	<b>31/12/16</b>	<b>31/12/15</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Gross revenue</b>	266,873	328,595	329,515
Property expenses	(81,771)	(104,020)	(100,298)
<b>Net property income</b>	185,102	224,575	229,217
Other income	–	–	13,753
Share of profit of joint ventures	55,316	84,902	100,133
Net finance costs	(59,818)	(54,705)	(47,209)
Amortisation of intangible asset	–	–	(10,044)
Asset management fees	(35,528)	(46,250)	(45,441)
Trust expenses	(2,960)	(3,508)	(3,597)
<b>Net income</b>	142,112	205,014	236,812
Net change in fair value of financial derivatives	74	(423)	10,000
Loss on disposal of investment property	–	–	(2,656)
Net change in fair value of investment properties	–	70,898	128,728
<b>Total return for the period before tax</b>	142,186	275,489	372,884
Income tax expense	(6,521)	(14,196)	(6,738)
<b>Total return for the period/year after tax</b>	135,665	261,293	366,146
<b>Attributable to:</b>			
Unitholders of the Trust	132,995	246,546	354,091
Non-controlling interests	2,670	14,747	12,055
	135,665	261,293	366,146
Basic Earnings per Unit based on the weighted average number of Units in issue (Singapore cents)	5.126	9.738	14.087
Distribution per Unit based on the total number of Units entitled to distribution (Singapore cents)	7.401	10.003	10.002

## Distribution Statement

	For the financial period/year ended		
	30/9/17 S\$'000	31/12/16 S\$'000	31/12/15 S\$'000
Amount available for distribution to Unitholders at the beginning of the period/year	65,911	69,328	64,419
Total return attributable to Unitholders	132,995	246,546	354,091
Net tax adjustments <sup>(1)</sup>	(40,840)	(118,740)	(199,808)
Taxable income for the period/year	92,155	127,806	154,283
Add:			
– Tax exempt dividend income <sup>(2)</sup>	82,582	101,919	78,684
– Others <sup>(3)</sup>	19,000	24,000	19,000
Amount available for distribution to Unitholders	259,648	323,053	316,386
Distributions to Unitholders:			
Distribution of 2.596 cents per Unit for period from 1/10/2016 to 31/12/2016	(66,132)	–	–
Distribution of 2.425 cents per Unit for period from 1/1/2017 to 31/3/2017	(61,852)	–	–
Distribution of 2.493 cents per Unit for period from 1/4/2017 to 30/6/2017	(66,048)	–	–
Distribution of 2.750 cents per Unit for period from 1/10/2015 to 31/12/2015	–	(69,490)	–
Distribution of 2.371 cents per Unit for period from 1/1/2016 to 31/3/2016	–	(59,990)	–
Distribution of 2.501 cents per Unit for period from 1/4/2016 to 30/6/2016	–	(63,358)	–
Distribution of 2.535 cents per Unit for period from 1/7/2016 to 30/9/2016	–	(64,304)	–
Distribution of 2.577 cents per Unit for period from 1/10/2014 to 31/12/2014	–	–	(64,592)
Distribution of 2.230 cents per Unit for period from 1/1/2015 to 31/3/2015	–	–	(55,991)
Distribution of 2.500 cents per Unit for period from 1/4/2015 to 30/6/2015	–	–	(62,889)
Distribution of 2.522 cents per Unit for period from 1/7/2015 to 30/9/2015	–	–	(63,586)
	(194,032)	(257,142)	(247,058)
<b>Distributable income to Unitholders at end of the period/year</b>	<b>65,616</b>	<b>65,911</b>	<b>69,328</b>

**Notes:**

(1) Net tax adjustments comprise the following:

	For the financial period/year ended		
	30/9/17	31/12/16	31/12/15
	S\$'000	S\$'000	S\$'000
Net tax adjustments comprise:			
– Amortisation of intangible asset	–	–	10,044
– Amortisation of transaction costs	18,491	17,017	9,432
– Asset management fees paid/payable in Units	26,306	34,278	33,664
– Net profit from subsidiaries and/or joint ventures	(85,186)	(111,982)	(123,777)
– Trustee's fees	1,102	1,438	1,391
– Net surplus on revaluation of investment properties	–	(70,898)	(128,728)
– Net foreign currency exchange differences	(123)	(596)	4,393
– Net change in fair value of financial derivatives	(504)	423	(10,000)
– Loss on disposal of investment property	–	–	2,656
– Deferred Tax	–	11,032	–
– Other items	(926)	548	1,117
<b>Net tax adjustments</b>	<b>(40,840)</b>	<b>(118,740)</b>	<b>(199,808)</b>

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

(3) This relates to a portion of the sales proceed from disposal of investment properties in January 2012 and December 2015.

## Statement of Movements in Unitholders' Funds

	1/1/17 to 30/9/17 S\$'000	1/1/16 to 31/12/16 S\$'000	1/1/15 to 31/12/15 S\$'000
<b>Balance at the beginning of the period/year</b>	5,468,935	5,444,005	5,305,398
<b>Operations</b>			
Total return for the period attributable to unitholders	132,995	246,546	354,091
<b>Net increase in net assets resulting from operations</b>	132,995	246,546	354,091
Effective portion of changes in fair value of cash flow hedges <sup>(a)</sup>	(927)	(4,607)	2,973
Translation differences from financial statements of foreign entities	12,155	5,885	(5,063)
Net gain/(loss) recognised directly in Unitholder's fund	11,228	1,248	(2,090)
<b>Unitholders' transactions</b>			
Creation of units			
– conversion of convertible bonds	174,155	–	–
– asset management fee paid in units	11,271	16,541	24,839
Units to be issued			
– asset management fee payable in units <sup>(b)</sup>	5,780	17,737	8,825
Unit issue expenses	(33)	–	–
Distributions to Unitholders	(194,032)	(257,142)	(247,058)
<b>Net decrease in net assets resulting from unitholders' transactions</b>	(2,859)	(222,864)	(213,394)
<b>Unitholders' funds as at end of period/year</b>	5,610,299	5,468,935	5,444,005

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

(b) This represents the value of units issued and to be issued to the Manager as partial satisfaction of the asset management fee incurred for the quarter/year. The asset management base fee units for the quarter ended 30 September 2017 are to be issued within 30 days from quarter end.



## SUMMARY OF THE OFFERING

*The following is a general summary of the offering of the Bonds. This summary is partly derived from and should be read in conjunction with the full text of the Terms and Conditions, the trust deed constituting the Bonds (the “**Bond Trust Deed**”) and the paying, transfer and conversion agency agreement to be entered into between the Issuer, the Bond Trustee, the principal paying and conversion agent and the registrar and transfer agent for the Bonds and the registrar relating to the Bonds (the “**Agency Agreement**”) relating to the Bonds. The Terms and Conditions, the Bond Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary.*

*Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Terms and Conditions.*

<b>Issuer</b>	:	Suntec Real Estate Investment Trust, acting through HSBC Institutional Trust Services (Singapore) Limited, in its capacity as the trustee of Suntec Real Estate Investment Trust.
<b>Issue</b>	:	S\$300,000,000 1.75 per cent. Convertible Bonds due 2024. The Issuer has granted the Lead Manager an Upsize Option, which may be exercised at any time on or before 8 December 2017, in whole or in part, on one or more occasions, to subscribe for up to an additional S\$50,000,000 in aggregate principal amount of Bonds.
<b>Issue Price</b>	:	The Bonds will be issued at 100.0 per cent. of their principal amount.
<b>Issue Date</b>	:	30 November 2017
<b>Maturity Date</b>	:	30 November 2024
<b>Rate of Interest</b>	:	The Bonds will bear interest at the rate of 1.75 per cent. per annum.
<b>Interest Payment Dates</b>	:	Interest will be payable semi-annually in arrear on 30 May and 30 November of each year, with the first interest payment date falling on 30 May 2018.
<b>Status of the Bonds</b>	:	The Bonds constitute general, direct, unsubordinated, and (subject to the negative pledge discussed below) unsecured obligations of the Issuer and shall at all times rank pari passu without any preference or priority among themselves, with all outstanding, direct, unsecured and unsubordinated obligations of the Issuer, present and future, save for such exceptions as may be provided by the mandatory provisions of applicable law and regulations.

**Negative Pledge** : The Terms and Conditions contain a negative pledge provision over the whole or any part of the Suntec City Properties, 177 Pacific Highway, all the shares held by the Issuer (whether directly or indirectly) in One Raffles Quay Pte. Ltd., all the partnership interest held by the Issuer (whether directly or indirectly) in BFC Development LLP, all the shares held by the Issuer (whether directly or indirectly) in Harmony Convention Holding Pte Ltd, all the units held by the Issuer (whether directly or indirectly) in Suntec REIT 177 Trust, all the units held by the Issuer (whether directly or indirectly) in Southgate Trust and all the units held by the Issuer (whether directly or indirectly) in Suntec REIT 477 Trust, as further described in “Terms and Conditions of the Bonds – Status – Negative Pledge”.

**Conversion Period** : Subject to the Terms and Conditions of the Bonds, the Conversion Right attaching to any Bond to convert such Bond into Units may be exercised at the option of the holder of such Bond, at any time on and after 9.00 am on 9 January 2018 up to 3.00 pm (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling (i) 23 November 2024, or if such Bond has been called for redemption before 23 November 2024, then up to 3.00 pm on a date no later than seven Business Days prior to the date fixed for redemption thereof.

**Adjustments to Conversion Price** : The Conversion Price will be subject to adjustment in certain events including: consolidation, subdivision or reclassification of the Units; rights issues of other securities; capitalisation of profits or reserves; excess distributions; rights issues of Units or options over Units; issues at less than current market price and other dilutive events.

There is no anti-dilution adjustment for compensation paid to the REIT Manager in the form of Units.

See “Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price”.

**Conversion for Change of Control** : Following the occurrence of a Change of Control Event (as defined in the Terms and Conditions), the holder of each Bond will have the right, at such Bondholder's option, to exercise such Bondholder's Conversion Right to convert the Bonds into Units, subject to the Issuer's Alternative Settlement Right (as described in the Terms and Conditions and below), at a Conversion Price determined in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times c/t))$$

where:

**NCP** means the Conversion Price;

**OCP** means the Conversion Price in force immediately before application of the above formula;

**CP** means 12.00 per cent., expressed as a fraction;

**c** means number of days from and including the first day of the Change of Control Period (as defined in the Terms and Conditions) to, but excluding, the Maturity Date; and

**t** means the number of days from and including 30 November 2017 to, but excluding, the Maturity Date.

See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Conversion for Change of Control".

**Conversion Price** : The Conversion Price (subject to adjustment in the manner herein) will initially be S\$2.189 per Unit.

**Conversion Right** : The Bonds are convertible by holders into Units at any time during the Conversion Period (at the place the certificate evidencing the Bond is deposited for conversion), unless previously redeemed, converted, or purchased and cancelled.

**Alternative Settlement Right** : On conversion of the Bonds, in respect of each S\$250,000 principal amount of a Bond to be converted, the Issuer may at its option elect to either:

- (i) issue or cause to be issued to the holders of such Bonds in respect of each Bond a number of Units equal to the Conversion Ratio (as defined in the Terms and Conditions); or
- (ii) pay in cash in Singapore dollars to the holders of such Bonds an amount equal to the Conversion Value (as defined in the Terms and Conditions) one Business Day after the Applicable Conversion Period (as defined in the Terms and Conditions); or

(iii) deliver or cause to be delivered a cash amount nominated by the Issuer in the notice referred to in the Terms and Conditions to the Bond Trustee (the “**Cash Amount**”) and such number of Units as determined in the manner set out below.

If the Issuer elects to deliver or cause to be delivered a Cash Amount and Units, the number of Units to be issued or caused to be issued by the Issuer in respect of each Bond will be equal the sum of the Daily Unit Amounts (calculated as described in the Terms and Conditions) for each Trading Day (as defined in the Terms and Conditions) during the Applicable Conversion Period, and the Conversion Date shall be deemed to be one Business Day after the Applicable Conversion Period.

**Final Redemption** : Unless previously redeemed, converted or purchased and cancelled in the circumstances described in the Terms and Conditions, the Issuer will redeem each Bond at 100.0 per cent. of its principal amount on the Maturity Date plus accrued interest up to (but excluding) the Maturity Date.

**Redemption at the Option of the Issuer** : On or at any time after 30 November 2020 but not less than seven Business Days prior to the Maturity Date, the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Bondholders, the Bond Trustee and any Paying Agent (which notice shall be irrevocable), redeem the Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, if the closing price of the Units on each of the 20 consecutive Trading Days immediately prior to the date upon which notice of such redemption is given was at least 130.0 per cent. of the Conversion Price in effect on the date of each such Trading Day. If there shall occur an event giving rise to a change in the Conversion Price during any such 20 Trading Day period, appropriate adjustments shall be made for the purpose of calculating the closing price for the relevant days.

On the expiry of any such notice, the Issuer will be bound to redeem the Bonds at their principal amount together with interest accrued to (but excluding) the date of redemption on the date fixed for such redemption.

The Issuer may redeem the Bonds in whole but not in part at any time if the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any further issues of Bonds in accordance with the Terms and Conditions), at their principal amount plus interest accrued to (but excluding) the date of redemption.

See “Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer”.

**Redemption for Change of Control** : During the Change of Control Period (as defined in the Terms and Conditions), the holder of each Bond shall have the right, at such holder's option, to require the Issuer to redeem in whole but not in part such holder's Bonds on the Change of Control Redemption Date (as defined in the Terms and Conditions) at their principal amount plus interest accrued to the date of redemption.

See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Change of Control".

**Redemption for Delisting of the Units** : In the event the Units cease to be listed or admitted to trading on the SGX-ST, or, if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions), or are suspended from trading on the SGX-ST or, if applicable, the Alternative Stock Exchange for a period of more than 45 consecutive Trading Days, each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem in whole but not in part such Bondholder's Bonds at their principal amount plus interest accrued to (but excluding) the date of redemption.

See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Delisting".

**Redemption for Taxation Reasons** : In the event certain changes occur affecting taxes in Singapore, the Issuer may, subject to certain conditions being satisfied, redeem the Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption. A Bondholder has the right to elect that its Bonds will not be redeemed on the occurrence of certain changes affecting taxes in Singapore, provided that in such case the Issuer will not be required to gross up on account of such changes in tax.

See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation Reasons".

**Early Redemption at the Option of the Bondholders** : On 30 November 2020, the holder of any Bond will have the option to require the Issuer to redeem all or some of the Bonds at their principal amount plus interest accrued to the date of redemption.

See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders".

- Form and Denomination of the Bonds** : The Bonds will be issued in registered form in denominations of S\$250,000 each or integral multiples thereof. The Bonds will be represented by a Global Certificate deposited with, and registered in the name of The Bank of New York Depository (Nominees) Limited being a nominee of the common depository for Euroclear and Clearstream (together, the “**Clearing Systems**”).
- The Global Certificate will be exchangeable for definitive Certificates only in the limited circumstances described in “The Global Certificate”.
- Further Issues** : The Issuer may from time to time, without the consent of the Bondholders, create and issue further Bonds having the same terms and conditions as the Bonds in all respects (except for the first payment of interest on them and the first date on which conversion rights may be exercised) so that such further issue shall be consolidated and form a single series with the Bonds.
- Clearance** : The Bonds will be cleared through the Clearing Systems. Each of the Clearing Systems holds securities for their customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders.
- Global Certificate** : For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a nominee for the Clearing Systems, payments of principal and interest in respect of the Bonds represented by the Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System. See “The Global Certificate”.
- Cross Default** : The Bonds may be accelerated in the event of a default relating to the Issuer or any of its principal subsidiaries in respect of indebtedness which equals or exceeds S\$20 million or its equivalent in aggregate.
- Other Events of Default** : For a description of certain other events that may result in acceleration of repayment of principal and accrued interest of the Bonds, see “Terms and Conditions of the Bonds – Events of Default”.

<b>Taxation</b>	:	All payments of principal and interest made by the Issuer under or in respect of the Bond Trust Deed or the Bonds will be made free from any restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no deduction or withholding been required, except in the circumstances specified in “Terms and Conditions of the Bonds – Taxation”.
<b>Selling Restrictions</b>	:	There are restrictions on the offer, sale and transfer of the Bonds in, among others, Hong Kong, Singapore and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “Subscription and Sale”.
<b>Meetings of Bondholders</b>	:	The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
<b>Listing and Trading of the Bonds</b>	:	Approval-in-principle has been obtained for the listing of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.
<b>Bond Trustee</b>	:	The Bank of New York Mellon, London Branch.
<b>Principal Agent, Paying Agent and Conversion Agent</b>	:	The Bank of New York Mellon, London Branch.
<b>Registrar and Transfer Agent</b>	:	The Bank of New York Mellon SA/NV, Luxembourg Branch
<b>Governing Law</b>	:	The Bonds will be governed by, and construed in accordance with, the laws of England and Wales.
<b>Lock-Up</b>	:	Subject to certain exceptions, the Issuer has agreed to a lock-up in relation to the Bonds for a period of 60 days after the Closing Date. See “Subscription and Sale”.

**Use of Proceeds**

: The net proceeds from the issue of the Bonds (after deduction of fees, commissions and expenses but assuming the Upsize Option is not exercised) are expected to be approximately S\$296.2 million.

The Issuer expects to use all of the net proceeds from the issue of the Bonds primarily for the partial refinancing of existing debt and the balance of the net proceeds, if any, to be used for general corporate and/or working capital purposes.

See the “Use of Proceeds” section of this Offering Circular.

**Risk Factors**

: Investment in the Bonds involves risks which are observed and described below under the “Risk Factors” section of this Offering Circular.



## **RISK FACTORS**

*The risks described below should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to Suntec REIT, the Issuer, the REIT Manager, the Bonds or the Units.*

*Additional risks not presently known to the Issuer and/or the REIT Manager or that it/they currently deem(s) immaterial may also impair the business operations of Suntec REIT. Suntec REIT's financial condition or results of operations, business and prospects could be materially and adversely affected by any of these risks, which may, as a result, affect Suntec REIT's ability to pay interest on, and repay the principal of, the Bonds.*

*This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Suntec REIT's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.*

### **Limitations of this Offering Circular**

This Offering Circular is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Bonds only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Bonds is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Issue is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the REIT Manager or the Lead Manager that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the REIT Trustee, the REIT Manager, their respective subsidiaries or associated companies, the Lead Manager or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Offering Circular contemplating subscribing for or purchasing or selling any of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and any such other document or information (or such part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of Suntec REIT, the Terms and Conditions and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Bonds.

This Offering Circular does not purport to contain all the information that a prospective investor of the Bonds may require in investigating the matters or the parties referred to above, prior to making an investment in the Bonds.

## **RISKS ASSOCIATED WITH SUNTEC REIT'S BUSINESS**

### ***Suntec REIT's properties are located in Singapore and Australia, which exposes Suntec REIT to economic and real estate market conditions in Singapore and Australia (including increased competition in the real estate market)***

Currently, all of the properties in the Suntec REIT Portfolio are located in Singapore and Australia. As a result, Suntec REIT's income derived from the properties in the Suntec REIT Portfolio depends, to a large extent, on the performance of the Singapore and the Australia economies. An economic decline in Singapore or Australia could adversely affect Suntec REIT's results of operations and future growth.

The performance of Suntec REIT may also be adversely affected by a number of local real estate market conditions, such as the attractiveness of competing commercial properties or, for example, if there is an oversupply of commercial space or reduced demand for commercial space. There are many commercial properties in Singapore and Australia that compete with properties in the Suntec REIT Portfolio in attracting tenants, including those in the CBDs and other areas in Singapore and Australia where the properties in the Suntec REIT Portfolio are located. Further, whenever competing properties of a similar type in their vicinities are substantially newer, upgraded and/or refurbished, the income derived from the Suntec REIT Portfolio could be reduced.

The income from, and market value of, the Suntec REIT Portfolio will be largely dependent on the ability of the properties in the Suntec REIT Portfolio to compete with other commercial properties in Singapore and Australia in attracting and retaining tenants. Historical operating results of the Suntec REIT Portfolio may not be indicative of future operating results and historical market values of the properties may not be indicative of future market values of the Suntec REIT Portfolio. Important factors affecting the ability of properties in the Suntec REIT Portfolio to attract or retain tenants include the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients, the quality of the building's existing tenants as well as the performance of the relevant building's property manager.

### ***Suntec REIT's property investments are relatively illiquid***

Suntec REIT invests in mainly office and retail properties which entails a higher level of risk than a portfolio which has a diverse range of investments. Suntec REIT's real estate investments are relatively illiquid. Such illiquidity limits the ability of an owner or a developer to liquidate part of its real estate assets into cash on short notice or may require a substantial reduction in the price that may otherwise be sought for such asset to ensure a quick sale. Such illiquidity also limits the ability of Suntec REIT to vary its investment portfolio in response to changes in economic, real estate, market or other conditions. This could have an adverse effect on Suntec REIT's financial condition and results of operations, with a consequential adverse effect on Suntec REIT's ability to make expected returns. Moreover, Suntec REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate, due to its illiquidity.

### ***Suntec REIT is exposed to general risks associated with the ownership and management of real estate***

Property investment is subject to risks incidental to the ownership and management of commercial properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in Suntec REIT's financial statements (or other financial information), increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated costs.

The activities of Suntec REIT may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

***The loss of key tenants or a downturn in the businesses of any of Suntec REIT's tenants and licensees could have an adverse effect on the financial condition and results of operations of Suntec REIT***

Any of Suntec REIT's key tenants may experience a downturn in their business, which may weaken their financial condition and result in their failure to make timely rental payments or they may default on their tenancies with Suntec REIT. Similarly other tenants may also experience a downturn in their business or face other types of financial distress, such as bankruptcy or insolvency, and therefore also be unable to make timely rental payments. Suntec REIT's claims for unpaid rent against a bankrupt tenant may not be paid in full. If any tenant defaults or fails to make timely rental payments, Suntec REIT may experience delays in enforcing its rights as a landlord and incur time and expenses relating to any eviction proceedings, which may be substantial in the case of key tenants. During any eviction it may be unable to re-let the space.

Further, if Suntec REIT's key tenants decide not to renew their tenancies or terminate early (in cases where a key tenant has termination rights exercisable by notice), Suntec REIT may not be able to re-let the space. Even if key tenants decide to renew or lease new space, the terms of renewals or new tenancies, including the cost of required renovations or concessions to tenants, may be less favourable to Suntec REIT than current lease terms. If a key tenant terminates its tenancy, or does not renew its tenancy, replacement tenants on satisfactory terms may not be found in a timely manner or at all.

As a result of these events, Suntec REIT's financial condition, results of operations and cash flows could decrease and it may not be able to make distributions to Unitholders or pay amounts due on its indebtedness, including on the Bonds.

***The location of the properties in the Suntec REIT Portfolio in Singapore and Australia may entail a higher level of risk compared to some other real estate investment trusts that have properties spread over diverse locations***

Most of the properties in the Suntec REIT Portfolio are located in the CBDs of their respective localities. This concentration may entail a higher level of risk as compared to some other real estate investment trusts that have properties spread over several different locations or have a more diverse range of investments. Any circumstance which adversely affects the operations or business of any of the properties in the Suntec REIT Portfolio or their attractiveness to tenants may affect most of the properties in the Suntec REIT Portfolio, and Suntec REIT will not have sufficient income from other properties to mitigate any ensuing loss of income arising from such circumstance.

A concentration of investments in a portfolio of commercial properties in the same development will cause Suntec REIT to be susceptible to a downturn in the real estate market in which the development is comprised, particularly where there is a decline in the rental rates or the capital value of commercial properties in the micro-property market. A decline in the rental rates may have an adverse impact on the results of operations and financial condition of Suntec REIT.

The Suntec Properties, the 177 Pacific Highway, the ORQ Interest, the MBFC Interest and the Southgate Complex Interest account for 62.1, 11.0, 8.8, 16.1 and 2.0 per cent. of Suntec REIT's net property income and income contribution from respectively for FP 2017, being the financial period ended 30 September 2017. Physical damage to one or more buildings in Suntec City, One Raffles Quay, Marina Bay Financial Centre, 177 Pacific Highway or Southgate Complex resulting from fire or other causes, may lead to a significant disruption to the business and operation in the respective development. Such physical damage to a development would have a greater effect on the financial condition and results of operations of Suntec REIT as compared to other real estate investment trusts that have properties spread over more than one development.

***A number of the leases for the properties in the Suntec REIT Portfolio are for periods of up to three years, which exposes the properties in the Suntec REIT Portfolio to high rates of lease expiries each year***

A substantial number of the tenancies for the properties in the Suntec REIT Portfolio are for periods of up to three years, which reflects the general practice in the Singapore commercial property market. As a result, the properties in the Suntec REIT Portfolio experience lease cycles in which a number of the leases expire each year. This exposes Suntec REIT to certain risks, including the risk that vacancies following non-renewal of leases may lead to reduced occupancy rates which will in turn reduce Suntec REIT's gross revenues. If a large number of tenants do not renew their leases in a year when a high concentration of leases expire, it could have a material adverse effect on Suntec REIT's gross revenues, and could affect Suntec REIT's ability to meet its payment obligations under the Bonds.

If the rental rates for the properties in the Suntec REIT Portfolio decrease, or if Suntec REIT's existing tenants do not renew their tenancies, or if Suntec REIT does not or is unable to re-lease a significant portion of its vacant space and space for which tenancies are scheduled to expire, Suntec REIT's financial condition, results of operations, cash flows, per Unit trading price, and ability to satisfy its debt service obligations could be materially adversely affected.

***Suntec REIT depends on certain key personnel, and the loss of any key personnel may adversely affect its operations***

Suntec REIT's performance and success depends, in part, upon the continued service and performance of members of the REIT Manager's senior management team and certain key senior personnel. These key personnel may leave the REIT Manager in the future or compete with the REIT Manager and Suntec REIT. The loss of any of these individuals, or of one or more of the REIT Manager's other key employees, could have a material adverse effect on Suntec REIT's financial condition and results of operations. Future performance of Suntec REIT depends largely on the REIT Manager's ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams.

***There may be potential conflicts of interest between Suntec REIT, the ARA Asset Management Limited and its controlling shareholders***

The REIT Manager is a wholly-owned subsidiary of ARA. ARA is a real estate fund management company, which manages other property funds, including six listed real estate investment trusts and a number of private property funds in Singapore and the Asia-Pacific. ARA may in the future, sponsor, manage or invest in other REITs or other vehicles which may also compete directly with Suntec REIT.

***Suntec REIT may be involved in legal and other proceedings from time to time***

Suntec REIT may be involved from time to time in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of its properties. These disputes may lead to legal and other proceedings, and may cause Suntec REIT to suffer additional costs and delays. In addition, Suntec REIT may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects.

***Uncertainties and instability in global financial, credit and currency markets could adversely affect Suntec REIT's business, financial condition and results of operations as well as the value of the Bonds***

The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries.

In addition, there is uncertainty arising from the referendum held by the United Kingdom on 23 June 2016 in which a majority voted for the exit of the United Kingdom from the European Union following the results of the referendum held on 23 June 2016 and the invocation of Article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017 by the Government of the United Kingdom ("**Brexit**"). Negotiations surrounding Brexit are expected to affect the future terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets, either during a transitional period or more permanently. Brexit could adversely affect European or worldwide economic or market conditions and could contribute to instability in global financial and foreign exchange markets.

Such events have had a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. Global credit markets have experienced substantial dislocations, liquidity disruptions and market corrections of which the scope, duration, severity and economic effect remain uncertain. These events could adversely affect Suntec REIT, including:

- a negative impact on the ability of the tenants of Suntec REIT to pay their rents in a timely manner or continuing their leases, thus reducing Suntec REIT's cash flow;
- an adverse effect on the cost of funding Suntec REIT's business, thus limiting Suntec REIT's growth opportunities; and
- an adverse impact on the ability of Suntec REIT to obtain funds for expansion or refinance its existing debt obligations on the same or more favourable terms than its existing debt obligations, if at all.

Although Suntec REIT has relied primarily on local sources of funding, which have experienced less of an impact due to the lack of liquidity in the global capital markets, reduced liquidity in the global capital markets could nonetheless have an adverse impact on the Singapore market and limit Suntec REIT's ability to diversify its funding sources. Increased funding costs or greater difficulty in diversifying funding sources would have an adverse effect on its business, financial conditions and results of operations.

The liquidity and the value of the Bonds are sensitive to the volatility of the credit markets and may be adversely affected by future developments. To the extent that turmoil in the credit market continues and/or intensifies, it may have the potential to materially affect the liquidity and the value of the Bonds.

***Suntec REIT's business, results of operations, financial condition and prospects may be adversely affected by natural disasters and the occurrence of epidemics***

Natural disasters and epidemics such as Middle East Respiratory Syndrome *coronavirus* ("MERS"), Ebola, the Zika virus, Severe Acute Respiratory Syndrome ("SARS"), H5N1 avian flu or H1N1 swine flu may adversely affect the economy, infrastructure and livelihood of the people in the countries in which Suntec REIT has properties and operates. An outbreak of MERS, Ebola, the Zika virus, SARS, H5N1 avian flu, H1N1 swine flu or a similar epidemic, or the measures taken by the governments of affected countries, including Singapore, against such an outbreak, could severely disrupt Suntec REIT's business operations and undermine investor confidence, thereby materially and adversely affecting its financial condition or results of operations.

**RISKS ASSOCIATED WITH THE OPERATION OF THE SUNTEC REIT PORTFOLIO**

***The properties held by Suntec REIT may face competition from other properties***

There are many commercial properties in Singapore and Australia that compete with Suntec REIT's properties in attracting tenants. The properties held by Suntec REIT may also compete with properties that may be developed in the future.

The income from, and market value of, the properties held by Suntec REIT will be largely dependent on their competitiveness as compared to other commercial properties in their respective localities in attracting and retaining tenants. Historical operating results of the properties may not be indicative of future operating results and historical market values of the properties may not be indicative of future market values of the properties. Important factors affecting the ability of Suntec REIT to attract or retain tenants include the attractiveness of the relevant building and the surrounding area to prospective tenants and their customers or clients, the quality of the building's existing tenants as well as the performance of the relevant building's property manager.

The competition may result in Suntec REIT having to lower its rental rates or incur additional capital improvements to improve the properties. The competitive business environment among retailers in the markets in which Suntec REIT operates may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent. Suntec REIT also competes with other real estate owners for property acquisitions and property-related investments. An inability to compete effectively could affect Suntec REIT's ability to grow.

***There can be no assurance that the Suntec REIT Portfolio properties will continue to maintain or exceed their valuations***

As at 30 September 2017, the aggregate gross value of the Suntec REIT Portfolio properties was S\$9,363.8 million. There can be no assurance that the market value of any or all of the properties in the Suntec REIT Portfolio, or any other property which Suntec REIT may acquire in the future, will continue to maintain or exceed their valuations as at 30 September 2017. If the actual valuations of any of the Suntec REIT Portfolio, or of any other property which Suntec REIT may acquire in the future, are materially less favourable than those projected, or if the assumptions used in formulating the projections prove to be incorrect, Suntec REIT's ability to make payments of principal of and interest on the Bonds may be adversely affected.

### ***Compulsory acquisition of properties***

Suntec REIT's Portfolio comprises properties which are located in Singapore and Australia and may be subject to compulsory acquisition under the laws and regulations of the respective jurisdictions. For example, the Land Acquisition Act, Chapter 152 of Singapore (the "**Land Acquisition Act**"), *inter alia*, gives the Government of Singapore the power to acquire any land in Singapore:

- for any public purpose;
- where the acquisition is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purpose.

In the event of such acquisition, the amount of compensation to be awarded shall take into account, *inter alia*, the market value of the acquired land as provided in the Land Acquisition Act. Nevertheless, the market value of the land (or part thereof) to be compulsorily acquired may be greater than the compensation paid to Suntec REIT in respect of the acquired land.

In addition, under the laws and regulations of each State and Territory in Australia, there are various circumstances under which the Australian government is empowered to acquire property.

In the event that the compensation paid for the compulsory acquisition of a property in the Suntec REIT Portfolio is less than the market value of the property, this may adversely affect the gross revenues and value of the assets of Suntec REIT.

### ***Suntec REIT may suffer material losses in excess of insurance proceeds or an uninsured loss***

The properties in the Suntec REIT Portfolio could suffer physical damage caused by fire or other causes or Suntec REIT may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. Although Suntec REIT maintains insurance arranged through reputable insurance brokers and with reputable independent insurance companies that it believes is consistent with industry standards to protect against its operational risks, there are certain types of risk (such as from wars, acts of terrorism or acts of God) that generally are not insured because they are either uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, save for Suntec Properties, One Raffles Quay and Marina Bay Financial Centre, Suntec REIT's insurance policies for the properties in the Suntec REIT Portfolio do not cover acts of war, acts of terrorism or outbreaks of contagious diseases. Should an uninsured loss or a loss in excess of insured limits occur, Suntec REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. Any such loss could adversely affect the results of operations and financial condition of Suntec REIT. Suntec REIT would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for Suntec REIT will be available in the future on commercially reasonable terms or at commercially reasonable rates.

***The amount Suntec REIT may borrow is limited, which may affect the operations of Suntec REIT. The borrowing limit may be exceeded if there is a downward revaluation of assets***

Under the Property Funds Appendix, the total borrowings and deferred payments (the “**Aggregate Leverage**”) of Suntec REIT should not exceed 45.0 per cent. of the value of all the gross assets of Suntec REIT, including all its authorised investments held or deemed to be held upon the trusts under the REIT Trust Deed (the “**Deposited Property**”).

As at 30 September 2017, Suntec REIT has an Aggregate Leverage of 36.8 per cent. It is currently not envisaged that Suntec REIT will face issues with the borrowing limits imposed by the Property Funds Appendix. However, Suntec REIT may, from time to time, require further debt financing to achieve its investment strategies and may find itself unable to achieve its investment strategies if this involves and requires debt financing in excess of the borrowing limits imposed by the Property Funds Appendix. In the event that Suntec REIT decides to incur additional borrowings in the future, Suntec REIT may face adverse business consequences as a result of this limitation on borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to the Suntec REIT Portfolio or in relation to the acquisition by Suntec REIT of further properties to expand its portfolio; and
- cash flow shortages (including with respect to distributions) which Suntec REIT might otherwise be able to resolve by borrowing funds.

See “The Structure of Suntec REIT and the Units”.

Suntec REIT is also expected to use leverage in connection with its investments. A downward revaluation of any of the properties in the Suntec REIT Portfolio or other circumstances may result in a breach of the borrowing limit under the Property Funds Appendix. In the event of such a breach, Suntec REIT, through the Issuer, would not be able to incur further indebtedness. In such circumstances, while Suntec REIT may not be required to dispose of its assets to reduce its indebtedness where such disposal is prejudicial to the interest of the Unitholders, the REIT Manager must use its best endeavours to reduce excess borrowings, which may constrain its operational flexibility.

In addition, a severe downward revaluation of any of the properties in the Suntec REIT Portfolio may result in a breach of certain financial covenants under certain of the Issuer’s debt financing arrangements.

***The rating of Suntec REIT is no assurance that the rating given will continue or that the rating would not be reviewed, downgraded, suspended or withdrawn in the future***

Suntec REIT has been assigned a corporate family rating of “Baa3” by Moody’s Investor Service (“**Moody’s**”). The rating assigned by Moody’s is based on the views of Moody’s only. Future events could have a negative impact on the rating of Suntec REIT and prospective investors should be aware that there is no assurance that the rating given will continue or that the rating would not be reviewed, downgraded, suspended or withdrawn as a result of future events or judgment on the part of Moody’s. Any rating changes that could occur may have a negative impact on the market value of the Bonds.



### ***Suntec REIT may have a higher level of gearing than certain other types of unit trusts***

As at 30 September 2017, Suntec REIT had total borrowings at amortised cost of S\$3,253.6 million. Suntec REIT may, from time to time, require additional debt financing to achieve the REIT Manager's investment strategies. Suntec REIT may be required to meet its funding needs by procuring financing on terms which restrict it in certain ways and may limit its ability to pay distributions or require it to obtain consents before it can pay distributions to holders of Units. In addition, Suntec REIT's indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to Suntec REIT for use in its general business operations. Suntec REIT's indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. Suntec REIT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trust, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

### ***Suntec REIT faces risks associated with debt financing***

Suntec REIT will be subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest under such financing and to make distributions. The rights of Bondholders to receive payments under the Bonds are effectively subordinated to the rights of the existing and future secured creditors.

Suntec REIT may also become a party to future indebtedness which is secured by a lien on certain of its properties. In the event of a default on the Bonds or under any other indebtedness or upon Suntec REIT's bankruptcy, liquidation or reorganisation, any secured indebtedness of third party creditors to the Suntec REIT Portfolio would effectively be senior to the Bonds to the extent of the value of the Suntec REIT Portfolio securing their indebtedness. The holders of the Bonds would only have a senior unsecured claim against those assets to the extent any remain after satisfying the obligations under secured indebtedness.

Suntec REIT will also be subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings, particularly in light of current uncertainty and instability in global market conditions – see above. In addition, Suntec REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict Suntec REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect Suntec REIT's cash flow and the amount of distributions it could make to Unitholders.

### ***Suntec REIT may experience limited availability of funds***

If Suntec REIT defaults in its payment obligations, lenders to any of the affected Suntec REIT Portfolio properties could foreclose or require a forced sale of a Suntec REIT Portfolio property or any of them with a consequent loss of income and asset value to Suntec REIT. The amount of proceeds ultimately distributed to the holders of the Bonds upon a foreclosure or other enforcement action may not be sufficient to satisfy the payment obligations under the Bonds. The amount to be received upon a foreclosure sale of a property from the Suntec REIT Portfolio would be dependent on numerous factors, including the actual fair market valuation of the relevant property at the time of such sale, the timing and manner of the sale and the availability of buyers. Each of the Suntec REIT Portfolio properties is illiquid and there can be no assurance that any of

the Suntec REIT Portfolio properties can or will be liquidated in a short period of time. For all these reasons, there can be no assurance that the proceeds from any foreclosure sale will be sufficient for Suntec REIT to meet its obligations under the Bonds.

Suntec REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to Suntec REIT or that any additional financing will not be dilutive to its shareholders. Factors that could affect Suntec REIT's ability to procure financing include the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and availability of funding sources. In addition, further consolidation in the banking industry in Singapore and/or elsewhere in Asia may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

***Suntec REIT is subject to interest rate fluctuations***

As at 30 September 2017, Suntec REIT had consolidated debts of approximately S\$3,253.6 million. Approximately 65.0 per cent. of Suntec REIT's debt bears fixed interest rates and the balance bears floating interest rates. Consequently, the interest cost to Suntec REIT for the floating interest rate debt will be subject to fluctuations in interest rates.

As part of its active capital management strategies, Suntec REIT has entered into some hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, its hedging policy and strategy may not cover all of Suntec REIT's exposure to interest rate fluctuations. As a result, its operations and/or financial condition could potentially be adversely affected by interest rate fluctuations.

***Suntec REIT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations***

Suntec REIT's reporting currency for the purposes of its financial statements is Singapore dollars. However, Suntec REIT may generate revenue and incur operating costs in non-Singapore dollar denominated currencies, such as the Australian dollar. Suntec REIT recognises foreign currency gains or losses arising from its operations in the period incurred. As a result, currency fluctuations between Singapore dollar and the non-Singapore dollar currencies in which Suntec REIT does business or proposes to do business will cause Suntec REIT to incur foreign currency translation gains and losses.

The value of the foreign currencies against the Singapore dollar fluctuates and is affected by changes in the respective jurisdiction and international political and economic conditions and by many other factors. Suntec REIT cannot predict the effects of exchange rate fluctuations upon its future operating results because of the number of currencies involved, the variability of currency exposure and the potential volatility of foreign exchange rates. Significant fluctuations in the exchange rates between such currencies will also, among others, affect Suntec REIT's NAV and may adversely affect Suntec REIT's operations and/or financial condition.

***The REIT Manager may not be able to implement its investment strategy***

The REIT Manager's investment strategy includes long-term growth of Suntec REIT's portfolio of commercial properties and providing regular and stable distributions to Unitholders. There can be no assurance that the REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand Suntec REIT's portfolio at all, or at any specified rate or to any specified size. The REIT Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame.

Suntec REIT will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all, particularly in light of current global market conditions mentioned above. Even if Suntec REIT were able to successfully make additional property investments, there can be no assurance that Suntec REIT will achieve its intended return on such investments. Since the amount of debt that Suntec REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions will largely be dependent on Suntec REIT's ability to raise equity capital, which may result in a dilution of Unitholders' holdings. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including commercial property development companies, private investment funds and other real estate investment funds whose investment policy is also to invest in commercial properties. There can be no assurance that Suntec REIT will be able to compete effectively against such entities.

***The REIT Manager may not be able to implement its asset enhancement initiative or successfully carry out its development activities***

One of the REIT Manager's strategies for growth is to increase yields and total returns through a combination of the addition and/or optimisation of office space and retail space at the relevant property. Any plans for asset enhancement initiatives are subject to known and unknown risks, uncertainties and other factors which may lead to any of such asset enhancement initiatives and/or their outcomes being materially different from the original projections or plans. There can be no assurance that the REIT Manager will be able to implement any of its proposed asset enhancement initiatives successfully or that the carrying out of any asset enhancement initiatives will enhance the value of the relevant property. The proposed asset enhancement initiatives are subject to Suntec REIT obtaining the approvals of the relevant authorities.

In addition, the Manager may from time to time and within the development limits as set out in the Property Funds Appendix embark on development activities.

Furthermore, the REIT Manager may not be able to carry out the proposed asset enhancement initiative or development activity within a desired timeframe, and any benefit or return which may arise from such asset enhancement initiative or development activity may be reduced or lost. Even if the asset enhancement initiative or development activity is successfully carried out, there can be no assurance that Suntec REIT will achieve its intended return or benefit on such asset enhancement initiative or development activity.

***Suntec REIT is exposed to general risks associated with relying on third-party contractors to provide various services***

Suntec REIT engages third-party contractors to provide various services in connection with its office space and retail space and asset enhancement initiatives, including construction, piling and foundation, building and property fitting-out works, alterations and additions, interior decoration, installation and maintenance of air-conditioning units and lifts, and gardening and landscaping works. Suntec REIT is exposed to the risk that a third-party contractor may incur costs in excess of project estimates, which may have to be borne by Suntec REIT in order to complete the project.

Furthermore, major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to Suntec REIT. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match Suntec REIT's targeted quality levels. All of these factors could have an adverse effect on the business, financial condition and results of operations of Suntec REIT.

## RISKS RELATING TO INVESTING IN REAL ESTATE

### ***Gross revenues earned from, and the value of, the Suntec REIT Portfolio may be adversely affected by a number of factors***

Gross revenues earned from, and the value of, the Suntec REIT Portfolio may be adversely affected by a number of factors, including:

- vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce Suntec REIT's gross revenues and its ability to recover certain operating costs through service charge;
- the REIT Manager's ability to collect rent from tenants on a timely basis or at all;
- the amount of, and extent to which Suntec REIT is required to grant, rental rebates to tenants due to market pressure;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rental payments, inability to collect rental income, or delays in the termination of such tenant's lease, or hindrance or delay in the re-letting of the space in question or the sale of the relevant property;
- the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, commercial space, changes in market rental rates and operating expenses for the Suntec REIT Portfolio);
- the REIT Manager's ability to arrange for adequate management and maintenance or to put in place adequate insurance;
- competition for tenants from other properties which may affect rental levels or occupancy levels at the properties in the Suntec REIT Portfolio;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment;
- increases in the rate of inflation;
- defects affecting any of the properties in the Suntec REIT Portfolio which need to be rectified, or other required repair and maintenance of the properties in the Suntec REIT Portfolio, leading to unforeseen capital expenditure;
- unapproved uses of any of the properties in the Suntec REIT Portfolio which may give rise to the right on the part of governmental authorities and/or bodies to re-enter the affected properties in the Suntec REIT Portfolio; and
- natural disasters, acts of God, fire, earthquakes, flooding, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the REIT Manager.

***Properties held by Suntec REIT may be subject to increases in property expenses and other operating expenses***

Suntec REIT's ability to make distributions to Unitholders could be adversely affected if property expenses, such as maintenance and sinking fund charges, property management fees, property taxes and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and other operating expenses include any:

- increase in the amount of maintenance and/or sinking fund charges payable to the management corporation strata title (MCST) for the Suntec Properties;
- increase in property taxes and other statutory charges;
- change in statutory laws, regulations or government policies which increases the cost of compliance with such laws, regulations or policies;
- increase in utility charges;
- increase in sub-contracted service costs;
- increase in the rate of inflation;
- increase in insurance premiums; and
- damage or defect affecting Suntec REIT's properties which needs to be rectified, leading to unforeseen capital expenditure.

***The REIT Manager may change Suntec REIT's investment strategy***

Suntec REIT's policies with respect to certain activities including investments and acquisitions will be determined by the REIT Manager. While the REIT Manager has stated its intention to restrict investments to real estate which is income-producing and which is used, or primarily used, for retail and/or office purposes, the REIT Trust Deed gives the REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

***Accounting standards in Singapore are subject to changes in the future***

The financial statements of Suntec REIT may be affected by the introduction of new or revised accounting standards. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The REIT Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of Suntec REIT's financial statements or on Suntec REIT's financial condition and results of operations. In addition, such changes may adversely affect the ability of Suntec REIT to make distributions to Unitholders.

## RISKS RELATING TO AUSTRALIA

### *Investment in the Units may be subject to Australia's foreign investment regime*

An Australian Land Trust (“**ALT**”) is a unit trust estate where the value of its interests in Australian land exceeds 50.0% of the value of its total assets. Suntec REIT's assets in Australia are interests in Australian land. Under Australia's foreign investment regime in relation to an ALT, acquisitions by foreign persons (including Foreign Government Investors) of interests of less than 10.0% in a listed trust that is an ALT will be exempt from the requirement to obtain a statement of no objection (the “**FIRB Approval**”) from the Foreign Investment Review Board (“**FIRB**”), being the requirement to notify the Australian Treasurer (through FIRB) and obtain a prior FIRB Approval. In broad terms, this exemption does not apply where:

- a foreign person (and its associates) acquires an interest of at least 10% in an ALT that is valued:
  - greater than A\$1,094 million if the foreign investor is from Chile, China, Japan, New Zealand, South Korea and the United States (and a lower threshold does not otherwise apply);
  - greater than A\$252 million if the foreign investor is not from one of the countries listed above (and a lower threshold does not otherwise apply);
  - greater than A\$55 million if the commercial land held by the ALT is deemed “sensitive”; or
- a foreign person (including existing Unitholders) acquires an interest in an ALT that puts them in a position to influence or participate in the central management and control of the ALT, including all investments of 10.0% or more regardless of value.

If the ALT holds or acquires vacant commercial land, residential land or agricultural land, different and potentially lower thresholds to those specified above may apply.

Foreign persons proposing to make an acquisition that is not exempt will be required under the Australian Foreign Acquisitions and Takeovers Act 1975 (“**FATA**”) to notify the Australian Treasurer (through FIRB) and obtain FIRB Approval to such investment.

As of 30 September 2017, Suntec REIT is not an ALT. The ALT issue arises where the value of Suntec REIT's interests in Australian land exceeds 50.0% of the value of its total assets.

If Suntec REIT is an ALT, a purchaser of Units in Suntec REIT, or existing Unitholders (who do not fall within the exemptions) adding to their existing interest in 10.0% or more of the issued Units of Suntec REIT where the total value of the interest acquired exceeds the thresholds above, would need to provide prior notice to the Australian Treasurer (through the FIRB), seeking FIRB Approval to the proposed acquisition of Units in Suntec REIT. The breach of the notification requirement and failure to obtain prior approval may be an offence under Australian law which could result in a fine or imprisonment. If the Australian Treasurer considers the proposal to be contrary to Australia's national interest, the Australian Treasurer has powers under the FATA to make adverse orders including prohibition of a proposal or ordering disposal of an interest acquired.

It is the responsibility of any person who wishes to acquire Units to satisfy themselves as to their compliance with the FATA, regulations made under the FATA, guidelines issued by the FIRB and with any other necessary approval and registration requirement or formality, before acquiring any Units. The failure by a person wishing to acquire Units to obtain a FIRB Approval does not have a direct impact on Suntec REIT as the sanctions under the FATA are imposed on the acquirer.

However, secondary trading in the Units may be impacted by the operation of the Australian foreign investment regime. If a Unitholder does not comply with the FATA, the Australian Treasurer has powers under the FATA to make adverse orders in respect of an acquisition if he considers it to be contrary to Australia's national interest. The adverse orders include an order to prohibit a proposal that has not yet occurred, or to order disposal of an interest that has occurred. However, the transaction is not made void or illegal and will not be unwound.

The foreign approval requirements will have a direct impact on Suntec REIT in the event that it wishes to issue new units in the ALT. If these units are issued to "*foreign persons*" and are above the thresholds, that transaction involving the Suntec REIT will require approval.

In addition, the classification of Suntec REIT as an ALT may impact the market for the trading of the Units including affecting the liquidity of the Units due to the potential risk of an offence regarding the acquisition of an interest in an ALT without obtaining FIRB Approval.

### ***Suntec REIT is exposed to risks relating to the Australian taxation regime***

Suntec REIT currently holds its investments in Australia (via a series of subsidiary Australian unit trusts) that should currently qualify as a concessional tax managed investment trust ("**MIT**").

In Australia, a public unit trust (which includes trusts beneficially owned by listed vehicles such as Suntec REIT and its subsidiaries) will be taxed as a company where the trust carries on a trading business or controls or is able to control the affairs or operations of another entity carrying on a trading business at any time during an income year. Furthermore, a trust will not qualify as a MIT if it carries on a trading business or controls another entity that carries on a trading business at any time during any income year.

A '*trading business*' is any business that does not consist wholly of '*eligible investment business activities*'. The legislation contains a list of specific activities that qualify as eligible investment business activities. Broadly, these are passive investment activities such as investing in land for the purpose, or primarily for the purpose, of deriving rent and investing or trading in shares, units or other financial instruments.

Investing in land for the purpose of development and sale should not be considered an "*eligible investment business activity*". As such, MIT status would not be available for such an investment and, should Suntec REIT hold such an investment, Suntec REIT would not be eligible for a concessional tax rate on any of its investments (i.e. this investment would taint the other investments held by an MIT).

Whether any trading business is being carried on by a MIT is to be continuously monitored and tested prior to any distributions by the MIT. While Suntec REIT may seek professional advice to ensure that its relevant Australian unit trusts should only engage in "*wholly eligible investment business*", in some instances, for example where non-rental income is derived from the land, there is a risk the Australian Taxation Office ("**ATO**") will take a different view. Where assurance is required, a private tax ruling may be sought from the ATO, preferably prior to the acquisition of the investment property to ensure that the investment is held by an appropriate entity. If an Australian investment would be characterised as a trading business, Suntec REIT should seek to hold that investment under a non-MIT investment structure (such as an ordinary unit trust) to ensure that it does not taint any existing Australian non-trading business investments held under MIT structures.

To qualify as a MIT and to enjoy preferential Australian withholding tax rates, there are several conditions that must be met, including among other requirements, no individual (who is not a resident of Australia) can directly or indirectly hold, control or have the right to acquire an interest of 10.0% or more in the MIT at any time during the income year. As such, for MITs that are wholly-owned by Suntec REIT, the testing of this requirement must be undertaken at the level of Suntec REIT.

There is no certainty that all of Suntec REIT's relevant Australian unit trusts will qualify for MIT treatment for the reasons outlined above. Where any of Suntec REIT's wholly-owned Australian unit trusts does not qualify for MIT treatment, income distributions from these investments to non-residents would be subject to Australian tax at 30.0% (where the unitholder is a company) or 47.0% (where the unitholder is a trust), which will have an adverse impact on the return to Unitholders.

## **RISKS ASSOCIATED WITH AN INVESTMENT IN THE BONDS AND THE UNITS**

### ***Securities law restrictions on the resale and conversion of the Bonds and the resale of Units issuable upon their conversion may impact Bondholders' ability to sell the Bonds and such Units in the United States***

The Bonds and the Units into which the Bonds are convertible have not been registered under the Securities Act, any securities laws of any state of the United States or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Units issuable upon conversion may not be offered, sold or resold in the United States except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. Suntec REIT is not required to register the Bonds and the Units into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the Units into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

### ***The Issuer may be unable to redeem the Bonds at maturity in certain circumstances***

The Issuer may be unable to redeem all or a portion of the Bonds in certain circumstances, including (i) on the Maturity Date of the Bonds (as defined in the Terms and Conditions), (ii) a Change of Control Event (as defined in the Terms and Conditions) or (iii) a Delisting or Suspension of the Units (as defined in the Terms and Conditions); and (iv) at the Option of the Bondholders (as described in the Terms and Conditions). If such an event were to occur, Suntec REIT, like other real estate investment trusts (which generally have policy of distributing all income), may not have sufficient cash reserves and may not be able to arrange financing to redeem the Bonds in the specified timeframe, or on acceptable terms, or at all. The ability of the Issuer to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure by the Issuer to repay, repurchase or redeem tendered Bonds would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of Suntec REIT. Suntec REIT has, and may in the future have, credit agreements or other agreements relating to its indebtedness that contain provisions that provide that a change in control constitutes an event of default or accelerates its payment obligations under that agreement. If such an event were to occur, no assurance can be given that Suntec REIT will have sufficient funds to or be able to raise sufficient financing to meet its payment obligations under those agreements.



***Holders of the Bonds may be subject to tax in Singapore and other jurisdictions***

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Units. See “Taxation” for certain Singapore tax consequences.

***The trading price of the Units has been, and may continue to be, volatile***

The trading price of the Units has been, and may continue to be, subject to large fluctuations. The price of the Units may increase or decrease in response to a number of events and factors, including:

- quarterly variations in operating results;
- changes in financial estimates and recommendations by securities analysts;
- the operating and stock price performance of other companies in the real estate industry;
- developments affecting Suntec REIT, its customers or its competitors;
- valuations of the Suntec REIT Portfolio;
- changes in government regulation;
- changes in general economic conditions;
- changes in accounting policies; and
- other events or factors described in this Offering Circular.

This volatility may adversely affect the price of the Units regardless of Suntec REIT’s operating performance.

***Suntec REIT may not be able to make distributions or the level of distributions may fall***

The income which Suntec REIT earns from its real estate investments depends on, among other factors, its debt-servicing requirements, the amount of rental income received, and the level of property expenses and other operating expenses incurred. If properties owned by Suntec REIT do not generate sufficient income, Suntec REIT’s cash flow and ability to make distributions will be adversely affected. No assurance can be given as to the Issuer’s ability to pay or maintain distributions. Neither is there any assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the leases of the Suntec REIT Portfolio properties or that the receipt of rental revenue in connection with any expansion of the Suntec REIT Portfolio properties or future acquisitions of properties will increase Suntec REIT’s distributable income to Unitholders.

***The SFA, the Singapore Code on Take-overs and Mergers and the Competition Act may discourage or prevent certain types of transactions***

The SFA and the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) contains certain provisions that may delay, deter or prevent a future take-over or change in control of Suntec REIT. Parties intending to (i) acquire 30 per cent. or more of the total units of a REIT; or (ii) when holding not less than 30 per cent. but not more than 50 per cent. of the total units of a REIT, acquire more than one per cent. of the total units of the REIT in any six-month period, should make a general offer for Suntec REIT. These provisions may discourage or prevent certain types

of transactions involving an actual or threatened change of control of Suntec REIT. Some of the Unitholders may, therefore, be disadvantaged as a transaction of that kind might have allowed the sale of Units at a price above the prevailing market price.

Similarly, the Competition Act, Chapter 50B of Singapore (the “**Competition Act**”) prohibits mergers that result in a substantial lessening of competition within any market for goods and services in Singapore. The Competition Act allows the Competition Commission of Singapore to review and regulate mergers that have anti-competitive effects in Singapore.

These provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of Suntec REIT. Some of the Unitholders may, therefore, be disadvantaged as a transaction of that kind might have allowed the sale of Units at a price above the prevailing market price.

#### ***Lack of public market for the Bonds***

The Bonds are a new issue of securities for which there is currently no trading market. Approval-in-principle from the SGX-ST will be sought for the listing of the Bonds on the SGX-ST. However, no assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders will be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall. The Lead Manager is not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Lead Manager.

If an active trading market were to develop, the Bonds could trade at prices that may be lower than their initial offering price. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- the price of the Units;
- general economic conditions and the conditions of the real estate industry; and
- Suntec REIT’s financial condition and historical financial performance and future prospects.

#### ***Conversion of the Bonds will dilute the ownership interest of existing Unitholders and could adversely affect the market price of the Units***

Any sales in the public market of the Units issuable upon conversion of the Bonds could adversely affect prevailing market prices for the Units. In addition, the exercise of the conversion right under the Bonds may encourage short-selling of the Units by market participants.

#### ***Future issues, offers or sales of Units may adversely affect the value of the Bonds***

The market price of the Bonds is expected to be affected, amongst other things, by fluctuations in the market price of the Units. The future issue of Units or the disposal of Units by any of the significant holders of Units or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Units.

***Bondholders will have no rights as holders of the Units until the conversion of the Bonds***

Unless and until Bondholders acquire the Units upon conversion of the Bonds, the Bondholders will have no rights with respect to the Units, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Units. Upon conversion of the Bonds, these Bondholders will be entitled to exercise the rights of holders of the Units only as to actions for which the applicable record date occurs after the date of conversion.

Under the REIT Trust Deed, the REIT Manager, rather than the Issuer, is empowered to issue Units of Suntec REIT. The instrument under which the Issuer will issue or cause the issuance of Units upon conversion of the Bonds is the Bond Trust Deed. The REIT Manager will not be a party to the Bond Trust Deed and as such Bondholders will only have direct recourse against the Issuer for the performance of obligations by the Issuer under the Bond Trust Deed, including the issuance of Units upon conversion of the Bonds. In this regard, Bondholders would have to rely on the Issuer, subject to the terms of the REIT Trust Deed and such other arrangements as may be entered into between the Issuer and the REIT Manager, to require the REIT Manager to issue these Units.

***Future issues, offers or sales of Units may adversely affect the value of the Bonds***

The market price of the Bonds is expected to be affected by, amongst other things, fluctuations in the market price of the Units. The future issue of Units or the disposal of Units by any of the significant holders of Units or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Units.

**FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE BONDS**

***The Bonds may not be a suitable investment for all investors***

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

***The Bonds are subject to optional redemption by the Issuer***

The Bonds contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

**RISKS RELATING TO THE BONDS GENERALLY**

Set out below is a brief description of certain risks relating to the Bonds generally:

***Modification and waivers***

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions also provide that the Bond Trustee may, without the consent of Bondholders, agree to (i) any modification to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Bond Trust Deed which is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement or the Bond Trust Deed which, in the Bond Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law, in the circumstances described in Condition 13 (*Meeting of Bondholders, Modification, Waiver and Substitution*) as set out in the Terms and Conditions of the Bonds.

***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Bonds in Singapore Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Singapore Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Singapore Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Singapore Dollars would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Interest rate risk***

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

***Inflation risk***

The Bondholders may suffer erosion on the return of their investments due to inflation. The Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Bonds (after the deduction of fees, commissions and expenses but assuming the Upsize Option is not exercised) are expected to be approximately S\$296.2 million. The Issuer expects to use all the net proceeds from the issue of the Bonds primarily for the partial refinancing of existing debt, with the balance of the net proceeds, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the proceeds from the Issue at its absolute discretion for other purposes.

Pending the deployment of the net proceeds from the Issue, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or be used to repay outstanding borrowings of the Issuer or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

## INFORMATION CONCERNING THE UNITS

### Market Price of the Units

The Units have been listed on the SGX-ST since 9 December 2004. The table below sets forth, for the periods indicated, the high and low prices and the average daily trading volume of the Units on the SGX-ST:

Financial Quarter	Price Range (S\$ per Unit)		
	Minimum Price <sup>(1)</sup>	Maximum Price <sup>(1)</sup>	Average Daily Volume Traded (Units)
<b>2014</b>			
First Quarter	1.535	1.690	8,275,000
Second Quarter	1.660	1.845	10,132,371
Third Quarter	1.750	1.855	6,197,169
Fourth Quarter	1.760	1.975	11,707,792
<b>2015</b>			
First Quarter	1.830	2.000	7,807,775
Second Quarter	1.710	1.890	6,985,469
Third Quarter	1.470	1.745	6,084,933
Fourth Quarter	1.505	1.695	4,697,246
<b>2016</b>			
First Quarter	1.505	1.710	5,260,233
Second Quarter	1.605	1.770	5,467,991
Third Quarter	1.655	1.800	4,722,640
Fourth Quarter	1.590	1.760	5,637,793
<b>2017</b>			
First Quarter	1.650	1.790	4,394,714
Second Quarter	1.745	1.875	7,435,588
Third Quarter	1.850	1.930	5,942,301

Source: Bloomberg.

**Note:**

(1) Based on last traded price. No adjustments were made for distributions made in respect of the Units.

## Distribution Policy

Suntec REIT has made distributions in respect of its Units for each of the distribution periods since the Listing Date. The following table sets forth the aggregate number of outstanding Units entitled to distributions, as well as the cash distributions paid on, or in respect of the relevant distribution periods, declared in respect of, the Units during each of the financial periods indicated.

Period	Ordinary Units	DPU (cents per Unit)	Net Distribution Paid (S\$'000)
1 January 2014 – 26 March 2014	2,270,539,850	2.105	47,795
27 March 2014 – 31 March 2014	2,493,441,820	0.124	3,092
1 April 2014 – 30 June 2014	2,497,715,470	2.266	56,598
1 July 2014 – 30 September 2014	2,502,245,610	2.328	58,252
1 October 2014 – 31 December 2014	2,506,484,326	2.577	64,592
1 Jan 2015 – 31 March 2015	2,510,787,767	2.230	55,991
1 April 2015 – 30 June 2015	2,515,583,534	2.500	62,889
1 July 2015 – 30 September 2015	2,521,238,831	2.522	63,586
1 October 2015 – 31 December 2015	2,526,912,798	2.750	69,490
1 January 2016 – 31 March 2016	2,530,135,942	2.371	59,990
1 April 2016 – 30 June 2016	2,533,341,360	2.501	63,358
1 July 2016 – 30 September 2016	2,536,662,773	2.535	64,304
1 October 2016 – 31 December 2016	2,547,447,348	2.596	66,132
1 Jan 2017 – 31 March 2017	2,550,602,002	2.425	61,852
1 April 2017 – 30 June 2017	2,649,334,617	2.493	66,048
1 July 2017 – 30 September 2017	2,652,435,452	2.483	65,860

The form, frequency and amount of future distributions in respect of the Units will depend upon Suntec REIT's earnings, cash flows, financial condition and other factors and shall be at the discretion of the Board of Directors of the REIT Manager (the "**Directors**").

Suntec REIT's current distribution policy is to distribute at least 90.0 per cent. of its distributable income to Unitholders, after adjustments for non-tax deductible expenses and non-chargeable income.

For information relating to taxes payable on distributions, see "Taxation – Units".



## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of Suntec REIT as at 30 September 2017, adjusted to give effect to the issue of the Bonds, assuming the Upsize Option is not exercised and the distribution is made in 29 November 2017.

	As at 30 September 2017	
	Actual (S\$'000)	Adjusted (S\$'000)
<b>Total short-term borrowings</b>	–	–
<b>Total long-term borrowings</b>	3,253,552	3,253,552
<b>Total borrowings</b>	3,253,552	3,253,552
<b>Total Unitholders' funds</b>	5,610,299	5,544,439
<b>Total capitalisation</b>	4,941,009	4,875,149

Apart from the issue of the Bonds, there has been no material change of consolidated capitalisation and indebtedness of Suntec REIT since 30 September 2017.

## BUSINESS DESCRIPTION OF SUNTEC REIT

Suntec REIT is a REIT constituted by the REIT Trust Deed dated 1 November 2004 which was entered into between the REIT Manager and REIT Trustee, as amended, supplemented and/or restated from time to time. Suntec REIT was listed on the SGX-ST on 9 December 2004. The terms and conditions of the REIT Trust Deed are binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been party to the REIT Trust Deed.

Suntec REIT was established with the investment objective of owning and investing in real estate and real estate-related assets, whether directly or indirectly through the ownership of companies whose primary purpose is to hold or own real estate or 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 REIT Manager, which is part of the ARA Group, is responsible for the management and administration of Suntec REIT and the implementation of Suntec REIT's strategy for the benefit of the Unitholders of Suntec REIT. The ARA Group is also involved in managing other 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.

As at 30 September 2017, the Suntec REIT Portfolio comprises: (i) the Suntec Properties, (ii) the ORQ Interest, (iii) the MBFC Interest, (iv) the Penang Road Interest, (v) 177 Pacific Highway in North Sydney, (vi) the Southgate Complex Interest in Melbourne and (vii) the Olderfleet Interest in Melbourne.

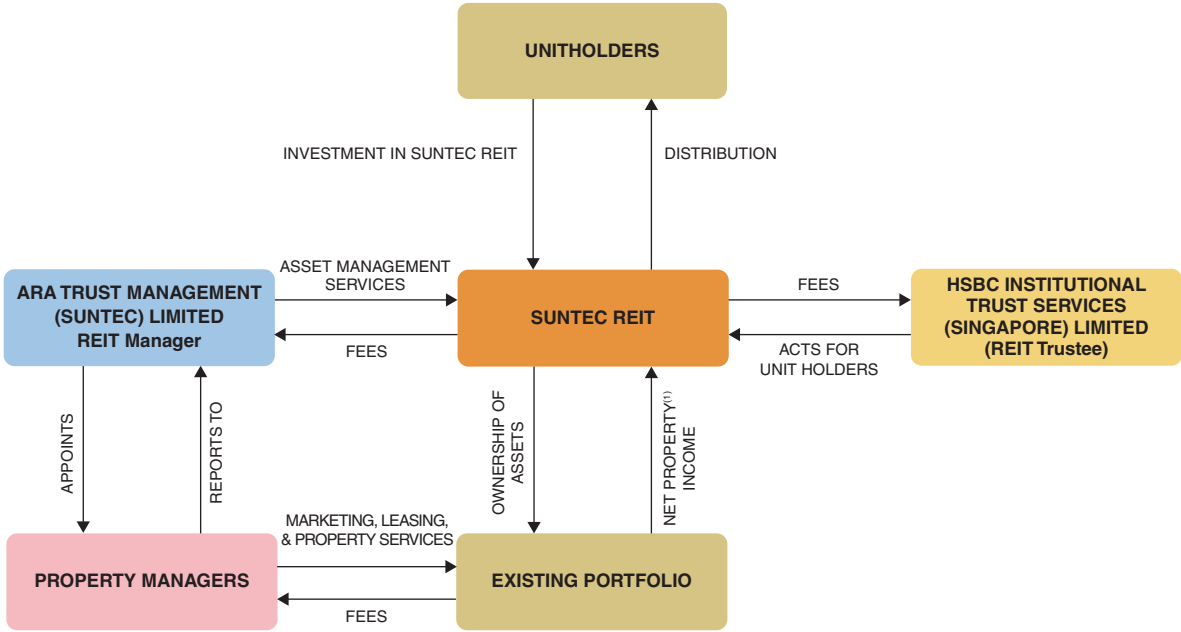
As at 30 September 2017, Suntec REIT had total assets of approximately S\$9,189.0 million consisting of an aggregate of about 4.3 million sq ft of prime retail and office space, with an aggregate valuation of S\$9,363.8 million. As at 30 September 2017, Suntec REIT's market capitalisation was approximately S\$4,941.0 million (based on the closing price of S\$1.865 per Unit).

Suntec REIT's financial results for FY 2015, FY 2016 and FP 2017 were as follows:

	FP 2017	FY 2016	FY 2015
<b>Gross Revenue (S\$'000)</b>	266,873	328,595	329,515
<b>Net Property Income (S\$'000)</b>	185,102	224,575	229,217
<b>Distributable Income (S\$'000)</b>	193,737	253,726	251,967
<b>Distribution Per Unit (DPU) (cents)</b>	7.401	10.003	10.002

As at 30 September 2017, Suntec REIT had total Unitholders' funds of approximately S\$5,610.3 million.

The following chart sets out the structure of Suntec REIT, and the roles and responsibilities carried out by each party:



**Note:**

(1) Income from One Raffles Quay is derived by Suntec REIT in the form of distributions from Comina Investment Limited (“Comina”). Income from the MBFC Properties is derived by Suntec REIT in the form of distributions from BFCD LLP. Income from 177 Pacific Highway, Southgate Complex and Olderfleet is derived by Suntec REIT in the form of dividend and distributions from Suntec REIT Capital Pte Ltd and Suntec REIT (Australia) Trust respectively.

**Recent Developments**

In August 2017, Suntec REIT, through its wholly-owned sub trust, Suntec REIT 477 Trust, acquired a 50% interest in Olderfleet, 477 Collins Street, a freehold land and property to be developed which is located within the Western Core of Melbourne’s Central Business District.

In July 2017, Suntec REIT issued S\$100 million notes under the US\$1.5 billion Euro Medium Term Note Programme.

In May 2017, Suntec REIT completed the redemption and cancellation of S\$45.5 million in principle amount of convertible bonds.

In May 2017, Suntec REIT converted and cancelled S\$166.5 million in principle amount of convertible bonds following the occurrence of a change of control event. Accordingly, 95,689,646 new units of Suntec REIT was issued pursuant to the conversion of the convertible bonds.

In May 2017, Suntec REIT entered into an S\$600 million facility agreement to refinance part of its outstanding borrowings.

In March 2017, Suntec REIT issued S\$100 million medium term notes under the US\$1.5 billion Euro Medium Term Note Programme.

In September 2016, Suntec REIT issued S\$300 million convertible bonds due 2021, convertible into new ordinary units of Suntec REIT.

In August 2016, Suntec REIT, through Southgate Trust, in which it holds a 50% indirect interest, entered into a contract for sale, pursuant to which Southgate Trust would acquire a 50% interest in the property known as Southgate complex. Southgate Trust is a joint venture trust vehicle established by Suntec REIT and PIP Southgate Sub-Trust in connection with the Southgate Acquisition and is held by both joint venture partners in the proportion of 50:50. Suntec REIT had also completed the development of 177 Pacific Highway and had secured additional tenants for the property which is fully leased.

In May 2016, Suntec REIT entered into a S\$250 million facility agreement to refinance part of its outstanding loan and notes.

In January 2016, Suntec REIT entered into a S\$120 million facility agreement to refinance an outstanding loan facility extended to Suntec REIT.

### **The REIT Manager**

The REIT Manager is a wholly-owned subsidiary of ARA.

The REIT Manager was incorporated in Singapore under the Companies Act of Singapore, Chapter 50 on 30 August 2004. It has paid-up capital of S\$1.0 million and its registered office is located at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986.

The REIT Manager has general powers of management over the assets of Suntec REIT. The REIT Manager's main responsibility is to manage Suntec REIT's assets and liabilities for the benefit of the Unitholders. The REIT Manager sets the strategic direction of Suntec REIT and gives recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of Suntec REIT in accordance with its stated investment strategy.

The REIT Manager has covenanted in the REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner. The REIT Manager prepares property plans on a regular basis, together with proposals and forecasts on income, capital expenditure, sales and valuations, as part of its reporting responsibilities to the REIT Trustee and to Unitholders. The REIT Manager is responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual of the SGX-ST (the "**Listing Manual**"), The Code on Collective Investment Schemes (the "**CIS Code**") issued by the MAS (including the Property Funds Appendix (and all amendments thereto)), the REIT Trust Deed, the tax ruling dated 16 June 2004 (the "**Tax Ruling**") issued by the Inland Revenue Authority of Singapore ("**IRAS**") on the taxation of Suntec REIT and its Unitholders, and all relevant contracts.

The REIT Manager may require the REIT Trustee to borrow on behalf of Suntec REIT, upon such terms and conditions as the REIT Manager deems necessary, whenever the REIT Manager considers that such borrowings are necessary or desirable in order to enable Suntec REIT to meet any liabilities or to finance the acquisition of any property.

However, in accordance with the Property Funds Appendix, the REIT Manager must not direct the REIT Trustee to incur a borrowing, if to do so, would mean that Suntec REIT's total borrowings exceed the Aggregate Leverage limit of 45.0% of the value of the Deposited Property at the time the borrowing is incurred. Suntec REIT has been assigned a corporate family rating of "Baa3" by Moody's. See also "Risk Factors – Risks Associated with the Operation of the Suntec REIT Portfolio – The rating of Suntec REIT is no assurance that the rating given will continue or that the rating would be reviewed, downgraded, suspended or withdrawn in the future".

See "Management and Corporate Governance of Suntec REIT – Roles and Responsibilities of the REIT Manager".

## Competitive Strengths

Suntec REIT has the following competitive strengths:

- The Suntec REIT Portfolio enjoys a number of competitive strengths:
  - (i) Strategic and prime locations: Suntec Properties, One Raffles Quay and the MBFC Properties are strategically located in the heart of Singapore's CBD, and are in close proximity to the commercial corridors of Raffles Place and Orchard Road which is Singapore's major shopping area. 9 Penang Road is also located close to Orchard Road. 177 Pacific Highway is located in one of the most prominent sites in the North Sydney Central Business District at the junction of Pacific Highway and Berry Street. 177 Pacific Highway enjoys direct access to a number of major surrounding roadways, is well served by public transport and is within walking distance to the North Sydney station. Southgate Complex is located alongside the Yarra River while 477 Collins Street is situated within the western core of Melbourne's CBD. Each of the properties in the Suntec REIT Portfolio is easily accessible by roads and is well-served by public transport facilities.
  - (ii) Large catchment: Suntec Properties has a large catchment of tourists and business travellers from hotels located within walking distance, such as The Ritz-Carlton, Conrad International, Pan Pacific, The Oriental, Marina Mandarin, J.W. Marriott, The Fairmont Singapore, Swissotel The Stamford and the Raffles Hotel. Suntec City, which is integrated with Suntec Singapore, attracts a large number of convention and exhibition participants each year. In addition, Suntec Properties' catchment of regular visitors includes executives and office workers from the Marina Centre and City Hall areas. One Raffles Quay and the MBFC Properties, which are integrated shopping and office buildings, also have a large catchment of executives, office workers and shoppers.
  - (iii) High occupancy levels: High occupancy levels reflect the quality and demand for space in the Suntec REIT Portfolio properties. As of 30 September 2017, the committed occupancy levels were 98.8 per cent., 99.6 per cent., 99.6 per cent., 100 per cent. and 89.4 per cent. at Suntec City, One Raffles Quay, the MBFC Properties, 177 Pacific Highway and Southgate Complex, respectively. See "Business Description of Suntec REIT – The Suntec REIT Portfolio".
  - (iv) Quality tenant base: The major tenants at each of the properties in the Suntec REIT Portfolio are mainly foreign institutions, multinational corporations and prominent local companies. Such blue chip tenants have enhanced the stability of the rental income of each of the properties in the Suntec REIT Portfolio as these tenants have significant long-term space requirements in Singapore. See "Business Description of Suntec REIT – The Suntec REIT Portfolio".
  - (v) Quality, award-winning properties: Suntec City is the single largest integrated commercial development in Singapore and has won various awards including two FIABCI Prix d'Excellence Awards (Overall Winner and Commercial/Retail category) in 1999 awarded by the International Real Estate Federation, and the "Outstanding Contribution to Tourism Award" in 1998 from the Singapore Tourism Board. In 2016, Suntec Singapore garnered various industry awards including the "Best Corporate MICE Venue" at the HRM Asia Readers Choice Awards 2016, "Best Convention & Exhibition Centre" at the 27th Annual TTG Travel Awards 2016, and the 11th consecutive award for "Asia's Leading Meetings & Conference Centre" at the World Travel Awards 2016. Both One Raffles Quay and Marina Bay Financial Centre also won the FIABCI Prix d'Excellence Awards (Office category) in 2008 and 2012 respectively.

- *Strong brand recognition:* The “Suntec” brand name is recognised both domestically and internationally.
- *Experienced professional management:* The REIT Manager is staffed by experienced professionals who have extensive experience in the real estate industry in Singapore and in the Asia-Pacific region. The REIT Manager’s key staff members have in-depth real estate investment, asset management, research and equity securities market experience. Their familiarity with Singapore commercial assets and property market dynamics is complemented by their commercial property and equity market experience. The REIT Manager is a subsidiary of the ARA Group, which also comprises managers of other real estate investment trusts, including Fortune REIT and Cache Logistics Trust in Singapore, Prosperity REIT and Hui Xian REIT in Hong Kong and AmFirst REIT in Malaysia.
- *Successful growth achieved through active asset management:* The REIT Manager has achieved organic growth of Suntec REIT by actively managing the Suntec REIT Portfolio, which involves the development of strong relationships with tenants through the provision of proactive property-related services, and through the implementation of asset enhancement strategies. Through such proactive property management, the REIT Manager has successfully maintained high tenant retention levels each year, resulting in low vacancy levels and reducing associated interruptions in rental income, as well as reducing costs associated with marketing and leasing space to new tenants.

## Strategy

The REIT Manager’s strategy comprises the following:

- *To deliver regular and stable distributions to Unitholders and to achieve long-term growth in the NAV per Unit of Suntec REIT:* The REIT Manager pursues its principal investment strategy according to the following strategic guidelines: (a) investments will be for the long-term; (b) the investment portfolio will primarily comprise established and income-producing retail and office properties; and (c) future investments will be in properties that are primarily used for retail and/or office purposes. The REIT Manager intends to achieve its key objectives by employing the following combined strategies:
  - (i) an active asset management strategy, which involves active leasing and marketing, prudent control of property outgoings, programmes for the regular maintenance of building structures and asset refurbishment and enhancement projects to maintain the competitive positioning of the assets;
  - (ii) an acquisition growth strategy, which involves the REIT Manager selectively acquiring properties and investments which meet the Issuer’s investment criteria. Such investments may be by way of direct acquisition and ownership of a property by the Issuer, or may be effected indirectly through the acquisition and ownership of companies or other legal entities whose primary purpose is to hold or own real estate-related assets; and
  - (iii) a capital management strategy, which involves employing appropriate debt and equity financing strategies when financing acquisitions, and utilising interest rate hedging strategies, where appropriate, to optimise risk adjusted returns to Unitholders.

- *Continue to grow through acquisitions:* The REIT Manager aims to pursue opportunities for acquisitions that will provide sustainable cash flows together with opportunities for further growth. The REIT Manager's ability to seek acquisition opportunities is supported by, among other things, the following:
  - (i) the Suntec REIT Portfolio, with an aggregate value of S\$9,363.8 million as at 30 September 2017, provides sufficient diversification and scale to support the acquisition of additional properties; and
  - (ii) the REIT Manager's sufficiently wide mandate to invest in income-producing properties that are used, or primarily used, for retail and/or office purposes.
- *Optimising Suntec REIT's capital structure to fund future acquisitions and property enhancements:* The REIT Manager aims to leverage Suntec REIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix, and intends to use a combination of debt and equity to fund future acquisitions and property enhancements.

## The Suntec REIT Portfolio

### Overview of the Suntec REIT Portfolio

The Suntec REIT Portfolio comprises the Suntec Properties, the ORQ Interest, the MBFC Interest, 177 Pacific Highway, Penang Road Interest, Southgate Complex Interest and the Olderfleet Interest as at 30 September 2017. As at 30 September 2017, the aggregate gross valuation of the properties under the REIT Manager's management was S\$9,363.8 million, comprising approximately 4.3 million sq ft of prime retail and office space.

The following table sets forth selected information in respect of the Suntec REIT Portfolio as at 30 September 2017:

	Suntec Properties	ORQ Interest	MBFC Interest	177 Pacific Highway	Penang Road Interest <sup>(1)</sup>	Southgate Complex Interest	Olderfleet Interest <sup>(2)</sup>
<b>Net Lettable Area (sq ft)<sup>(3)</sup></b>	2,196,241	442,803	579,674	430,916	Approximately 110,100	204,841	Approximately 312,000
<b>Number of Tenants</b>	588	52	109	10	–	89	–
<b>Parking Spaces</b>	3,066	713	697	112	–	1,026	–
<b>Title</b>	Leasehold tenure of 99 years commencing 1989	Leasehold tenure of 99 years commencing 2001	Leasehold tenure of 99 years commencing 2005	Freehold	Leasehold tenure of 99 years commencing 2016	Freehold	Freehold
<b>Purchase Price<sup>(3)</sup> (S\$ million)</b>	2,484.6	941.5	1,495.8	413.2 <sup>(5)</sup>	245.1	144.5 <sup>(5)</sup>	414.17
<b>Valuation<sup>(3),(4),(5)</sup> (S\$ million)</b>	5,426.6	1,273.0	1,693.0	530.0 <sup>(5)</sup>	171.3	153.7 <sup>(5)</sup>	68.4
<b>Committed Occupancy<sup>(6)</sup> (%)</b>	98.8	99.6	99.6	100.0	–	89.4	39.1

**Notes:**

- (1) Figures are either approximate or missing as the property is undergoing development works. Purchase price refers to the original purchase price of Park Mall acquired in 2005 and includes the purchase price for the additional land amounting to 1,316.2 sqm along Penang Road. Valuation reflects the carrying value of Penang Road Interest.
- (2) Figures are either approximate or missing as the property is undergoing development works. Purchase price refers to the agreed purchase consideration (before supplemental adjustments), and valuation reflects the carrying value of Olderfleet Interest and are quoted in Australian Dollars. Committed Occupancy figure refers to pre-committed occupancy.
- (3) Reflects Suntec REIT's effective interest.
- (4) Reflects valuation as of 31 December 2016 for Suntec Properties, ORQ Interest, MBFC Interest, 177 Pacific Highway and Southgate Complex Interest.
- (5) Purchase price and valuation for 177 Pacific Highway and Southgate Complex Interest are denominated in Australian dollars.
- (6) Committed occupancy figures are as at 30 September 2017.

The table below illustrates the committed lease expiry profile of the Suntec REIT Portfolio properties (by office and retail properties) by Net Lettable Area as at 30 September 2017.

<b>Year</b>	<b>Office Expiry (as% of Total Office Net Lettable Area)<sup>(1)</sup></b>	<b>Retail Expiry (as% of Total Retail Net Lettable Area)<sup>(2)</sup></b>
<b>2017</b>	2.0%	3.7%
<b>2018</b>	18.0%	23.0%
<b>2019</b>	15.3%	27.4%
<b>2020</b>	14.4%	29.0%
<b>2021 &amp; Beyond</b>	48.9%	15.7%

**Notes:**

- (1) Includes one-third interest in One Raffles Quay and one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 25.0% interest in Southgate Complex (Office).
- (2) Includes one-third interest in Marina Bay Link Mall and 60.8% interest in Suntec Singapore and 25.0% interest in Southgate Complex (Retail).

The table below provides a breakdown of the different trade sectors represented in the Suntec REIT Portfolio properties as at 30 September 2017.

<b>Office Portfolio Business Sector Analysis (By Gross Rental Income<sup>(1)</sup>) As at 30 September 2017</b>		<b>Retail Portfolio Business Sector Analysis (By Gross Rental Income<sup>(2)</sup>) As at 30 September 2017</b>	
Legal	2.0%	Books, Stationery and Education	2.3%
Real Estate and Property Services	7.6%	Electronics and Technology	3.4%
Trading and Investments	3.5%	Fashion and Accessories	16.2%
Manufacturing	3.9%	Food and Beverage	38.2%
Shipping and Freight Forwarding	4.6%	Hair, Beauty and Wellness	6.7%
Others	0.4%	Homeware and Home Furnishings	2.6%
Government and Government-Linked Offices	1.5%	Hypermart/Supermarket	3.1%



<b>Office Portfolio Business Sector Analysis</b> (By Gross Rental Income <sup>(1)</sup> ) As at 30 September 2017		<b>Retail Portfolio Business Sector Analysis</b> (By Gross Rental Income <sup>(2)</sup> ) As at 30 September 2017	
Banking, Insurance and Financial Services	39.4%	Jewellery and Watches	1.7%
Technology, Media and Telecommunications	22.6%	Kid's Fashion, Toys and Kid's Speciality	3.4%
Pharmaceutical and Healthcare	1.7%	Leisure, Fitness and Entertainment	6.0%
Energy and Natural Resources	5.6%	Services and Others	10.3%
Consultancy/Services	6.2%	Speciality and Gifts	2.4%
Hospitality/Leisure	1.0%	Sporting Goods and Apparels	3.7%
<b>Note:</b> (1) Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Financial Centre Towers 1 and 2 and 25.0% interest in Southgate Complex (Office).		<b>Note:</b> (2) Includes one-third interest in One Raffles Quay, one-third interest in Marina Bay Link Mall, 60.8% interest in Suntec Singapore (Retail) and 25.0% interest in Southgate Complex (Retail).	

### **Suntec Properties**

Suntec City, comprising Suntec City mall, Suntec Office Towers and Suntec Singapore, is Singapore's largest integrated commercial development, and is located in the CBD.

Suntec REIT owns 100.0 per cent. of Suntec City mall, 59.0 per cent. of Suntec Office Towers and a 60.8 per cent. effective interest in Suntec Singapore. The total Net Lettable Area of the Suntec Properties as at 30 September 2017 was approximately 2.3 million sq ft. The Suntec Properties contributed gross revenues of S\$234.7 million, or 88.0 per cent., of Suntec REIT's total revenues, for FP 2017, which is a marginal increase compared to the Suntec Properties' gross revenues of S\$233.8 million, or 97.6 per cent., of Suntec REIT's total revenues, for the nine-month financial period ended 30 September 2016. As at 31 December 2016, the Suntec Properties were valued at S\$5,426.6 million compared to S\$5,406.1 million as at 31 December 2015.

As of 30 September 2017, Suntec REIT owns 15 lots in Suntec City Office Tower One, ten 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. The five Suntec Office Towers contain, in total, approximately 1.3 million sq ft of prime grade office space.

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 for exhibitions, seminars and conferences. Suntec City mall also has one of the world's largest fountains, the "Fountain of Wealth", which is a major tourist attraction in Singapore.

Suntec Singapore is a world-class meeting, convention and exhibition venue. 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%.

As at 30 September 2017, there were 588 tenants at the Suntec Properties.

### ***One Raffles Quay***

Suntec REIT acquired a one-third interest in One Raffles Quay for a consideration of S\$941.5 million on 31 October 2007.

One Raffles Quay is a prime landmark commercial development in Singapore's CBD comprising a North and a South office tower (50-storey and 29-storey respectively), an underground link connecting the North Tower to the Raffles Place MRT station, a sheltered plaza serving as a drop-off point and a hub car park with 713 car park spaces.

With its underground link to the Raffles Place MRT station, One Raffles Quay enjoys excellent connectivity and accessibility along the Downtown, North-South and East-West MRT lines.

One Raffles Quay has a large and diversified tenant base with a committed occupancy of 99.6 per cent. for the North Tower and the South Tower (as at 30 September 2017). The major office tenants include ABN Amro Bank N.V., Deutsche Bank, Ernst & Young Services, The Royal Bank of Scotland and UBS AG.

As at 30 September 2017, there were 52 tenants at One Raffles Quay.

### ***MBFC Properties***

Suntec REIT acquired a one-third interest in the MBFC Properties through the acquisition of one-third of the issued share capital of BFC Development Pte. Ltd. on 9 December 2010. Subsequently in June 2012, BFC Development Pte. Ltd. was converted to BFCD LLP, a limited liability partnership and Suntec REIT continues to hold a one-third interest in BFCD LLP as a partner after the conversion.

The Marina Bay Financial Centre ("**MBFC**") comprises Marina Financial Centre Towers, Marina Bay Link Mall and Marina Bay Residences. MBFC is a prime landmark commercial development strategically located in the heart of Marina Bay and is the newest state-of-the-art Grade 'A' office development located in the heart of Singapore's new business and financial district. The Marina Bay Link Mall links MBFC to the Raffles Place MRT Station and is directly connected to the Downtown MRT Station.

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

Marina Bay Financial Centre Tower One and Two (33-storey and 55 storey respectively) collectively have a net lettable area of approximately 1.6 million sq ft and Marina Bay Link Mall has approximately 95,000 sq ft of net lettable area. The MBFC Properties has a premier tenant base with a committed occupancy of 99.6 per cent. as at 30 September 2017. The major office tenants include Barclays Capital, BHP Billiton, LinkedIn Singapore, Nomura Singapore and Standard Chartered Bank.

As at 30 September 2017, there were 109 tenants at the MBFC Properties.

### ***177 Pacific Highway***

Suntec REIT acquired a 100% interest in 177 Pacific Highway in November 2013, a freehold land and property to be developed for A\$413.2 million. The 31-storey A-grade state-of-the-art commercial tower was completed on 1 August 2016. The property boasts a number of environmentally sustainable features and was recently awarded a 5 Star – Green Star – Office As Built v3 certified rating.

The property is located in one of the most prominent sites in North Sydney Central Business District at the junction of Pacific Highway and Berry Street. Its prime location gives it direct access to a number of major surrounding roadways, is well served by public transport and is within walking distance to the North Sydney station.

177 Pacific Highway has a net lettable area of 430,916 sq ft and is 100% committed. The major office tenants are CIMIC Group Limited, Cisco Systems, Jacob Engineering Group Inc, Pepper Group Limited and Vodafone Group Plc.

### ***9 Penang Road (Formerly known as Park Mall)***

Suntec REIT acquired Park Mall from Wingain Investment Pte Ltd for a consideration of S\$230.0 million on 28 October 2005. 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 the property into a new Grade A ten-storey building consisting of two wings with a net lettable area of 352,000 sq ft of office space and 15,000 sq ft of retail space. The lease tenure of the land has been extended to a fresh 99 years in 2016. The development is expected to complete by end 2019.

### ***Southgate Complex***

On 4 November 2016, Suntec REIT, together with its joint venture partner, PIP Southgate Sub-Trust ("**PIP Trust**"), completed the acquisition of an initial 50.0% interest in the iconic Southgate Complex for a consideration of A\$289.0 million from Dexus Southgate Trust ("**Dexus**"). The property is currently owned by Suntec REIT, PIP Trust and Dexus with interests of 25.0%, 25.0% and 50.0% respectively.

Southgate Complex is a freehold, landmark waterfront integrated development located alongside the Yarra River in the Southbank arts and leisure precinct of Melbourne, Australia. Southgate Complex comprises two A-Grade office towers, the 30-storey "IBM Centre", the 25-storey "The Herald and Weekly Times Tower", a 3-storey retail podium and a car park with 1,026 lots.

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

Southgate Complex has a premier tenant base with major office tenants including City Road Melbourne, Dairy Australia, Government of Australia, IBM Australia and The Herald and Weekly Times.

### ***Olderfleet, 477 Collins Street***

On 8 August 2017, Suntec REIT completed the acquisition of a 50% interest in Olderfleet, 477 Collins Street, a freehold land and property to be developed from Mirvac Group for a consideration of A\$414.17 million. Mirvac continues to be the co-owner, with its remaining 50% interest in the property.

Located along Melbourne's most prestigious commercial address, Olderfleet, 477 Collins Street is within the Western Core of the Central Business District and is also a short walking distance from The Southern Cross Station, Victoria's primary metropolitan and regional transportation hub.

The 40-level state-of-the-art Premium Grade building will have an estimated total net lettable area of 58,000 sqm which comprises 56,000 sqm of office space and 2,000 sqm of retail space as well as 414 car park lots. The property will also provide market leading amenities including business lounge, wellness centre, childcare centre and best-in-class end-of-trip facilities.

The project is designed by award-winning Grimshaw Architects with the main entrance from Collins Street incorporating facades of three heritage listed buildings constructed during various periods of the 19th Century. The property is targeting to achieve 5-Star Green Star rating, 5-Star NABERS Energy rating as well as International WELL Platinum rating for Core & Shell.

The property is 39.1% pre-committed by leading professional services firm Deloitte Australia, as its Melbourne headquarters. Mirvac will provide a rent guarantee on any unlet space for five years post practical completion. The resultant weighted average lease to expiry is approximately 7.74 years with an annual escalation of between 3.50% to 3.75%.

Olderfleet, 477 Collins Street is expected to achieve practical completion in mid 2020.

### **Competition**

The retail and office property sectors in Singapore remain highly competitive. The factors affecting competition include rental rates, quality and location of properties, supply of comparable space and changing needs of business users as a consequence of corporate restructuring or technological advances.

In Singapore and Australia, Suntec REIT competes with other real estate companies to attract and retain commercial tenants. Suntec REIT considers its major competitors in Singapore and Australia to be the publicly-listed real estate companies in Singapore as well as certain international real estate companies and private real estate companies. In the commercial property market, Suntec REIT competes on the basis of the location of its commercial properties and the quality of the services it offers.

### **Insurance**

The Suntec REIT Portfolio is insured consistent with industry practice in Singapore and Australia. This includes property damage and business interruption insurance as well as public liability insurance (including personal injury) policies. There are no significant or unusual excess or deductible amounts required under such policies. However, for some properties within the Suntec REIT Portfolio, certain types of risks are not covered by such insurance policies, including acts of war, acts of terrorism and outbreaks of contagious diseases.

### **Environmental Matters and Compliance**

Suntec REIT's operations are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations.

The REIT Manager believes it is in compliance in all material respects with applicable environmental regulations in Singapore and Australia in which it operates. The REIT Manager is not aware of any environmental proceedings or investigations to which it is, or might become, a party.

### **Legal Proceedings**

Neither the REIT Trustee nor the REIT Manager is party to any litigation, arbitration or administrative proceedings which Suntec REIT believes would, individually or taken as a whole, have a material adverse effect on its business, financial condition or results of operations, and, so far as it is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

## MANAGEMENT AND CORPORATE GOVERNANCE OF SUNTEC REIT

### The REIT Manager

The members of the Board of Directors of the REIT Manager are set out below:

<b>Name</b>	<b>Position</b>
Chew Gek Khim	Chairman and Non-Executive Director
Lim Hwee Chiang, John	Non-Executive Director
Chen Wei Ching, Vincent	Lead Independent Non-Executive Director
Chan Pee Teck, Peter	Independent Non-Executive Director
Yu-Foo Yee Shoon	Independent Non-Executive Director
Chow Wai Wai, John	Non-Executive Director
Chan Kong Leong	Chief Executive Officer and Executive Director

The profiles of the Board of Directors of the REIT Manager are set out below:

#### **Chew Gek Khim, Chairman and Non-Executive Director**

Ms Chew 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 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, Singapore Businessman of the Year 2014 in 2015 and the Meritorious Service Medal at the National Day Awards 2016.

#### **Lim Hwee Chiang, John, Non-Executive Director**

Mr Lim 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 chairman of the Asia Pacific Real Estate Association and 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 PERE Global Awards 2016 Industry Figure of the Year: Asia, 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. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community.

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

#### **Chen Wei Ching, Vincent, Lead Independent Non-Executive Director**

Mr Chen 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 Exterieur, 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.

#### **Chan Pee Teck, Peter, Independent Non-Executive Director**

Mr Chan Pee Teck, Peter is an Independent Director and member of the audit committee. He joined the Board on 1 January 2017. Mr Chan is the founder and Managing Partner of Crest Capital Asia, a regional private equity practice investing in mid-cap enterprises in Singapore, Australia and Indonesia. Since Crest's spin-off from ING Asia Private Equity in 2004, it specialises in designing and customising alternative direct investment programmes for regional family office clients and managing the assets under these programmes. Mr Chan is also the Lead Independent Director, and Chairman of the Nominating Committee, and member of the audit committee of Teckwah Industrial Corporation Limited.

Mr Chan started his private equity career in 1987 with one of the earliest World Bank-sponsored private equity firms in Asia focusing on small and medium growth enterprises. This was followed by him joining ING Baring Asia Private Equity as Managing Director in 1996 to start up its investment programme across ASEAN, in India, China, Taiwan and South Korea before he set up Crest Capital Asia in 2004.

Mr Chan graduated with a Bachelor of Accountancy (Hons) Degree from the National University of Singapore and is a Fellow Member of both the Institute of Singapore Chartered Accountants as well as the Certified Public Accountants of Australia.

### **Yu-Foo Yee Shoon, Independent Non-Executive Director**

Mrs Yu-Foo Yee Shoon is an Independent Director and member of the audit committee. She joined the Board on 1 January 2017. Mrs Yu-Foo is currently a Justice of the Peace, Chairman of Traditional Chinese Medicine Practitioners Board, Ministry of Health and also an Independent Director of KOP Limited and Singapura Finance Ltd. She is also Advisor of Nuri Holdings (S) Pte Ltd, Special Advisor of Global Yellow Pages Limited and Senior Advisor, International Advisory Panel of Hyflux Ltd.

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

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

### **Chow Wai Wai, John, Non-Executive Director**

Mr Chow 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.

### **Chan Kong Leong, Chief Executive Officer and Executive Director**

Mr Chan Kong Leong was appointed as Chief Executive Officer on 1 January 2017. He is a Director of One Raffles Quay Pte. Ltd., Suntec Harmony Pte. Ltd. and Park Mall Pte. Ltd. Mr Chan is also a Partners' Representative of BFC Development LLP. Prior to this, he was the Chief Operating Officer of Suntec REIT and was responsible for all operational matters, including asset management, investment, finance, investor relations and strategic planning.

Before joining Suntec REIT, Mr Chan was with the CapitaLand Group where he held senior management appointments including Senior Vice President, Head of Regional Investment, Asset & Fund Management of CapitaLand Mall Asia, Program Director of CAPITASTAR and Regional General Manager, West China.

Mr Chan has 19 years of private and public sector experience in managing investment, development, asset management, operations, strategic planning, stakeholder relations and corporate functions. He has held other senior management appointments in the last 13 years including Head of Corporate Finance, Investor Relations & Corporate Communications at GuocoLand Limited and Chief Operating Officer of Sembawang Kimtrans Ltd. Before his move to the private sector, Mr Chan was with the Singapore Economic Development Board where he was responsible for formulating economic engagement strategies and promoting economic linkages between Singapore and Indonesia.

Mr Chan graduated with a First Class Honours in Bachelor of Science in Building from the National University of Singapore. As the best graduate for the entire course of study, he was awarded the Lee Kuan Yew Gold Medal, the Sally Meyer Gold Medal and the Singapore Institute of Surveyors & Valuers Gold Medal. Mr Chan is also a Chartered Financial Analyst charter holder.

### **Management Team of the REIT Manager**

The members of the management team of the REIT Manager are set out below:

<b>Name</b>	<b>Position</b>
Chan Kong Leong	Chief Executive Officer
Ng Ee San	Finance Director
Raymond Ong	Director, Special Projects
Lynn Lee	Assistant Finance Director
Janice Phoon	Assistant Director, Asset Management
Chan Chuey Leng	Assistant Director, Asset Management
Lim Kim Loon	Assistant Director, Asset Management
Kenny Tan	Manager, Special Projects
Tan Cheng Cheng	Finance Manager
Melissa Chow	Manager, Investor Relations
Eunice Ong	Assistant Finance Manager
Ang Guo Dong	Senior Analyst
Candy Zhang	Analyst

The profiles of the management team of the REIT Manager are set out below:

#### **Chan Kong Leong, Chief Executive Officer**

Mr Chan 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.

He works closely with the Director, Special Projects on the planning, implementation and execution of the asset enhancement strategies, and with the Finance Director on the finance and treasury functions of Suntec REIT.

His experience is highlighted in the section on the Board of Directors.

#### **Ng Ee San, Finance Director**

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

Ms Ng has more than 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 has held various positions with PSA Corporation Limited and Deloitte & Touche LLP.

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



### **Raymond Ong, Director, Special Projects**

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

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

Mr Ong has more than 30 years of experience in real estate development, project and property management. Prior to joining the group, he worked with public listed property companies Centrepoint Properties Ltd, Parkway Holdings Ltd and Wing Tai Property Management Pte Ltd, and with private property companies Kallang Development Pte Ltd and SK Land Pte Ltd.

He had held positions as Executive Director and General Manager taking charge of development and property management.

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

### **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 member of ISCA.

### **Janice Phoon, Assistant Director, Asset Management**

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

Ms Phoon has more than 20 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 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 20 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, Assistant Director, Asset Management**

Ms Lim 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 20 years of real estate experience in areas of property management and maintenance, marketing and lease 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.

#### **Kenny Tan, Manager, Special Projects**

Mr 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 20 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 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 also previously held finance positions in Euro-Asia Realty Pte Ltd, JDC Holdings (S) Pte Ltd and Singapore Shipping Corporation Pte Ltd.

Ms Tan holds an ACCA Certificate (UK) and is a member of ISCA.

### **Melissa Chow, Manager, Investor Relations**

Ms Chow oversees the Investor Relations function 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 seven years of experience in the field of investor relations. Prior to joining the Manager, she was an investor relations associate at a private equity firm where she managed the communication channels between the company and the investment community. She was previously an executive at a boutique public and investor relations agency.

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

### **Eunice Ong, Assistant Finance Manager**

Ms Ong 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 Ong has over six years of experience in accounting and finance. Prior to joining the Manager, she was the Assistant Finance Manager at Keppel DC REIT Management Pte Ltd where she was responsible for the finance operations of the Manager and Keppel DC REIT and its subsidiaries. She was also previously an auditor with PricewaterhouseCoopers LLP. Ms Ong holds a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore and is a member of ISCA.

### **Ang Guo Dong, Senior Analyst**

Mr Ang undertakes evaluation and execution of investment opportunities at Suntec REIT. He is also responsible for managing the Australian assets. He joined the Manager upon graduation and has over two years of experience in real estate investments and asset management. Mr Ang holds a Bachelor of Science in Real Estate (Honours) from the National University of Singapore

### **Candy Zhang, Analyst**

Ms Zhang is an analyst, responsible for interpreting data, analyzing results using statistical techniques and providing ongoing reports. Ms Zhang has over two years of experience in areas of analytics and asset management. Prior to joining the Manager, she was a Specialist at WIND Group and an Executive at CapitaLand Mall Asia. Ms Zhang holds a Master of Science degree in Financial Engineering from National University of Singapore.

### **Roles and Responsibilities of the REIT Manager**

The REIT Manager has general powers of management over the assets of Suntec REIT. The REIT Manager's main responsibility is to manage Suntec REIT's assets and liabilities for the benefit of Unitholders.

The REIT Manager will set the strategic direction of Suntec REIT and give recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of Suntec REIT in accordance with its stated investment strategy.

The REIT Manager has covenanted in the REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that Suntec REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for Suntec REIT on an arm's length basis and on normal commercial terms.

Further, the REIT Manager prepares property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances from previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of Suntec REIT's properties.

The REIT Manager is responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix (and all amendments thereto)), the REIT Trust Deed, the Tax Ruling dated 16 June 2004 issued by the IRAS on the taxation of Suntec REIT and its Unitholders, and all relevant contracts.

The REIT Manager is responsible for all regular communications with Unitholders.

The REIT Manager may require the REIT Trustee to borrow on behalf of Suntec REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Suntec REIT to meet any liabilities or to finance the acquisition of any property. Under the Property Funds Appendix, the Aggregate Leverage of Suntec REIT should not exceed 45.0 per cent. of the value of Suntec REIT's Deposited Property.

In the absence of fraud, negligence, wilful default or breach of the REIT Trust Deed by the REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the REIT Trust Deed. In addition, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as REIT Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the REIT Trust Deed by the REIT Manager. The REIT Manager may, in managing Suntec REIT and in carrying out and performing its duties and obligations under the REIT Trust Deed, with the written consent of the REIT Trustee, appoint such person(s) to exercise any or all of its powers and discretions and to perform all or any of its obligations under the REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

### **The REIT Manager's Management Fees**

The REIT Manager is entitled to the following management fees:

- (a) a base fee of 0.3 per cent. per annum of the value of the Deposited Property; and
- (b) a performance fee of 4.5 per cent. of Suntec REIT's income, including income derived from the Suntec REIT Portfolio and investments of Suntec REIT.

The REIT Manager shall receive the management fees in the form of Units and/or cash as the REIT Manager may in its election decide. The portion of base fees payable in the form of Units shall be payable quarterly in arrear and the portion of base fees payable in cash shall be payable monthly in arrear. The performance fee shall be paid on an annual basis in arrears. When Units are issued to the REIT Manager, the REIT Manager shall be entitled to receive such number of

Units as may be purchased with the relevant amount of the management fees attributable to the relevant period at an issue price equal to the “market price”, being the volume weighted average price per Unit for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days of the relevant period in which the management fees accrue or, where the REIT Manager believes that such market price is not a fair reflection of the market price of a Unit, such amount as determined by the REIT Manager and the REIT Trustee (after consultation with a stockbroker approved by the REIT Trustee), as being the fair market price of a Unit.

Units issued to the REIT Manager are equally entitled to receive distributions as with all other Units. Subject to the REIT Manager’s undertaking to the MAS not to deal in the Units during certain specified periods, the REIT Manager may, at its option, sell any such Units issued and is entitled to keep any gains made on such sale for its own account.

Any increase in the rate or any change in the structure of the REIT Manager’s management fees must be approved by an extraordinary resolution of Unitholders passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the REIT Trust Deed.

The REIT Manager is also entitled to:

- an acquisition fee of 1.0 per cent. of the acquisition price of any real estate purchased directly or indirectly by Suntec REIT (*pro rated* if applicable to the proportion of Suntec REIT’s interest in the real estate acquired). The acquisition fee is payable as soon as practicable after the completion of an acquisition; and
- a divestment fee of 0.5 per cent. of the sale price of any real estate directly or indirectly sold or divested by Suntec REIT (*pro rated* if applicable to the proportion of Suntec REIT’s interest in the real estate sold). The divestment fee is payable as soon as practicable after completion of a divestment.

The acquisition fee and divestment fee payable to the REIT Manager are to recognise the REIT 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 REIT Manager provides these services over and above the provision of ongoing management services with an aim to generate long term benefits for the Unitholders.

Any increase in the maximum permitted level of the acquisition fee or divestment fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders’ meeting duly convened and held in accordance with the provisions of the REIT Trust Deed.

### **Retirement or Removal of the REIT Manager**

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of Suntec REIT.

Also, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- (1) the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- (2) the REIT Manager ceases to carry on business;

- (3) the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the REIT Trust Deed;
- (4) the Unitholders, by a resolution passed by a simple majority of Unitholders present and voting (with no Unitholders being disenfranchised) at a meeting of Unitholders duly convened and held in accordance with the provisions of the REIT Trust Deed, shall so decide;
- (5) for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the Unitholders; or
- (6) the MAS directs the REIT Trustee to remove the REIT Manager.

Where the REIT Manager is removed under sub-paragraph (5) above, the REIT Manager has a right under the REIT Trust Deed to refer the matter to arbitration within one month of such writing by the REIT Trustee. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all Unitholders.

### **Related Party Transactions<sup>1</sup>**

As a REIT, Suntec REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among other things, transactions entered into by the REIT Trustee (for and on behalf of Suntec REIT) with an interested party relating to the Issuer's acquisition of assets from or sale of assets to an interested party, Suntec REIT's investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for the Suntec REIT Portfolio properties.

Depending on the materiality of transactions entered into by Suntec REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of Unitholders be obtained.

The REIT Trust Deed requires the REIT Trustee and the REIT Manager to comply with the provisions of the Listing Manual relating to interested person transactions as may be prescribed by the SGX-ST to apply to real estate investment trusts.

The REIT Manager may at any time in the future seek a General Mandate from Unitholders for recurrent transactions as part of its day-to-day operations.

Both the Property Funds Appendix and the Listing Manual are required to be complied with in respect of a proposed transaction which is *prima facie* governed by both sets of rules. In such circumstances, the REIT Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The REIT Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the REIT Trustee (when acting other than in its capacity as trustee of Suntec REIT) or from being interested in any such transaction, provided that such transaction shall be on normal commercial terms and is not prejudicial to the REIT Trustee or to the Unitholders.

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<sup>1</sup> "Related Party Transactions" refers to an interested person transaction under Chapter 9 of the Listing Manual and/or, as the case may be, an "interested party transaction" under the Property Funds Appendix.

## INTERESTS OF UNITHOLDERS AND DIRECTORS OF SUNTEC REIT

The following tables set forth details about the interests of the Unitholders who hold interests of at least 5.0 per cent. or more in Suntec REIT (as shown in the Register of Substantial Unitholders) and the interests held by the Directors of Suntec REIT as at 30 September 2017.

### (i) Interests of Unitholders

Name of Unitholder	Number of Units held directly	Percentage	Number of Units held indirectly	Percentage	Total number of Units held directly and indirectly	Percentage
ARA Asset Management Limited	0	0%	153,256,038	5.8%	153,256,038	5.8%
ARA RE Investment Group (Singapore) Pte. Ltd.	0	0%	126,753,699	4.8%	126,753,699	4.8%
ARA RE Investment Group Limited	0	0%	126,753,699	4.8%	126,753,699	4.8%
The Straits Trading Company Limited	0	0%	255,062,038	9.6%	255,062,038	9.6%
The Cairns Pte. Ltd.	0	0%	255,062,038	9.6%	255,062,038	9.6%
Raffles Investments Limited	0	0%	278,842,107	10.5%	278,842,107	10.5%
Aequitas Pte. Ltd.	0	0%	278,842,107	10.5%	278,842,107	10.5%
Siong Lim Private Limited	0	0%	278,842,107	10.5%	278,842,107	10.5%
Kambau Pte. Ltd.	0	0%	278,842,107	10.5%	278,842,107	10.5%
Tecity Pte. Ltd.	0	0%	278,842,107	10.5%	278,842,107	10.5%
Grange Investment Holdings Private Limited	0	0%	278,842,107	10.5%	278,842,107	10.5%
Dr Tan Kheng Lian	968,000	0.04%	278,842,107	10.5%	279,810,107	10.6%
Tan Chin Tuan Pte. Ltd.	0	0%	278,842,107	10.5%	278,842,107	10.5%
BlackRock Inc.	0	0%	185,245,183	7.0%	185,245,183	7.0%
The PNC Financial Services Group, Inc	0	0%	185,245,183	7.0%	185,245,183	7.0%
Tang Gordon @ Tan Yigang @ Tang Gordon	256,134,532	9.7%	0	0%	256,134,532	9.7%
Celine Tang @ Chen Huaidan @ Celine Tang	175,026,200	6.6%	0	0%	175,026,200	6.6%
AVICT Dragon Holdings Limited	0	0%	164,040,613	6.2%	164,040,613	6.2%
AVICT Phoenix Holdings Limited	0	0%	164,040,613	6.2%	164,040,613	6.2%
AVIC Trust Co., Ltd	0	0%	164,040,613	6.2%	164,040,613	6.2%

Name of Unitholder	Number of Units held directly	Percentage	Number of Units held indirectly	Percentage	Total number of Units held directly and indirectly	Percentage
China Aviation Investment Holdings Co., Ltd	0	0%	164,040,613	6.2%	164,040,613	6.2%
AVIC Capital Co., Ltd	0	0%	164,040,613	6.2%	164,040,613	6.2%
Aviation Industry Corporation of China	0	0%	164,040,613	6.2%	164,040,613	6.2%
Athena Investment Company (Cayman) Limited	0	0%	164,040,613	6.2%	164,040,613	6.2%
Athena Investment Company (Singapore) Pte. Limited	0	0%	164,040,613	6.2%	164,040,613	6.2%
Alexandrite Gem Holdings Limited	0	0%	164,040,613	6.2%	164,040,613	6.2%
WP Global LLC	0	0%	164,040,613	6.2%	164,040,613	6.2%
Warburg Pincus Partners II, L.P.	0	0%	164,040,613	6.2%	164,040,613	6.2%
Warburg Pincus Partners GP LLC	0	0%	164,040,613	6.2%	164,040,613	6.2%
Warburg Pincus & Co.	0	0%	164,040,613	6.2%	164,040,613	6.2%

**(ii) Interests of Directors**

Name of Director	Number of Units held directly	Percentage	Number of Units held indirectly	Percentage	Total number of Units held directly and indirectly	Percentage
Chew Gek Khim	0	0%	0	0%	0	0%
Lim Hwee Chiang, John	1,000,000	0.04%	1,000,000	0.04%	2,000,000	0.08%
Chen Wei Ching, Vincent	400,000	0.02%	0	0%	400,000	0.02%
Chan Pee Teck, Peter	0	0%	0	0%	0	0%
Yu-Foo Yee Shoon	0	0%	0	0%	0	0%
Chow Wai Wai, John	2,221,729	0.08%	0	0%	2,221,729	0.08%
Chan Kong Leong	176,000	0.01%	0	0%	176,000	0.01%



## TERMS AND CONDITIONS OF THE BONDS

*The following, other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each definitive certificate evidencing the Bonds:*

The issue of S\$300,000,000 in aggregate principal amount of 1.75 per cent. Convertible Bonds due 2024 (the **Bonds**, any additional Bonds issued pursuant to the option (the **Option**) referred to in the Trust Deed described below to increase the principal amount of the Bonds (the **Optional Bonds**) and any further Bonds issued in accordance with Condition 15 (*Further Issues*) and forming a single series therewith) by Suntec Real Estate Investment Trust (**Suntec REIT**) acting through HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of Suntec REIT (the **REIT Trustee** or the **Issuer**, which term shall include, where the context so permits, all other persons for the time being acting as trustee or trustees under the REIT Trust Deed (as defined in Condition 5.6) of Suntec REIT). The issue of the Bonds and the right of conversion into Units (as defined in Condition 5.1(e) (*Meaning of Units and Unitholders*)) of Suntec REIT were authorised by the Board of Directors of ARA Trust Management (Suntec) Limited in its capacity as manager of Suntec REIT (the **REIT Manager**) on 8 November 2017. The Units to be issued on conversion of the Bonds will be issued pursuant to the general mandate granted by its Unitholders (as defined below) at the annual general meeting of Suntec REIT held on 18 April 2017. The Bonds and the Units to be issued on conversion of the Bonds will be listed on Singapore Exchange Securities Trading Limited (the **SGX-ST**). The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the **Bond Trust Deed**) dated 30 November 2017 and made between the Issuer and The Bank of New York Mellon, London Branch as trustee for the holders of the Bonds (the **Bond Trustee**, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Bond Trust Deed). The Issuer has entered into a paying, transfer and conversion agency agreement (as amended or supplemented from time to time, the **Agency Agreement**) dated 30 November 2017 with the Bond Trustee, The Bank of New York Mellon, London Branch as principal paying and conversion agent (in each respective capacity, the **Principal Agent**, **Paying Agent** and **Conversion Agent**), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent (the **Registrar** and **Transfer Agent** and together with the **Principal Agent**, **Paying Agent** and **Conversion Agent**, the **Agents** and each an **Agent**) relating to the Bonds. References to the Principal Agent, Paying Agent, Conversion Agent, Transfer Agent, Registrar and Agents below are references to the principal agent, paying agent, conversion agent, transfer agent, registrar and agents for the time being for the Bonds, respectively. The statements in these terms and conditions (these **Conditions**) include summaries of, and are subject to, the detailed provisions of the Bond Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Bond Trust Deed. Copies of the Bond Trust Deed and the Agency Agreement are available for inspection subject to applicable laws and regulations following prior written request and proof of holding during normal business hours (between 9.30am and 3.30pm Monday to Friday (except public holidays)) at the principal office of the Bond Trustee being at the date hereof at One Canada Square, London, E14 5AL, United Kingdom and at the specified offices for the time being of each of the Agents. The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed and the Agency Agreement applicable to them.

## 1. FORM, DENOMINATION AND TITLE

### 1.1 Form and Denomination

The Bonds are issued in registered form in denominations of S\$250,000 (referred to as the principal amount of a Bond) each or integral multiples thereof. A Bond certificate (each a **Certificate**) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register (as defined below) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate deposited with, and registered in the name of The Bank of New York Depository (Nominees) Limited being a nominee of the common depository for, Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). The Conditions are modified by certain provisions contained in the Global Certificate.*

*The Bonds are not issuable in bearer form.*

### 1.2 Title

Title to the Bonds passes only by transfer and registration in the Register. The holder of any Bond will (except as otherwise required by law) be treated as its legal and beneficial owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, **Bondholder** and (in relation to a Bond) **holder** mean the person in whose name a Bond is registered in the Register.

## 2. TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

### 2.1 Register

The Issuer will cause to be kept outside the United Kingdom at the specified office of the Registrar and in accordance with the terms of the Agency Agreement a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the **Register**). Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### 2.2 Transfers

Subject to Condition 2.5 (*Closed Periods*) and 2.6 (*Regulations*) and the terms of the Agency Agreement, a Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

### 2.3 Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 2.2 will, within five Business Days (as defined below) of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder (but at the cost of the Issuer and free of charge to the holder) entitled to the Bond to the address specified in the form of transfer.

For the purposes of these Conditions (except for Condition 6 (*Payments*)), **Business Day** shall mean a day (other than a Saturday or a Sunday) on which banks are open for business in London, Singapore, and in connection with a transfer or conversion, the city in which the specified office of the relevant Transfer Agent or the Registrar (as the case may be) with whom a Certificate is deposited is located.

*Except in the limited circumstances described herein (see “The Global Certificate – Registration of Title”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Bonds are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.*

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred or converted a new Certificate in respect of the Bonds not so transferred or converted (as the case may be) will, within five Business Days of receipt by the Registrar or the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or converted (but at the cost of the Issuer and free of charge to the holder) to the address of such holder appearing on the Register or as specified in the form of transfer or Conversion Notice (as defined in Condition 5.2 (*Conversion Procedure*)), as the case may be.

### 2.4 Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been compiled with.

### 2.5 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (a) during the period of 15 days ending on (and including) the dates selected for redemption pursuant to Condition 7.2 (*Redemption at the Option of the Issuer*) and Condition 7.3 (*Redemption for Taxation Reasons*); (b) after a Conversion Notice (as defined in Condition 5.2 (*Conversion Procedure*)) has been delivered with respect to such Bond; (c) after a Put Option Notice (as defined in Condition 7.4 (*Redemption at the Option of the Bondholders*)), or after a Change of Control Exercise Notice (as defined in Condition 7.5 (*Conversion for Change of Control*)) or after a Change of Control Redemption Notice (as defined in Condition 7.6 (*Redemption for Change of Control*)) or after a Delisting Exercise Notice (as defined in Condition 7.7 (*Redemption for Delisting*)) has been deposited in respect of such Bond; or (d) during the period of 15 days (as defined in Condition 6.6 (*Business day*)) ending on (and including) any Interest Payment Date (as defined in Condition 4 (*Interest*)), each such period being a **Closed Period**.

## 2.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Bond Trustee. A copy of the current regulations will be mailed (free of charge to the holder and at the cost of the Issuer) by the Registrar to any Bondholder upon request in writing.

## 3. STATUS

### 3.1 Status

The Bonds constitute general, direct, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, with all other outstanding, direct, unsecured and unsubordinated obligations of the Issuer, present and future, save for such exceptions as may be provided by the mandatory provisions of applicable law and regulations and subject to Condition 3.2 (*Negative Pledge*).

### 3.2 Negative Pledge

- (a) So long as any Bond remains outstanding, the Issuer shall not create or permit to have outstanding any Security (as defined below) on the whole or any part of the Relevant Assets (as defined below) or any rights or interests with respect to the Relevant Assets, where such Security secures International Investment Securities (as defined below) issued by the Issuer or any guarantee or indemnity provided by the Issuer in respect of any International Investment Securities issued by Suntec REIT's Subsidiary (as defined below):
  - (i) unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Bond Trust Deed:
    - (A) are secured on a *pari passu* basis;
    - (B) are secured by other properties or assets of Suntec REIT or its Subsidiaries which at the date of the creation of such Security are at least of equal value or similar value based on an opinion or appraisal issued by an independent investment banking firm, accounting firm or valuation or appraisal firm; or
    - (C) have the benefit of such other Security, guarantee, indemnity or other arrangement as the Bond Trustee may, but is not obliged to determine is not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Bond Trust Deed) of the Bondholders; or
  - (ii) except with the approval of the Bondholders by an Extraordinary Resolution,

provided that, nothing in this Condition 3.2 (*Negative Pledge*) shall prohibit or restrict the Issuer from creating or permitting to have outstanding:

- (i) any Security arising by operation of law (or by agreement to the same effect);
  - (ii) any Security existing as at the date of the Bond Trust Deed or any Security created for the refinancing of any liability or obligation secured by such Security; or
  - (iii) any Security created over any of the Relevant Assets or any rights or interests with respect to any of the Relevant Assets for the purpose of financing or refinancing the cost of acquisition, purchase, development, construction, redevelopment, ownership or working capital relating to that Relevant Assets or any rights or interests with respect to such Relevant Assets (including, without limitation, the equipping, alteration or improvement of such Relevant Assets following its acquisition, purchase, redevelopment, development or construction), provided that (A) any such Security is created no later than six months after the completion of such financing, or, as the case may be, refinancing, and (B) any such Security is limited to the Relevant Asset or any rights or interests with respect to such Relevant Asset, including any part acquired, purchased, developed or under construction or redevelopment.
- (b) For the purposes of the foregoing:
- (i) **177 Pacific Highway Property** means a 31 storey commercial tower including 112 car parking spaces located at 177 Pacific Highway, North Sydney NSW 2060;
  - (ii) **International Investment Securities** means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are intended to be quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market, having an original maturity of more than 365 days from the date of issue, and more than 50.0 per cent of the aggregate principal amount of which is initially distributed outside Singapore by or with the authority of the Issuer and for the avoidance of doubt, excludes collateralised mortgage backed securities (whether or not so quoted, listed, dealt or traded), bilateral and syndicated loans arranged or granted by a bank or other financial institution;
  - (iii) **Relevant Assets** means the Suntec City Properties, 177 Pacific Highway Property, all the shares held by the Issuer (whether directly or indirectly) in Park Mall Pte Ltd, all the shares held by the Issuer (whether directly or indirectly) in One Raffles Quay Pte Ltd., all the partnership interest held by the Issuer (whether directly or indirectly) in BFC Development LLP, all the shares held by the Issuer (whether directly or indirectly) in Harmony Convention Holding Pte Ltd, all the units held by the Issuer (whether directly or indirectly) in Suntec REIT 177 Trust, all the units held by the Issuer (whether directly or indirectly) in Southgate Trust and all the units held by the Issuer (whether directly or indirectly) in Suntec REIT 477 Trust;
  - (iv) **Security** means any mortgage, charge, pledge, lien or other form of encumbrance or security interest;

- (v) **Subsidiary** means any company:
- (A) which is controlled, directly or indirectly, by Suntec REIT; or
  - (B) more than half of the issued share capital of which is beneficially owned, directly or indirectly, by Suntec REIT; or
  - (C) in which more than half of the Voting Rights (as defined in Condition 7.5(d)(iii)) are controlled by Suntec REIT; or
  - (D) which is a subsidiary of another subsidiary of Suntec REIT,
- and, for these purposes, a company or corporation shall be treated as being controlled by the Issuer if the Issuer is able to direct its affairs and/or to control the composition of its board of directors or equivalent body; and
- (vi) **Suntec City Properties** means an integrated commercial development comprising Suntec City Mall and certain office units in Suntec Towers One, Two and Three, and the whole of Suntec Towers Four and Five located at 3, 5, 6, 7, 8 and 9 Temasek Boulevard, Singapore.

#### 4. INTEREST

##### 4.1 Interest Rate and Interest Payment Dates

The Bonds bear interest on their outstanding principal amount from and including 30 November 2017 (the **Issue Date**) at the rate of 1.75 per cent. per annum, payable semi-annually in arrear on 30 May and 30 November of each year (each an **Interest Payment Date**).

##### 4.2 Interest Accrual

- (a) Each Bond will cease to bear interest (i) (subject to Condition 5.3 (*Interest Accrual*)) from and including the Interest Payment Date last preceding its Conversion Date (as defined below) upon conversion of the relevant Bond in accordance with the provisions of Condition 5.2 (*Conversion Procedure*), or (ii) from and including its due date for redemption unless, upon surrender in accordance with Condition 7 (*Redemption, Purchase and Cancellation*), due presentation, payment of the full amount due is improperly withheld or refused or default is otherwise made in respect of any such payment in which event interest will continue to accrue on the overdue amount at such rate set out in Condition 4.1 (*Interest Rate and Interest Payment Dates*) (both before and after any judgment) up to but excluding the date on which all sums due in respect of the relevant Bond are received by or on behalf of the relevant holder.
- (b) Save as provided in Condition 5.3 (*Interest Accrual*), no payment or adjustment will be made on conversion for any interest accrued on converted Bonds since the Interest Payment Date last preceding the relevant Conversion Date, or, if the Bonds are converted on or before the first Interest Payment Date, since the Issue Date.

##### 4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

## 5. CONVERSION

### 5.1 Conversion Right

#### (a) *Conversion Period*

Subject as hereinafter provided, Bondholders have the right to convert all or some only of their Bonds into Units, subject to the Issuer's right to cash settle (in whole or in part any such Bond) in accordance with Condition 5.4 (*Conversion Settlement*) (the **Alternative Settlement Right**), at any time during the Conversion Period referred to below.

- (i) The right of a Bondholder to convert any Bond into Units, subject to the Issuer's Alternative Settlement Right, is called the Conversion Right. Subject to and upon compliance with the provisions of this Condition 5 (Conversion), the Conversion Right attaching to any Bond may be exercised, at the option of the holder of such Bond, at any time on and after 9.00 am on 9 January 2018 up to 3.00 pm (at the place where the Certificate evidencing such Bond is deposited for conversion) on:
  - (x) 23 November 2024 (the **Expiration Date**) (but, except as provided in Condition 5.1(d) (*Revival and/or survival after Default*) and Condition 9.3 (*Events of Default*), in no event thereafter); or
  - (y) if such Bond shall have been called for redemption before 23 November 2024, then up to 3.00 pm (at the place aforesaid) on a date no later than seven Business Days (at the place aforesaid) prior to the date fixed for redemption thereof,

(the **Conversion Period**). Notwithstanding the foregoing, if the final day on which the Conversion Right may be exercised is not a Business Day (at the place aforesaid), then the period for the exercise of the Conversion Right by Bondholders shall end on the immediately following Business Day at the place aforesaid.

- (ii) Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which Suntec REIT's register of Unitholders is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Units (a **Book Closure Period**), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined below) after the expiry of such Book Closure Period. Any exercise of a Conversion Right shall be deemed to be ineffective and, subject to Condition 5.1(d) (*Revival and/or survival after Default*), shall be deemed to have expired if, as a result of any postponement pursuant to this Condition 5 (*Conversion*), the Conversion Date would fall on a day after expiry of the Conversion Period or, in the case of the exercise of such rights as aforesaid, after the relevant redemption date. The Issuer undertakes to ensure that the Book Closure Period is as short a period as is reasonably practicable, having regard to applicable Singapore laws and regulations and the listing rules of the SGX-ST or the Alternative Stock Exchange (as defined in Condition 5.6(a)), as the case may be. The Issuer shall give notice to the Bond Trustee and the Conversion Agent of any days during the Conversion Period on which a Book Closure Period will occur.

(iii) The number of Units to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect at the Conversion Date (both terms as hereinafter defined). Following conversion in accordance with these Conditions, the right of the converting Bondholder to repayment of the principal amount of the Bond (and, subject as provided in Condition 5.3 (*Interest Accrual*), accrued interest thereon) shall be extinguished and released, and in consideration and in exchange therefor, the Issuer shall allot and issue Units credited as paid-up in full as provided in this Condition 5 (*Conversion*). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Units to be issued on such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

(b) *Fractions of Units*

Fractions of Units will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or reclassification of Units by operation of law or otherwise occurring after the Issue Date which reduces the number of Units outstanding, the Issuer will upon conversion of Bonds pay in cash (in Singapore dollars by means of a Singapore dollar cheque drawn on a bank in Singapore) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 5.1 (a) (*Conversion Period*), as corresponds to any fraction of a Unit not issued if such sum exceeds S\$10.

(c) *Conversion Price*

The price at which Units will be issued upon conversion, as adjusted from time to time (the **Conversion Price**), will initially be S\$2.189 per Unit but will be subject to adjustment in the manner provided in Condition 5.5 (*Adjustments to Conversion Price*) or under the circumstances provided in Condition 7.5 (*Conversion for Change of Control*).

(d) *Revival and/or survival after Default*

Notwithstanding the provisions of Condition 5.1 (a) (*Conversion Period*) and subject (where applicable) to Condition 9.3, if:

- (i) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof;
- (ii) any Bond has become due and payable prior to the Maturity Date (as defined in Condition 7.1 (*Maturity*)) by reason of the occurrence of any of the events referred to in Condition 9 (*Events of Default*); or
- (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 7.1 (*Maturity*),

the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Bond Trustee and notice of such receipt has been duly



given to the Bondholders and, notwithstanding the provisions of Condition 5.1(a) (*Conversion Period*), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 5.2(a)(i) (*Conversion Notice*)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Bond Trustee before such Conversion Date or that the Conversion Period or Change of Control Period, as the case may be, may have expired before such Conversion Date.

(e) *Meaning of Units and Unitholders*

As used in these Conditions,

**Units** means units representing undivided interests in Suntec REIT or units of any class or classes resulting from any subdivision, consolidation or reclassification of those units, which as between themselves and rank equally have no preference in respect of distributions or of amounts payable in the event of any winding up, liquidation, dissolution or termination of Suntec REIT; and

**Unitholders** means any persons in whose name Units are registered in Suntec REIT's register of holders.

## 5.2 Conversion Procedure

(a) *Conversion Notice*

- (i) To exercise the Conversion Right attaching to any Bond, the Bondholder thereof must complete, execute and deposit at its own expense at any time from 9.00 am to 3.00 pm (local time in the place of deposit) on any Business Day at the specified office of any Conversion Agent a notice of conversion (a **Conversion Notice**) in the form (for the time being current) obtainable from any Conversion Agent, together with the relevant Certificate and pay any amounts required to be paid by the Bondholder under Condition 5.2(b) (*Stamp Duty etc.*). For purposes of these Conditions, a reference to Conversion Notice shall also include a Change of Control Exercise Notice (as defined in Condition 7.5 (*Conversion for Change of Control*)). Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.
- (ii) The conversion date in respect of a Bond (the **Conversion Date**) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 5.1(d) (*Revival and/or survival after Default*) and Condition 9.3 (*Events of Default*)) and will be deemed to be (A) the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice or (B) under the circumstances provided in Condition 7.5 (*Conversion for Change of Control*), the Change of Control Conversion Date or (C) under the circumstances referred to in Condition 5.4(b) (*Conversion Settlement*), one Business Day after the Applicable Conversion Period and, in each case, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. The Issuer may reject any Conversion Notice which is, in its opinion, incorrect or incomplete in any material respect. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer

consents to such withdrawal. **Stock Exchange Business Day** means any day (other than a Saturday or Sunday) on which the SGX-ST or the Alternative Stock Exchange (as defined in Condition 5.6(a)), as the case may be, is open for securities trading.

(b) *Stamp Duty etc.*

A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in Singapore and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer and/or Suntec REIT, as the case may be, in respect of the allotment and issue of Units and listing of the Units on the SGX-ST or Alternative Stock Exchange on conversion) (the **Taxes**) and such Bondholder must pay all, if any, Taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The relevant Bondholder shall provide a written confirmation as to the payment of such Taxes in the Conversion Notice, as set out in the Agency Agreement. The Issuer will pay all other expenses arising on the issue of Units on conversion of Bonds. None of the Issuer, the Bond Trustee and the Agents is under any obligation to determine whether a Bondholder is liable to pay any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 5.2(b) (*Stamp Duty etc.*) nor shall they be concerned with, or be obligated or required to enquire into, the sufficiency of any amount paid by the Bondholder and/or the Issuer in connection with this Condition 5.2(b) (*Stamp Duty etc.*). Neither the Issuer, the Bond Trustee nor the Agents shall be responsible or liable in any way to anyone for any failure or omission by the Bondholders to pay the Taxes.

(c) *Registration*

- (i) As soon as practicable, and in any event not later than 15 Business Days after the Conversion Date (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), the Issuer will, in the case of Units to be issued in conversion of the Bonds following the exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder deposited or paid as required by Condition 5.2(a) (*Conversion Notice*) and Condition 5.2(b) (*Stamp Duty etc.*), procure that the relevant number of Units to be issued on conversion of the Bonds are allotted and registered in the name of The Central Depository (Pte) Limited (the **CDP**) for credit to the securities account designated for the purpose in the Conversion Notice for so long as the Units are listed on the SGX-ST; or if the Units are not listed on the SGX-ST, register or cause to be registered the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Units in Suntec REIT's register of Unitholders and will issue or cause to be issued to the person or persons designated for the purpose in the Conversion Notice a confirmation note confirming the allotment of Units in accordance with the REIT Trust Deed, together (in either case) with any cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.
- (ii) If the Conversion Date in relation to any Bond shall be after the Record Date (as defined in Condition 5.6(f)) for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 5.5 (*Adjustments to Conversion Price*) or Condition 7.5 (*Conversion for Change of Control*), but before the relevant adjustment becomes effective under the relevant

Condition (such adjustment, a **retroactive adjustment**), upon the relevant adjustment becoming effective, the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)) of such additional number of Units as, together with the Units issued or to be issued on conversion of the relevant Bond, is equal to the number of Units which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately after the relevant Record Date.

- (iii) The person or persons designated in the Conversion Notice will become the holder of record of the number of Units issuable upon conversion with effect from the date the relevant Units are credited to their respective accounts with the CDP or they are registered as such in Suntec REIT's register of Unitholders (the **Registration Date**). The Units issued upon conversion of the Bonds will in all respects rank *pari passu* with the Units in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Units issued on conversion of Bonds shall not be entitled to any rights the Record Date for which precedes the relevant Registration Date.
- (iv) If the Record Date for the payment of any distribution in respect of the Units is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this Condition 5.2(c) (*Registration*) prior to the time such retroactive adjustment shall have become effective), the Issuer will pay to the converting Bondholder or his designee an amount (the **Equivalent Amount**) in Singapore dollars equal to the Fair Market Value (as defined in Condition 5.6(e) below) of any such distribution to which he would have been entitled had he on that Record Date been such a Unitholder of record, and will make the payment at the same time as it makes payment of the distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a Singapore dollar cheque drawn on a bank in Singapore and sent to the address specified in the relevant Conversion Notice.

### 5.3 Interest Accrual

If any notice requiring the redemption of any Bonds is given pursuant to Condition 7.2 (*Redemption at the Option of the Issuer*) or Condition 7.3 (*Redemption for Taxation Reasons*) during the period beginning on the fifteenth day prior to the Record Date in respect of any distribution payable in respect of the Units and ending on the next following Interest Payment Date after such Record Date, where such notice specifies a date for redemption falling on or prior to the date which is 14 days after such next following Interest Payment Date, interest shall (subject as hereinafter provided) accrue on the Bonds as follows:

- (a) where the Certificates for such Bond have been delivered for conversion and in respect of which the Conversion Date falls after such Record Date and on or prior to the next following Interest Payment Date after such Record Date, interest shall accrue on the Bonds, from the preceding Interest Payment Date to, but not excluding the relevant Conversion Date; or
- (b) where the Certificates for such Bond have been delivered for conversion and in respect of which the Conversion Date falls after such Record Date and on or before the first Interest Payment Date interest shall accrue on the Bonds, from, and including 30 November 2017 to, but excluding, the relevant Conversion Date,

provided that no such interest shall accrue on any Bond in the event that the Units issued on conversion thereof shall carry an entitlement to receive such distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount in respect of such distribution. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by Singapore dollar cheque drawn on, or by transfer to a Singapore dollar account maintained by the payee with, a bank in Singapore, in accordance with instructions given by the relevant Bondholder.

#### 5.4 Conversion Settlement

- (a) On conversion of the Bonds, in respect of each S\$250,000 principal amount of a Bond to be converted, the Issuer may at its option elect to either:
- (i) issue or cause to be issued to the holders of such Bonds in respect of each Bond a number of Units equal to the Conversion Ratio; or
  - (ii) pay in cash in Singapore dollars to the holders of such Bonds an amount equal to the Conversion Value one Business Day after the Applicable Conversion Period; or
  - (iii) deliver or cause to be delivered a cash amount nominated by the Issuer in the notice referred to in Condition 5.4(c) (the **Cash Amount**) and such number of Units as determined in accordance with Condition 5.4(b).
- (b) If the Issuer elects to deliver or cause to be delivered a Cash Amount and Units in accordance with Condition 5.4(a)(iii), the number of Units to be issued or caused to be issued by the Issuer in respect of each Bond will be equal the sum of the Daily Unit Amounts (calculated as described below) for each Trading Day during the Applicable Conversion Period, and the Conversion Date shall be deemed to be one Business Day after the Applicable Conversion Period.
- (c) Prior to the close of business on the fourth Trading Day following the date on which a Conversion Notice is deposited with the Conversion Agent in accordance with Condition 5.2(a)(i) (*Conversion Notice*), the Issuer will, by an irrevocable notice to the Bond Trustee, inform holders of such Bonds of its election in accordance with Condition 5.4(a).
- (d) For the purposes of these Conditions:
- (i) **Applicable Conversion Period** means a period of the 10 consecutive Trading Days commencing on the fifth Trading Day following the date a Conversion Notice is deposited with the Conversion Agent in accordance with Condition 5.2(a)(i) (*Conversion Notice*);
  - (ii) **Conversion Value** means, at any point in time, for each Bond an amount equal to the Conversion Ratio at that time multiplied by the arithmetic average of the Volume Weighted Average Price of the Units for each day during the Applicable Conversion Period;
  - (iii) **Conversion Ratio** means, at any point in time, for each S\$250,000 principal amount of a Bond an amount equal to S\$250,000 divided by the then current Conversion Price;

(iv) **Daily Unit Amount** means for each S\$250,000 principal amount of a Bond and each Trading Day in the Applicable Conversion Period is equal to the greater of:

(A) Zero; and

(B) a number of Units determined by the following formula:

$$[(A \times CR) - (\text{Cash Amount})]/(10 \times A)$$

where

**A** means the Volume Weighted Average Price of the Units on such Trading Day

**CR** means the Conversion Ratio

(v) **Volume Weighted Average Price** means, in relation to the Units for any Trading Day, the order book volume-weighted average price of the Units for such Trading Day appearing on or derived from Bloomberg screen "VAP" or, if not available on such screen, from such other source as shall be determined to be appropriate by a leading independent investment bank of international repute (selected by the Issuer) (acting as an expert), provided that for any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Unit in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

(e) Notwithstanding any provision to the contrary in these Conditions, each of the Bond Trustee and the Agents are not responsible for facilitating payment to the Bondholders by the Issuer under these Conditions following a conversion of the Bonds.

*Upon exercise of a Conversion Right, a Bondholder converting a Bond shall be required to represent and agree in the Conversion Notice certain matters with respect to the beneficial ownership of the Bonds and the Units.*

## 5.5 Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in the following events:

(a) *Consolidation or Subdivision*

If and whenever Units shall be subdivided or consolidated or reclassified, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Units immediately before such alteration; and

B is the aggregate number of issued Units immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(b) *Capitalisation of Profits or Reserves*

- (i) If and whenever any Units are issued, credited as fully paid to the Unitholders by way of capitalisation of profits or reserves including Units paid up out of distributable profits or reserves and a free distribution or bonus issue of Units, save where Units are issued in lieu of the whole or any part of a specifically declared cash distribution (the **Relevant Cash Distribution**), being a distribution which the Unitholders concerned would or could otherwise have received (a **Scrip Distribution**) and which would not have constituted an Excess Distribution (as defined in Condition 5.6(d)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Units immediately before such issue; and

B is the aggregate number of issued Units immediately after such issue.

Such adjustment shall become effective on the date of issue of such Units or, if a Record Date is fixed therefor, the day immediately after such Record Date.

- (ii) In the case of an issue of Units by way of a Scrip Distribution where the Current Market Price (as defined in Condition 5.6(c) below) on the last Trading Day preceding the date on which the final terms of such Scrip Distribution is first publicly announced of such Units exceeds 110.0 per cent. of the amount of the Relevant Cash Distribution or the relevant part thereof and which would not have constituted a Excess Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Units by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of issued Units immediately before such issue;

B is the aggregate number of Units issued by way of such Scrip Distribution multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Distribution and (ii) the denominator is the Current Market Price on the last Trading Day preceding the date on which the final terms of the Units issued by way of Scrip Distribution in respect of each existing Unit in lieu of the whole, or the relevant part, of the Relevant Cash Distribution; and

C is the aggregate number of Units issued by way of such Scrip Distribution;

OR by making such other adjustment as a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, shall certify to the Bond Trustee is fair and reasonable. The Bond Trustee shall be under no obligation to determine, verify or check any adjustment made to the Conversion Price and will not be responsible or liable to Bondholders or any other person for any loss arising from or in relation to any such adjustment.

Such adjustment shall become effective on the date of issue of such Units or if a Record Date is fixed therefor, the day immediately after such Record Date.

(c) *Excess Distribution*

If and whenever any Excess Distribution (as defined below) is paid or made to the Unitholders (except where the Conversion Price falls to be adjusted under Condition 5.5(b) (*Capitalisation of Profits or Reserves*) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Excess Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Unit on the last Trading Day preceding the date on which the Excess Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement, as determined in good faith by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, of the Excess Distribution (excluding any Excess Distribution which had previously resulted in an adjustment under this Condition 5.5(c) (*Excess Distribution*), in respect of a Financial Year (as defined below)) attributable to one Unit.

Such adjustment shall become effective on the date that such Excess Distribution is actually made to the Unitholders or, if a Record Date is fixed therefor, the day immediately after such Record Date.

(d) *Rights Issues of Units or Options over Units*

If and whenever Units are issued to all or substantially all Unitholders as a class by way of rights, or issue or grant to all or substantially all Unitholders as a class, by way of rights, options, warrants or other rights to subscribe for or purchase any Units, in each case at less than 90.0 per cent. of the Current Market Price (as defined below) per Unit on the last Trading Day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Units in issue immediately before such announcement;
- B is the number of Units which the aggregate amount (if any) payable for the Units issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Units comprised therein would purchase at such Current Market Price per Unit; and
- C is the aggregate number of Units issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Units or issue or grant of such options, warrants or other rights (as the case may be) or, if a Record Date is fixed therefor, the day immediately after such Record Date.

(e) *Rights Issues of Other Securities*

If and whenever any securities (other than Units or options, warrants or other rights to subscribe for or purchase Units) are issued to all or substantially all Unitholders as a class by way of rights, or shall grant to all or substantially all Unitholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any securities (other than Units or options, warrants or other rights to subscribe for or purchase Units), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Unit on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement, as determined in good faith by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, of the portion of the rights attributable to one Unit.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or, if a Record Date is fixed therefor, the day immediately after such Record Date.

(f) *Issues at less than Current Market Price*

If and whenever (otherwise than as mentioned in Condition 5.5(d) (*Rights Issues of Units or Options over Units*) above) any Units (other than Units issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Units) are issued wholly for cash, or issued or granted, whether for cash or otherwise, (otherwise as mentioned in Condition 5.5(d) (*Rights Issues of Units or Options over Units*) above) options, warrants or other rights to subscribe or purchase, directly or indirectly, Units in each case at a price per Unit which is less than 90.0 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue (for the avoidance of doubt, including without limitation, the issue or grant of options, warrants or other



rights to subscribe or purchase, directly or indirectly, Units pursuant to any Unit Option Scheme as defined in Condition 5.6(h)) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the number of Units in issue immediately before the issue of such additional Units or the grant of such options, warrants or other rights to subscribe for or purchase any Units;
- B is the number of Units which the aggregate consideration receivable for the issue of such additional Units would purchase at such Current Market Price per Unit; and
- C is the number of Units in issue immediately after the issue of such additional Units.

References to additional Units in the above formula shall, in the case of an issuance of options, warrants or other rights to subscribe or purchase Units, mean such Units to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Units or, as the case may be, the grant of such options, warrants or other rights or, if a Record Date is fixed therefor, the day immediately after such Record Date.

(g) *Other Issues at less than Current Market Price*

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Condition 5.5(g) (*Other Issues at less than Current Market Price*), in the event of an issue of securities of Suntec REIT or any Subsidiary of Suntec REIT wholly for cash (otherwise than as mentioned in Conditions 5.5(d) (*Rights Issues of Units or Options over Units*), 5.5(e) (*Rights Issues of Other Securities*) or 5.5(f) (*Issues at less than Current Market Price*) above) or any other issue of securities by company, person or entity (other than the Bonds, which term for this purpose shall include any Optional Bonds (if any) but exclude any further bonds issued in accordance with Condition 15 (*Further Issues*)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Units to be issued upon conversion, exchange or subscription at a consideration per Unit which is less than 90.0 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Units in issue immediately before such issue;
- B is the number of Units which the aggregate consideration receivable by the Issuer for the Units to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Unit; and
- C is the maximum number of Units to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities or, if a Record Date is fixed therefor, the day immediately after such Record Date.

(h) *Modification of Rights of Conversion, etc.*

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 5.5(g) (*Other Issues at less than Current Market Price*) above (other than in accordance with the terms applicable to such securities) so that the consideration per Unit (for the number of Units available on conversion, exchange or subscription following the modification) is less than 90.0 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Units in issue immediately before such modification;
- B is the number of Units which the aggregate consideration (if any) receivable by the Issuer for the Units to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Unit or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Units to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, considers appropriate (if at all) for any previous adjustment under this Condition 5.5(h) (*Modification of Rights of Conversion etc.*) or Condition 5.5(g) (*Other Issues at less than Current Market Price*) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(i) *Other Offers to Unitholders*

In the event that the issue, sale or distribution by or on behalf of the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the REIT Manager or any Subsidiary of Suntec REIT) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any of its Subsidiaries or such other company, person or entity pursuant to which offer the Unitholders generally (meaning for these purposes the holders of at least 60 per cent. of the Units outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 5.5(d) (*Rights Issues of Units or Options over Units*), 5.5(e) (*Rights Issues of Other Securities*), 5.5(f) (*Issues at less than Current Market Price*) or 5.5(g) (*Other Issues at less than Current Market Price above*), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Unit on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement, as determined in good faith by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, of the portion of the rights attributable to one Unit.

Such adjustment shall become effective on the date of issue of the securities or, if a Record Date is fixed therefor, the day immediately after such Record Date.

(j) *Other Events*

If the Issuer determines in its sole opinion that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 5.5 (*Adjustments to Conversion Price*) or in Condition 7.5 (*Conversion for Change of Control*), the main and dominant purpose of which adjustment is to restore the economic position of the Unitholders and the holders of the Bonds, after the occurrence of such events or circumstances, to the same position as if such events or circumstances had not occurred, or if the Issuer determines that an adjustment made pursuant to this Condition 5.5 (*Adjustments to Conversion Price*) is inappropriate or incorrect, the Issuer shall request a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination PROVIDED THAT where the circumstances giving rise to any adjustment pursuant to this Condition 5.5 (*Adjustments to Conversion Price*) or Condition 7.5 (*Conversion for Change of Control*) have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition

5.5 (*Adjustments to Conversion Price*) or Condition 7.5 (*Conversion for Change of Control*) as may be advised by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, to be in its opinion appropriate to give the intended result.

## 5.6 Definitions

For the purposes of these Conditions:

- (a) **Alternative Stock Exchange** means at any time, in the case of the Units, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Units are then listed or quoted or dealt in.
- (b) **closing price** for the Units for any Trading Day shall be the closing market price published in the daily quotation sheet published by the SGX-ST or, as the case may be, published in the equivalent daily quotation sheet of the Alternative Stock Exchange, for such Trading Day.
- (c) **Current Market Price** means, in respect of a Unit at a particular time on a particular date, the average of the closing prices quoted by the SGX-ST or, as the case may be, by the Alternative Stock Exchange for one Unit (being a Unit carrying full entitlement to distribution) for the 15 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if:
  - (i) at any time during the said 15 Trading Day period the Units shall have been quoted ex-distribution and during some other part of that period the Units shall have been quoted cum-distribution then:
    - (A) if the Units to be issued in such circumstances do not rank for the distribution in question, the distribution on the dates on which the Units shall have been quoted cum-distribution shall for the purpose of this definition be deemed to be the Fair Market Value thereof reduced by an amount equal to the amount of that distribution per Unit; or
    - (B) if the Units to be issued in such circumstances rank for the distribution in question, the quotations on the dates on which the Units shall have been quoted ex-distribution shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;
  - (ii) the Units on each of the said 15 Trading Days have been quoted cum-distribution in respect of a distribution which has been declared or announced but the Units to be issued do not rank for that distribution, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that distribution per Unit;
  - (iii) such closing prices are not available on each of the 15 Trading Days during the relevant period, then the arithmetic average of such closing prices which are available in the relevant period shall be used (subject to a minimum of two such closing prices); and
  - (iv) only one or no such closing prices is available in the relevant period, then the Current Market Price shall be determined in good faith by a leading independent investment bank of international repute (acting as an expert) appointed by the Issuer.

(d) **Excess Distribution** means a Relevant Distribution paid or otherwise distributed in any financial year of Suntec REIT ending 31 December (**Financial Year**) if and to the extent that the sum of:

- (i) the Fair Market Value per Unit of the proposed Relevant Distribution; and
- (ii) the Fair Market Value per Unit of any other Relevant Distribution previously paid or otherwise distributed in that Financial Year,

exceeds for the relevant Financial Year an amount equal to 4.0 per cent. of the average of the closing prices quoted by the SGX-ST or, as the case may be, by the Alternative Stock Exchange for one Unit (being a Unit carrying full entitlement to distribution) for the 15 consecutive Trading Days ending on the Trading Day immediately preceding the date on which the Relevant Distribution is publicly announced.

(e) **Fair Market Value** means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, acting as experts; provided that (i) the fair market value of a cash distribution paid or to be paid per Unit shall be the amount of such cash distribution per Unit determined by the Issuer as at the date of announcement of such distribution (and no determination by a leading independent investment bank of international repute shall be necessary for such determination); and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

(f) **Record Date** means in relation to any distributions, grant, rights or allotments, the date on which Unitholders must be registered in order to participate in such dividends, rights or allotment.

(g) **Relevant Distribution** means:

- (i) any distribution of assets in specie by the Issuer for any Financial Year whenever paid or made and however described (and for these purposes a distribution of assets in specie includes, without limitation, an issue of Units or other securities credited as fully or partly paid (other than Units credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 5.5(b)(i) (*Capitalisation of Profits or Reserves*)) by way of capitalisation of reserves); and
- (ii) any cash distribution or distribution of any kind by the Issuer for any Financial Year (whenever paid and however described).

(h) **Unit Option Scheme** means any scheme involving the issue, offer or grant (with or without consideration) of rights or options over Units or other securities of Suntec REIT or any of its Subsidiaries to, or for the benefit of, specified participants (including without limitation, employees (including directors) or former employees of the Issuer, its Subsidiaries and/or associated companies, or persons related to such employees (including directors) or former employees) of such schemes or any arrangement

involving the issue, offer or grant of rights or options (with or without consideration) to participants over Units or other securities of Suntec REIT or any of its Subsidiaries which is analogous to a Unit Option Scheme.

- (i) **Trading Day** means a Stock Exchange Business Day, provided that if no closing price is reported in respect of the relevant Units on the SGX-ST or, as the case may be, the Alternative Stock Exchange for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.
- (j) the **REIT Trust Deed** means the trust deed dated 1 November 2004 between the REIT Manager and the REIT Trustee constituting Suntec REIT, as amended, supplemented or replaced from time to time.
- (k) On any adjustment, the relevant Conversion Price, if not an integral multiple of one Singapore cent., shall be rounded down to the nearest one Singapore cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1.0 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given by the Issuer to Bondholders (with a copy to the Bond Trustee and the Conversion Agent) in accordance with Condition 16 (*Notices*) as soon as practicable after the determination thereof.
- (l) The Conversion Price may not be reduced so that, on conversion of Bonds, Units would be issued in any circumstances not permitted by applicable law.
- (m) Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, the foregoing provisions would need to be operated subject to some modification in order to give the intended result of such provisions, such modification shall be made to the operation of the foregoing provisions as may be advised by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, to be in its opinion appropriate in order to give such intended result.
- (n) No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Units as referred to in Condition 5.5(a) (*Consolidation or Subdivision*) above or to correct an error.
- (o) If the Issuer fails to select an independent investment bank of international repute when required for the purposes of Condition 5.5 (*Adjustments to Conversion Price*), the Bond Trustee may (but shall in no way be obliged to) select such bank and shall have no liability to any person in respect of such selection. The Bond Trustee and any Agents shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so. Further, the Bond Trustee and any Agents shall be under no obligation to determine, or to verify or check, any adjustment made or to be made to the Conversion Price.

- (p) No adjustment shall be made to the Conversion Price pursuant to this Condition 5.5 in respect of the issue of Units to the Manager as payment of its fees in accordance with Clause 15 of the REIT Trust Deed.
- (q) If any doubt shall arise as to any appropriate adjustment to the Conversion Price in accordance with the provisions of these Conditions, the Issuer may, but shall have no obligation to, procure that the appropriate adjustment be determined by a leading independent investment bank of international repute (acting as an expert), selected by the Issuer. Any such determination and opinion or advice of such independent investment bank of international repute procured under these Conditions as to the appropriate adjustment to the Conversion Price or otherwise shall, in the absence of manifest error, be conclusive and binding on all concerned.

## 5.7 Undertakings

- (a) The Issuer has undertaken in the Bond Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders or with the approval of the Bond Trustee where, in the opinion of the Bond Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:
  - (i) it will use all reasonable endeavours (A) to maintain a listing for all the issued Units on the SGX-ST, (B) to obtain and maintain a listing for all the Units issued on the exercise of the Conversion Rights attaching to the Bonds on the SGX-ST and (C) if the Issuer is unable to obtain or maintain such listing, to obtain and maintain a listing for all the Units issued on the exercise of the Conversion Rights on an Alternative Stock Exchange as the Issuer may from time to time (with the prior written consent of the Bond Trustee) determine and will forthwith give notice to the Bondholders in accordance with Condition 16 (*Notices*) below of the listing or delisting of the Units (as a class) by any of such stock exchanges; and
  - (ii) it will use all reasonable endeavours to maintain the listing of the Bonds on the SGX-ST.

The Issuer has undertaken in the Bond Trust Deed that it will pay the expenses of the issue of, and all expenses of obtaining and maintaining listing for, the Bonds and the Units arising on conversion of the Bonds (other than as may be expressed to be payable by the Bondholder under Condition 5.2(b)) to the extent permitted by the applicable law and regulation.

- (b) In the Bond Trust Deed, the Issuer has undertaken with the Bond Trustee that so long as any Bond remains outstanding it will procure to keep available, free from any pre-emptive or other similar rights, such number of Units as would be required to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that prior to the issue of any Units on conversion the issuer of the Units shall have sufficient authority from Unitholders for such issue and that all Units delivered on conversion of the Bonds will be duly and validly issued as fully-paid.
- (c) The Issuer has also given certain other undertakings in the Bond Trust Deed for the protection of the Conversion Rights.

## **5.8 Notice of Change in Conversion Price**

Except as otherwise provided in Condition 7.5 (*Conversion for Change of Control*), the Issuer shall give notice to the Bondholders (with a copy to the Bond Trustee and the Conversion Agent) in accordance with Condition 16 (*Notices*) of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

## **5.9 Bond Trustee and the Agents not obliged to monitor**

The Bond Trustee and the Agents shall not be under any duty or obligation to monitor whether any event or circumstances has happened or exists pursuant to Condition 5 (*Conversion*), Condition 7 (*Redemption, Purchase and Cancellation*) and Condition 9 (*Events of Default*) and may assume until they have actual knowledge by way of notice in writing from the Issuer to the contrary addressed to each of them, that no such event has occurred and neither the Bond Trustee nor the Agents will be responsible or liable to the Bondholders or any other person for any loss arising from any such assumption or failure by it to monitor so.

## **5.10 No obligation for Issuer's failure**

Neither the Bond Trustee nor the Agents shall be responsible or liable to the Bondholders or any person for any failure of the Issuer (i) to make any payments or (ii) to issue or cause to be issued, transfer or cause to be transferred or deliver or cause to be delivered any Units or other securities or property upon the surrender of any Bond for the purposes of conversion or any failure by the Issuer to comply with any of its covenants set out in these Conditions.

## **5.11 Calculations**

All calculations under these Conditions, the Bond Trust Deed and the Agency Agreement shall be performed by the Issuer or any other person nominated or authorised by the Issuer. Neither the Bond Trustee nor the Agents shall be liable in any respect for the accuracy or inaccuracy in any mathematical calculation or formula under these Conditions, the Agency Agreement or the Bond Trust Deed, whether by the Issuer or any other person so nominated or authorised by the Issuer for the purposes of these Conditions, the Agency Agreement or the Bond Trust Deed.

# **6. PAYMENTS**

## **6.1 Principal and Interest**

Payment of principal, interest and any other amounts due other than on an Interest Payment Date, will be made by transfer to the registered account of the Bondholder. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the 15th day before the due date for the payment of interest (the **Interest Record Date**). Payment of interest on each Bond will be made by transfer to the registered account of the Bondholder.



## 6.2 Registered Accounts

For the purposes of this Condition 6 (*Payments*), a Bondholder's registered account means the Singapore dollar account maintained by or on behalf of it with a bank in Singapore, details of which appear on the Register at the close of business on the second business day before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

## 6.3 Fiscal Laws

All payments are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

## 6.4 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day, for value on the first following day which is a business day) will be initiated or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

## 6.5 Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day or if the Bondholder is late in surrendering his Certificate (if required to do so).

## 6.6 Business day

In this Condition 6 (*Payments*), **business day** means a day other than a Saturday or Sunday or a public holiday on which commercial banks are open for business in London and Singapore and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

## 6.7 Rounding

When making payments to Bondholders, fractions of one Singapore cent. will be rounded down to the nearest Singapore cent.

## **7. REDEMPTION, PURCHASE AND CANCELLATION**

### **7.1 Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100.0 per cent. of its principal amount on 30 November 2024 (the **Maturity Date**) plus interest accrued from and including the last Interest Payment Date immediately preceding the Maturity Date to, but excluding, the Maturity Date. The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 7.2 (*Redemption at the Option of the Issuer*) or Condition 7.3 (*Redemption for Taxation Reasons*) below (but without prejudice to Condition 9 (*Events of Default*)).

### **7.2 Redemption at the Option of the Issuer**

- (a) On or at any time after 30 November 2020 but not less than seven Business Days prior to the Maturity Date, the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Bond Trustee and any Paying Agent (which notice will be irrevocable), redeem the Bonds in whole but not in part at their principal amount plus interest accrued to (but excluding) the date of redemption, provided that no such redemption may be made unless the closing price of the Units on each of the 20 consecutive Trading Days immediately prior to the date upon which notice of such redemption is given pursuant to Condition 16 (*Notices*), was at least 130.0 per cent. of Conversion Price in effect on each such Trading Day.

If there shall occur an event giving rise to a change in the Conversion Price during any such 20 Trading Day period, appropriate adjustments for the relevant days approved by a leading independent investment bank of international repute (acting as an expert) selected by the Issuer shall be made for the purpose of calculating the closing price for such days. The Bond Trustee shall have no obligation to confirm whether the circumstances giving rise to a right for the Issuer to redeem under this Condition 7.2 have in any case arisen.

- (b) Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at their principal amount on the date fixed for such redemption plus interest accrued to (but excluding) the date of redemption.
- (c) If at any time the aggregate principal amount of the Bonds outstanding is less than ten per cent. of the aggregate principal amount originally issued (including any Optional Bonds and any Bonds issued pursuant to Condition 15 (*Further Issues*)), the Issuer 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. The Issuer will give at least 30 days' but not more than 60 days' prior notice to the Bondholders, the Bond Trustee and the Paying Agent for such redemption.

### **7.3 Redemption for Taxation Reasons**

- (a) If the Issuer satisfies the Bond Trustee immediately prior to the giving of the notice referred to below that, on the next Interest Payment Date:
- (i) the Issuer has or will become obliged to pay additional amounts as referred to in Condition 8 (Taxation), as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 8 November 2017; and

- (ii) such obligation referred to in paragraph (i) above cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem the Bonds (in whole and not in part) at their principal amount plus interest accrued to (but excluding) the date of redemption, provided that, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due.

- (b) Prior to the publication of any notice of redemption pursuant to Condition 7.3(a) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Bond Trustee:
  - (i) a certificate signed by two directors of the REIT Manager stating that the circumstances referred to in Condition 7.3(a)(i) (*Redemption for Taxation Reasons*) and 7.3(a)(ii) (*Redemption for Taxation Reasons*) have occurred; and
  - (ii) an opinion of independent legal or tax advisors of recognised international standing to the effect that the Issuer has paid or will become obliged to pay additional amounts under Condition 8 (*Taxation*).
- (c) If the Issuer gives a notice of redemption on the grounds set out in Condition 7.3(a)(i), each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 8 (*Taxation*) shall not apply in respect of any payment of interest or principal to be made in respect of such Bond(s) which falls due after the date of such notice of redemption whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 8 (*Taxation*) and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of Singapore or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at its own expense at any time from 9.00 am to 3.00 pm (local time in the place of deposit) on any Business Day at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the date of the notice of redemption.

#### **7.4 Redemption at the Option of the Bondholders**

- (a) The Issuer will, at the option of the holder of any Bond, redeem all or some of that holder's Bonds on 30 November 2020 at their principal amount plus interest accrued to the date of redemption. To exercise such right, the holder of the relevant Bond must, not earlier than 60 days, but not later than 30 days prior to 30 November 2020 complete, sign and deposit at its own expense at any time from 9.00 am to 3.00 pm (local time in the place of deposit) on any Business Day at the specified office of any Paying Agent a duly completed and signed notice of redemption in the form (for the time being current) obtainable from the specified office of any Payment Agent (the **Put Option Notice**) together with the Certificate evidencing the Bonds to be redeemed. Subject to Condition 7.9 (*Purchases*), the Put Option Notice must specify the number of Bonds in respect of which the Bondholder opts for redemption.
- (b) A Put Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds, the subject of such Put Option Notice delivered as aforesaid on the Put Option Date.

## 7.5 Conversion for Change of Control

- (a) Following the occurrence of a Change of Control Event (as defined below), subject to and upon compliance with Condition 5 (*Conversion*), the holder of each Bond will have the right, at such Bondholder's option, to exercise such Bondholder's Conversion Right to convert the Bonds into Units, subject to the Issuer's Alternative Settlement Right, pursuant to these Conditions at a Conversion Price determined in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times \text{c}/\text{t}))$$

where:

**NCP** means the Conversion Price for the purposes of this Condition 7.5 (*Conversion for Change of Control*);

**OCP** means the Conversion Price in force immediately before application of the above formula;

**CP** means 12.00 per cent., expressed as a fraction;

**c** means the number of days from and including the first day of the Change of Control Period (as defined below) to but excluding the Maturity Date; and

**t** means the number of days from and including 30 November 2017 to but excluding the Maturity Date.

To exercise a Conversion Right attaching to a Bond on the occurrence of a Change of Control Event, the holder thereof must complete, sign and deposit at its own expense at any time from 9.00 am to 3.00 pm (local time in the place of deposit) on any Business Day at the specified office of the Conversion Agent a notice (**Change of Control Exercise Notice**) in the form (for the time being current) obtainable from the specified office of any Agent together with the relevant Certificate evidencing the Bonds to be converted. Such Change of Control Exercise Notice shall be deposited during the period (the **Change of Control Period**) from the date the Change of Control Event occurred and ending on the later of (i) 30 calendar days after the date the Change of Control Event occurred and (ii) if such notice is given, 30 calendar days following the date upon which notice of the occurrence of the Change of Control Event is given to Bondholders by the Issuer in accordance with Condition 7.5(c). The **Change of Control Conversion Date** shall be the fourteenth calendar day after the expiry of the Change of Control Period.

- (b) A Change of Control Exercise Notice, once delivered, shall be irrevocable and the Issuer shall convert the Bonds (in whole but not in part) which form the subject of the Change of Control Exercise Notice, and shall cause to be issued Units for the Bonds which are converted, subject to the Issuer's Alternative Settlement Right, in accordance with these Conditions on the Change of Control Conversion Date.

- (c) Not later than seven days after becoming aware of a Change of Control Event, the Issuer shall procure that notice regarding the Change of Control Event be delivered to the Bond Trustee, the relevant Agent and Bondholders (in accordance with Condition 16 (*Notices*)) stating:
- (i) that Bondholders have the option of exercising their Conversion Rights under Condition 7.5(a) (*Conversion for Change of Control*) or require the Issuer to redeem their Bonds under Condition 7.6 (*Redemption for Change of Control*);
  - (ii) the date of such Change of Control Event and, briefly, the events causing such Change of Control Event;
  - (iii) that the Change of Control Exercise Notice pursuant to Condition 7.5(a) (*Conversion for Change of Control*) or the Change of Control Redemption Notice pursuant to Condition 7.6 (*Redemption for Change of Control*), as the case may be, must be given within the Change of Control Period;
  - (iv) the last day of the Change of Control Period;
  - (v) the names and addresses of all relevant Paying Agents;
  - (vi) the Conversion Price immediately prior to the occurrence of the Change of Control Event and the Conversion Price as a consequence of the Change of Control Event pursuant to Condition 7.5(a) (*Conversion for Change of Control*), as adjusted, where appropriate;
  - (vii) the closing price of the Units as quoted by the SGX-ST as at the latest practicable date prior to the application of such notice;
  - (viii) such other information relating to the Change of Control Event as the Bond Trustee may require; and
  - (ix) that the Change of Control Exercise Notice pursuant to Condition 7.5(a) (*Conversion for Change of Control*) or the Change of Control Redemption Notice pursuant to Condition 7.6 (*Redemption for Change of Control*), as the case may be, once validly given, may not be withdrawn.
- (d) For the purposes of these Conditions:
- (i) **control** means the acquisition or control whether directly or indirectly of more than 67.0 per cent. of the Voting Rights of the issued capital of the relevant company and/or Suntec REIT or the right to appoint and/or remove all or the majority of the members of the relevant company's or the Board of Directors of the REIT Manager or other governing body; and
  - (ii) a **Change of Control Event** occurs when:
    - (A) ARA Trust Management (Suntec) Limited (the REIT Manager as at the date of issue of the Bonds) is replaced by a new manager in which ARA Asset Management Limited does not, whether directly or indirectly, hold at least 20.0 per cent. of the Voting Rights; or

- (B) (x) one or more other persons, acting together, acquires the legal or beneficial ownership of all of Suntec REIT's total issued and outstanding unit capital or (y) any person or persons, acting together, acquires control of Suntec REIT if such person or persons does not or do not have, and would not be deemed to have, control of Suntec REIT on 30 November 2017; or
  - (C) Suntec REIT consolidates with or merges into or sells or transfers all of Suntec REIT's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons (or any person(s) controlling such other person(s)) acquiring control over Suntec REIT or the successor entity; and
- (iii) **Voting Rights** means the right generally to vote at general meetings of shareholders/unitholders of the relevant company/Suntec REIT (irrespective of whether or not, at the time, stock/units of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).
- (e) The Bond Trustee shall not be required to take any steps to ascertain whether a Change of Control Event or any event which could lead to the occurrence of a Change of Control Event has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

## 7.6 Redemption for Change of Control

- (a) During the Change of Control Period, the holder of each Bond shall have the right, at such holder's option, to require the Issuer to redeem in whole but not in part such holder's Bonds on the Change of Control Redemption Date (as defined below) at their principal amount plus interest accrued to the date of redemption. Following the occurrence of a Change of Control Event, the Issuer shall give notice thereof to the Bond Trustee, the Paying Agent and the Bondholders pursuant to Condition 7.5(c) (*Conversion for Change of Control*). To exercise such right attaching to a Bond on the occurrence of a Change of Control Event, the holder thereof must complete, sign and deposit at its own expense at any time from 9.00 am to 3.00 pm (local time in the place of deposit) on any Business Day at the specified office of any Paying Agent a notice (**Change of Control Redemption Notice**) in the form (for the time being current) obtainable from the specified office of any Paying Agent together with the relevant Certificate evidencing the Bonds to be redeemed. Such Change of Control Redemption Notice shall be deposited during the Change of Control Period (as defined in Condition 7.5(a) (*Conversion for Change of Control*)). In respect of any Change of Control Redemption Notice, the **Change of Control Redemption Date** shall be the fourteenth calendar day after the Change of Control Period following the deposit by the relevant Bondholder of the Change of Control Redemption Notice.
- (b) A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds (in whole but not in part) which form the subject of the Change of Control Redemption Notice on the Change of Control Redemption Date.

## 7.7 Redemption for Delisting

- (a) In the event the Units (i) cease to be listed or admitted to trading on the SGX-ST or, if applicable, the Alternative Stock Exchange (a **Delisting**) or (ii) are suspended from trading on the SGX-ST or, if applicable, the Alternative Stock Exchange for a period of more than 45 consecutive Trading Days (a **Suspension**), the holder of each Bond shall have the right (the **Delisting Put Right**), at such Bondholder's option, to require the Issuer to redeem in whole but not in part such Bondholder's Bonds at their

principal amount plus interest accrued to (but excluding) the date of redemption (the **Delisting Put Price**). To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the **Delisting Exercise Notice**) together with the Certificate evidencing the Bonds to be redeemed, within the period (the **Delisting Put Period**) from the date the Delisting or Suspension occurred to and excluding the latter of (x) 20 calendar days following the Delisting or Suspension, as the case may be, and (y) if such notice is given, 20 calendar days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16 (*Notices*).

- (b) A Delisting Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the relevant Delisting Exercise Notice, on the date falling 14 days after the expiry of the Delisting Put Period (the **Delisting Put Date**).
- (c) Promptly after becoming aware of a Delisting or Suspension, the Issuer shall procure that notice regarding the Delisting Put Right shall be given to Bondholders (in accordance with Condition 16 (*Notices*)) stating:
  - (i) the date of such Delisting or Suspension and, briefly, the events causing such Delisting or Suspension, as the case may be;
  - (ii) the Delisting Put Price and the method by which such amount will be paid;
  - (iii) the Delisting Put Date;
  - (iv) the names and addresses of all relevant Paying Agents;
  - (v) the then current Conversion Price;
  - (vi) that the Delisting Exercise Notice must be given within the Delisting Put Period; and
  - (vii) that a Delisting Exercise Notice, once validly given, may not be withdrawn.
- (d) The Bond Trustee shall not be required to take any steps to ascertain whether a Delisting or Suspension or any event which could lead to the occurrence of a Delisting or Suspension has occurred.

## **7.8 Redemption following exercise of a Put Option**

Upon the exercise of any put option specified in Conditions 7.4 (*Redemption at the Option of the Bondholders*) or 7.6 (*Redemption for Change of Control*) or 7.7 (*Redemption for Delisting*) payment of the applicable redemption amount shall be conditional upon delivery of the Bondholder's Certificate (together with any necessary endorsements) to any Paying Agent on any Business Day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. If the Paying Agent holds on the Put Date (as defined below) money received from the Issuer sufficient to pay the applicable redemption amount of Bonds for which notices have been delivered in accordance with the provisions hereof upon exercise of such right, then, whether or not such Certificate is delivered to the Paying Agent, on and after such Put Date, (a) such Bond will cease to be outstanding; (b) such Bond will be deemed paid; and (c) all other rights of the Bondholder

shall terminate (other than the right to receive the applicable redemption monies). **Put Date** shall mean the date on which the relevant Bond falls to be redeemed by the Issuer pursuant to Conditions 7.4 (*Redemption at the Option of the Bondholders*), 7.6 (*Redemption for Change of Control*) or 7.7 (*Redemption for Delisting*).

## **7.9 Purchases**

The Issuer may at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so acquired, while held on behalf of the Issuer, shall not entitle the holders thereof to convert the Bonds in accordance with these Conditions nor exercise any voting rights with respect to such Bonds.

## **7.10 Cancellation**

All Bonds which are purchased, redeemed or converted by the Issuer will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

## **7.11 Redemption Notices**

Except as otherwise provided in Condition 7.5 (*Conversion for Change of Control*), all notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 7 (*Redemption, Purchase and Cancellation*) will be given in accordance with Condition 16 (*Notices*), and will specify the Conversion Price as at the date of the relevant notice, the closing price of the Units (as quoted on the SGX-ST) as at the latest practicable date prior to the publication of the notice, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice. If more than one notice of redemption (which shall include any notice given by the Issuer pursuant to Condition 7.3 (*Redemption for Taxation Reasons*) and any notice given by a Bondholder pursuant to Conditions 7.4, 7.6 or 7.7 is given pursuant to this Condition 7, the first of such notices shall prevail.

## **8. TAXATION**

**8.1** All payments of interest and principal made by the Issuer under or in respect of the Bond Trust Deed or the Bonds will be made free from any restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Singapore otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or



- (b) (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

**8.2** For the purposes of this Condition 8 (*Taxation*), **relevant date** means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Bond Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

**8.3** References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Bond Trust Deed.

## **9. EVENTS OF DEFAULT**

**9.1** The Bond Trustee at its discretion may, and if so requested in writing by the holders of not less than 30 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to it being prefunded and/or indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer and the REIT Manager that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount together with accrued interest to the date of repayment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5 (*Conversion*)) if any of the following events (each, an **Event of Default**) has occurred:

- (a) a default is made in the payment of any principal or interest or any cash amount payable under Condition 5.4 (*Conversion Settlement*) due in respect of the Bonds and, in the case of interest only, such default is not remedied within seven Business Days;
- (b) failure by the Issuer to deliver or cause to be delivered the Units as and when such Units are required to be delivered following conversion of a Bond and such failure is not remedied within two Business Days;
- (c) the Issuer does not perform or comply with one or more of its obligations under the Bonds or the Bond Trust Deed, which is not remedied within 30 days after the date of the written notice of such default shall have been given to the Issuer by the Bond Trustee requiring the same to be remedied;
- (d) the Issuer or any of its Principal Subsidiaries is, or could properly be, deemed by law or a court to be, insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any material part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries;

- (e) (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described) and is not repaid within any applicable grace period, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due (or within any applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that, in each case, the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.1(e) have occurred equals or exceeds S\$20,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the Singapore dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries, which is not discharged or stayed within 45 days;
- (g) an order is made or an effective resolution passed for the winding-up, dissolution, judicial management or administration of Suntec REIT or any of its Principal Subsidiaries or Suntec REIT or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders;
- (h) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or substantially all of the property, assets or revenues of Suntec REIT or any of its Principal Subsidiaries and is not discharged within 45 days;
- (i) it is or will become unlawful for the Issuer to perform or comply with any one or more of their respective obligations under any of the Bonds or the Bond Trust Deed and any such unlawfulness is not remedied within 30 days;
- (j) any step is taken by any person that will result in the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (k) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (l) the termination, winding up or dissolution of Suntec REIT.

For the purposes of these Conditions, **Principal Subsidiary** means a Subsidiary of Suntec REIT:

- (a) (i) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the Financial Year to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 20.0 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole; or
- (ii) whose net profits after tax (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the Financial Year to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 20.0 per cent. of the consolidated net profits after tax, of the Issuer and its Subsidiaries taken as a whole,

all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of Suntec REIT and its Subsidiaries, provided that in the case of a Subsidiary of Suntec REIT acquired after the end of the Financial Year to which the then latest audited consolidated accounts of Suntec REIT and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of Suntec REIT and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts for the Financial Year in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to the latest audited consolidated accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of Suntec REIT which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the first consolidated accounts after such transfer have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the Financial Year to which the then latest audited consolidated accounts of Suntec REIT and its Subsidiaries relate), represent (or, in the case aforesaid, are equal to) not less than 20.0 per cent. of the consolidated total assets or (as the case may be) net profits after tax of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a), provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets represent (or, in the case aforesaid, are equal to) not less than 20.0 per cent. of the consolidated total assets or, as the case may be, the consolidated net profits after tax of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a), and the transferee Subsidiary shall be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the Financial Year current at the date of such transfer have been prepared and audited; provided, further that such transferor Subsidiary or such transferee Subsidiary may be

a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

**9.2** Notwithstanding any other provision of these Conditions the Bonds shall become immediately due and repayable at their principal amount plus accrued interest to date of repayment if Suntec REIT is terminated.

**9.3** Notwithstanding receipt of any payment after the acceleration of the Bonds, a Bondholder may exercise its Conversion Right pursuant to these Conditions by depositing a Conversion Notice with a Conversion Agent or Paying Agent during the period from and including the date of a default notice with respect to an event specified in Condition 9.1 (at which time the Issuer will notify the Bondholders of the amount of cash and/or the number of Units (as the case may be) per Bond to be paid or delivered on conversion, assuming all the then outstanding Bonds are converted) to and including the thirtieth Business Day after such payment.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 9.3, the Issuer will pay to the holder of such Bond cash and/or deliver or cause to be delivered Units (which number will be disclosed to such Bondholder as soon as practicable after the Conversion Notice is given), as the case may be, in accordance with these Conditions, except that the Issuer shall have twelve Business Days before it is required to register the converting Bondholder (or its designee) in its register of Unitholders as the owner of the number of Units to be delivered pursuant to this Condition 9.3 and an additional five Business Days from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 9.3, the Issuer shall, at the request of the converting Bondholder, pay to such Bondholder in respect of each S\$250,000 principal amount of Bonds to be converted an amount in Singapore dollars (the **Default Cure Amount**), equal to the product of (x) and (y) where:

(x) is equal to:

- (i) the number of Units that are required to be delivered or caused to be delivered by the Issuer to satisfy the exercise of the Conversion Right pursuant to this Condition 9.3 by such converting Bondholder; minus
- (ii) the number of Units that are actually delivered or caused to be delivered by the Issuer pursuant to such Bondholders' Conversion Notice; and

(y) means the Unit Price (as defined below) on the Conversion Date;

provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 9 (*Events of Default*), the amount of such payment shall be deducted from the Default Cure Amount.

The **Unit Price** means the closing price of the Units as quoted by the SGX-ST or, as the case may be, Alternative Stock Exchange on the Conversion Date or, if no reported sales take place on such date, the average of the reported closing bid and offered prices, in either case as reported by the SGX-ST or other applicable securities exchange on which the Units are listed for such day as furnished by a reputable and independent broker-dealer selected from time to time by the Issuer at the expense of the Issuer for such purpose.

## **10. CONSOLIDATION, AMALGAMATION OR MERGER**

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or other person or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a Merger) unless:

- (a) the corporation or person formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Bond Trust Deed and the performance of every covenant and agreement applicable to it contained therein;
- (b) immediately after giving effect to any such Merger, no Default or Event of Default shall have occurred or be continuing or would result therefrom; and
- (c) the corporation or person formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and interest on the Bonds.

## **11. PRESCRIPTION**

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within ten years (in the case of principal) and five years (in the case of interest) from the relevant date (as defined in Condition 8 (*Taxation*)) in respect thereof. Neither the Bond Trustee nor the Agents shall be liable for any amounts so prescribed.

## **12. ENFORCEMENT**

At any time after the Bonds have become due and repayable, the Bond Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Bond Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 30 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been prefunded and/or indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer or any other party unless the Bond Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

## **13. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

### **13.1 Meetings**

The Bond Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Bond Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (a) to modify the due date for any payment in respect of the Bonds, (b) to reduce or cancel the amount of principal or cash payable under 5.4(a)(ii) (*Conversion Settlement*) or

the rate of interest, payable in respect of the Bonds, (c) to change the currency of payment of the Bonds, (d) to modify or cancel the Conversion Rights or the put options specified in Condition 7 (*Redemption, Purchase and Cancellation*), or (e) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Bond Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. For the avoidance of doubt, the ability to effect any of the resolutions specified in (a) to (e) above would require the consent of the other parties to the documents to be modified including, *inter alia*, the Issuer.

### **13.2 Modification and Waiver**

The Bond Trustee may, but shall not be obliged to, at the expense of the Issuer, agree, without the consent of the Bondholders, to (a) any modification (except as mentioned in Condition 13.1 (*Meetings*) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Bond Trust Deed which is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of the Bondholders or (b) any modification to the Bonds, the Agency Agreement or the Bond Trust Deed which, in the Bond Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Bond Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

To the extent required by SGX-ST from time to time, any material modification to the terms of the Bonds which is for the benefit of the Bondholders but is materially prejudicial to the interests of the Unitholders of Suntec REIT shall not be effected without the prior approval of the Unitholders of Suntec REIT at a general meeting of the Unitholders, unless such modification is made pursuant to the terms of the Bonds.

### **13.3 Interests of Bondholders**

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Bond Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the REIT Manager or the Bond Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 8 (*Taxation*) and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Bond Trust Deed.

### **13.4 Certificates/Reports**

Any certificate or report of any expert or other person called for by or provided to the Bond Trustee (whether or not addressed to the Bond Trustee) in accordance with or for the purposes of these Conditions or the Bond Trust Deed may be relied upon by the Bond Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report

and/or engagement letter or other document entered into by the Bond Trustee and/or the Issuer or the REIT Manager in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

#### **14. REPLACEMENT OF CERTIFICATES**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer, the Registrar and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### **15. FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects except for the first payment of interest on them and the first date on which conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Bond Trustee, be constituted by a deed supplemental to the Bond Trust Deed.

#### **16. NOTICES**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*) and, so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, published in a leading newspaper having general circulation in Singapore (which is expected to be the *Business Times*). Such notices shall be deemed to have been given on the later of the date of such publications and the seventh day after being so mailed, as the case may be.

The REIT Manager shall, not later than one month before the Expiration Date, announce the Expiration Date on the website of the SGX-ST and take reasonable steps to give notice to the Bondholders in writing of the Expiration Date.

*So long as the Bonds are represented by Global Certificates held on behalf of Euroclear, Clearstream or the alternative clearing system (as the case may be), notices required to be given to the Bondholders may be given by their being delivered to Euroclear, Clearstream or the alternative clearing system (as the case may be), rather than by mail or publication as aforesaid.*

#### **17. AGENTS**

The Issuer reserves the right, subject to the prior written approval of the Bond Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain:

- (a) a Principal Agent;
- (b) a Registrar; and
- (c) an Agent having a specified office in a major financial centre in Europe.

Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*) and in any event not less than 30 days' notice will be given.

Subject to the terms of the Agency Agreement, in acting hereunder and in connection with the Bonds, the Agents shall act solely as agents of the Issuer and will not thereby assume any obligations towards, or relationship of agency or trust for, any of the Bondholders.

## **18. INDEMNIFICATION**

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Bond Trust Deed also contains provisions pursuant to which the Bond Trustee is entitled to enter into business transactions with the Issuer, the REIT Manager and any entity related to Suntec REIT without accounting for any profit.

*The Bond Trustee may rely without liability to Bondholders or any other person on any report, confirmation or certificate or any opinion or advice of any accountants, financial advisers, legal advisers, financial institution or any expert, whether or not addressed to the Bond Trustee and whether their liability in respect thereof is limited by a monetary cap or otherwise. The Bond Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and such report, confirmation, certificate, opinion or advice shall be conclusive and binding on the Issuer, the REIT Manager and the Bondholders.*

*None of the Bond Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds or the Units of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Bond Trustee and each Agent shall assume that the same are being duly performed. None of the Bond Trustee or such Agent shall be liable to any Bondholder or any other person for any action taken by the Bond Trustee or such Agent in accordance with the instructions of the Bondholders. The Bond Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Bond Trust Deed.*

*Whenever the Bond Trustee is required or entitled by the terms of the Bond Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Bond Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction where the Bond Trustee is seeking such directions of the Bondholders or in the event that no such directions are received. The Bond Trustee shall not be under any obligation to monitor compliance with the provisions of the Bond Trustee Deed, the Agency Agreement or these Conditions.*

*Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Bond Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Bond Trustee in respect thereof.*



## **19. LIABILITY OF REIT TRUSTEE**

- 19.1** Notwithstanding any provision to the contrary in these Conditions or the Bond Trust Deed, it is hereby acknowledged that HSBC Institutional Trust Services (Singapore) Limited (**HSBCITS**) has entered into the Bond Trust Deed only in its capacity as trustee of Suntec REIT and not in its personal capacity and all references to the REIT Trustee and/or the Issuer in these Conditions and the Bond Trust Deed shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in these Conditions or the Bond Trust Deed, HSBCITS has assumed all obligations under these Conditions and the Bond Trust Deed only in its capacity as trustee of Suntec REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by the REIT Trustee and/or the Issuer under these Conditions or the Bond Trust Deed is given by HSBCITS in its capacity as trustee of Suntec REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under these Conditions or the Bond Trust Deed is limited to the assets of Suntec REIT over which HSBCITS in its capacity as trustee of Suntec REIT has recourse and shall not extend to any personal assets of HSBCITS or any assets held by HSBCITS as trustee for any trusts (other than Suntec REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken or any covenant, representation, warranty or undertaking given by the REIT Trustee and/or the Issuer under these Conditions or the Bond Trust Deed shall only be in connection with matters relating to Suntec REIT (and shall not extend to HSBCITS's obligations in respect of any other trust or real estate investment trust of which it is a trustee).
- 19.2** Notwithstanding any provision to the contrary in these Conditions or the Bond Trust Deed, it is hereby acknowledged and agreed that the REIT Trustee's and/or the Issuer's obligations under these Conditions and the Bond Trust Deed will be solely the corporate obligations of HSBCITS and that no party to the Bond Trust Deed shall have any recourse against the shareholders, directors, officers or employees of HSBCITS for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of these Conditions or the Bond Trust Deed.
- 19.3** Notwithstanding any provision to the contrary in these Conditions or the Bond Trust Deed and for the avoidance of doubt, any legal action or proceedings commenced against the REIT Trustee and/or the Issuer whether in England or elsewhere pursuant to the Bond Trust Deed shall be brought against HSBCITS in its capacity as trustee of Suntec REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Bond Trustee under law or equity in connection with any gross negligence, fraud or wilful default of HSBCITS.
- 19.4** This Condition 19 shall survive the termination or rescission of the Bond Trust Deed, and the redemption or cancellation of the Bonds.

## **20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## **21. GOVERNING LAW, JURISDICTION AND PROCESS AGENT**

- 21.1** The Bonds, the Bond Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of England and Wales.
- 21.2** In relation to any legal action or proceedings arising out of or in connection with the Bond Trust Deed, the Agency Agreement or the Bonds (including any dispute relating to any non-contractual obligations arising out of or in connection therewith), the Issuer has in the Bond Trust Deed irrevocably submitted to the courts of England and Wales and in relation thereto has appointed Law Debenture of Corporate Services Limited, at its registered offices for the time being at Fifth floor, 100 Wood Street London EC2V 7EX, as its agent for service of process in England and Wales.

## THE GLOBAL CERTIFICATE

*The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.*

### 1. Meetings

At any meeting of Bondholders, the registered holder of the Global Certificate shall be treated, as having one vote in respect of each S\$250,000 in principal amount of Bonds in respect of which the Global Certificate is issued. The Bond Trustee may allow to attend and speak (but not to vote) at any meeting of Bondholders any accountholder (or the representative of any such person) of a clearing system entitled to Bonds in respect of which the Global Certificate is issued on confirmation of entitlement and proof of his identity.

### 2. Conversion

Subject to the requirements of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System), the Conversion Right (as defined in the Conditions) attaching to Bonds in respect of which the Global Certificate is issued may be exercised by an accountholder in such system holding a particular principal amount of the Bonds (an “**Accountholder**”) giving notice to the Conversion Agent (as defined in the Conditions) in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Conversion Agent by electronic means) of the principal amount of the Bonds in respect of which such Conversion Right is exercised and at the same time presenting or procuring the presentation of the Global Certificate to the Conversion Agent for notation accordingly within the time limits set forth in the Conditions.

### 3. Bond Trustee’s Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system the Bond Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its Accountholders (either individually or by way of category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such Accountholders were the holders of the Bonds in respect of which this Global Certificate is issued.

### 4. Purchase and Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its redemption, conversion or purchase by the Issuer will be effected by reduction in the principal amount of the Bonds in the Register and by the annotation (for information purposes only) to the Global Certificate.

### 5. Repurchase at Option of the Bondholders

The Bondholders’ put option in Conditions 7.4 (*Redemption at the Option of the Bondholders*), 7.6 (*Redemption for Change of Control*) and 7.7 (*Redemption for Delisting*) may be exercised by an Accountholder giving notice to the Principal Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any

common depository for them to the Principal Agent by electronic means) of the principal amount of the Bonds in respect of which such option is exercised and at the same time presenting or procuring the presentation of this Global Certificate to the Principal Agent for notation accordingly within the time limits set forth in that Condition.

## **6. Payments**

Payments of principal and premium (if any) in respect of Bonds represented by this Global Certificate will be made against presentation and surrender of this Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the Bondholders for such purpose. Distributions of amounts with respect to book-entry interests in this Global Certificate (if any) held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream, Luxembourg, participants in accordance with the relevant systems rules and procedures. A record of each payment made will be endorsed on Schedule B to this Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

## **7. Transfers**

Transfers of interests in the Bonds with respect to which this Global Certificate is issued shall be made in accordance with the detailed regulations concerning transfers of Bonds set forth in the Agency Agreement. Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

## **8. Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or an alternative clearing system, notices required to be given to Bondholders may be given by their being delivered to the relevant clearing system for communication to the relative Accountholders rather than by notification in accordance with the Conditions provided that, so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the SGX-ST so agrees. Any such notice shall be deemed to have been given to the Bondholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system (as the case may be) as aforesaid.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or an alternative clearing system, any other notices or elections by Bondholders may be given by the relevant Bondholder to the Principal Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## THE STRUCTURE OF SUNTEC REIT AND THE UNITS

*The REIT Trust Deed is a complex document and the following is a summary only. Investors should refer to the REIT Trust Deed itself to confirm specific information or for a detailed understanding of Suntec REIT. The REIT Trust Deed is available for inspection at the registered office of the REIT Manager at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986.*

### **The REIT Trust Deed**

Suntec REIT is a REIT constituted in the Republic of Singapore pursuant to the REIT Trust Deed dated 1 November 2004, as supplemented by a first supplemental trust deed dated 25 January 2006, a second supplemental trust deed dated 20 April 2006, a third supplemental trust deed dated 30 July 2007, a fourth supplemental trust deed dated 11 October 2007, a fifth supplemental deed dated 29 September 2008, a sixth supplemental deed dated 14 April 2010 and as amended and restated by a first amending and restating deed dated 7 September 2010 and the second amending and restating deed dated 14 April 2016 made between the REIT Manager, as the manager of Suntec REIT, and the REIT Trustee as the trustee for Suntec REIT, as amended, varied, or supplemented from time to time, and is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix).

The terms and conditions of the REIT Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the REIT Trust Deed and as if the REIT Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the REIT Trust Deed and an authorisation by each Unitholder to do all such acts and things as the REIT Trust Deed may require the REIT Manager and/or the REIT Trustee to do.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the REIT Trust Deed and certain rights, duties and obligations of the REIT Manager, the REIT Trustee and the Unitholders under the REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, and certain restrictions with respect to interested party transactions.

Under the Property Funds Appendix, the Aggregate Leverage of Suntec REIT should not exceed 45.0 per cent. of the value of Suntec REIT's Deposited Property.

### **Operational Structure**

Suntec REIT was established with a principal investment policy to invest in real estate and real estate-related assets and the REIT Manager must manage Suntec REIT so that the principal investments of Suntec REIT are real estate and real estate-related assets (including shares in companies whose primary purpose is to hold or own real estate and real estate-related assets). The current investment strategy of Suntec REIT is to invest in quality income-producing properties which are primarily used for retail and/or office purposes. Suntec REIT aims to generate returns for its Unitholders by owning, buying, selling and actively managing such properties in line with its investment strategy. Subject to the restrictions and requirements in the Property Funds Appendix and the listing rules for the time being applicable to the listing of Suntec REIT as an investment fund on the SGX-ST as the same may be modified, amended, supplemented, revised or replaced from time to time (the "**Listing Rules**"), the REIT Manager is also authorised under the REIT Trust Deed to invest in investments which need not be real estate. Although the REIT Manager may use certain financial instruments for hedging purposes, it presently does not have any intention to invest in options, warrants, commodities, futures contracts, unlisted securities and precious metals.

## The Units and Unitholders

The rights and interests of Unitholders are contained in the REIT Trust Deed. Under the REIT Trust Deed, these rights and interests are safeguarded by the REIT Trustee.

Each Unit represents an undivided interest in Suntec REIT. A Unitholder has no equitable or proprietary interest in the underlying assets of Suntec REIT and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of Suntec REIT. A Unitholder's right is limited to the right to require due administration of Suntec REIT in accordance with the provisions of the REIT Trust Deed, including, without limitation, by suit against the REIT Trustee or the REIT Manager.

Under the REIT Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the REIT Trustee or the REIT Manager seeking an order for specific performance or for injunctive relief in respect of the assets of Suntec REIT (or any part thereof), including all its Authorised Investments (as defined in the REIT Trust Deed), and waives any rights it may otherwise have to such relief. If the REIT Trustee or the REIT Manager breaches or threatens to breach its duties or obligations to the Unitholder under the REIT Trust Deed, the Unitholder's recourse against the REIT Trustee or the REIT Manager is limited to a right to recover damages or compensation from the REIT Trustee or the REIT Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the REIT Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the REIT Manager or the REIT Trustee, exercise any right in respect of the assets of Suntec REIT or any part thereof or lodge any caveat or other notice affecting the real estate assets and real estate-related assets of Suntec REIT (or any part thereof), or require that any Authorised Investments forming part of the assets of Suntec REIT be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the REIT Manager or the REIT Trustee in respect of Units issued to Unitholders. For so long as Suntec REIT is listed, quoted and traded on the SGX-ST and/or any other stock exchange of repute in any part of the world (a "**Recognised Stock Exchange**") and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or delisted permanently, the REIT Manager shall pursuant to the Depository Services Agreement (as defined below) appoint the Central Depository (Pte) Limited ("**CDP**") as the Unit depository for Suntec REIT, and all Units issued will be represented by entries in the register of Unitholders kept by the REIT Trustee or the agent appointed by the REIT Trustee in the name of, and deposited with, CDP as the registered holder of such Units. The REIT Manager or the agent appointed by the REIT Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a lock-up and the expiry date of such lock-up and for the purposes of the REIT Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued. For such purposes, the Depository Service Agreement means the agreement dated 26 November 2004 between CDP, the REIT Manager and the REIT Trustee relating to the deposit of Units in CDP.

There are no restrictions under the REIT Trust Deed or Singapore law on a person's right to subscribe for (or purchase) Units and to own Units.

## Issue of Units

The following is a summary of the provisions of the REIT Trust Deed relating to the issue of Units in Suntec REIT.

Units, when listed on the SGX-ST, may be traded on the SGX-ST and settled through CDP. For so long as Suntec REIT is listed on the SGX-ST, the REIT Manager may, subject to the provisions of the Listing Manual and the REIT Trust Deed, issue further Units at Issue Prices to be determined in accordance with the following provisions:

- (1) The REIT Manager shall not issue any Units in numbers exceeding the limit (if any), set out in any applicable laws, regulations and the Listing Rules, relating to the issue of Units unless the Unitholders approve the issue of Units exceeding the aforesaid limit by extraordinary resolution in a general meeting.
- (2) Units may be issued on a Business Day at the “market price” per Unit, which is the volume weighted average price per Unit for all trades on the SGX-ST, in the ordinary course of trading on the SGX-ST, for the period of 10 Business Days immediately preceding the relevant Business Day or, where the REIT Manager believes that such market price is not a fair reflection of the market price of a Unit, such amount as determined by the REIT Manager and the REIT Trustee (after consultation with a stockbroker approved by the REIT Trustee), as being the fair market price of a Unit.
- (3) The REIT Manager may issue Units at an Issue Price other than as calculated in paragraph (2) above without prior approval of Unitholders in a meeting, provided that the REIT Manager complies with the Listing Rules in determining the issue price of a Unit, including the issue price of a Unit for a rights issue offered on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders, and the issue price of a Unit for any reinvestment of distribution arrangement.
- (4) Where the Units are issued as full or partial consideration for the acquisition of an Authorised Investment by the REIT Trustee in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the REIT Manager shall have the discretion to determine that the issue price of a Unit so issued as partial consideration shall be the same as the Issue Price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

If in connection with an issue of a Unit, any requisite payment of the issue price for such Unit has not been received by the REIT Trustee before the seventh Business Day after the date on which the Unit was agreed to be issued (or such other date as the REIT Manager and the REIT Trustee may agree), the REIT Manager may cancel its agreement to issue such Unit and upon notice being given to the REIT Trustee, such Unit will be deemed never to have been issued or agreed to be issued and the investor shall have no right or claim in respect thereof against the REIT Manager or the REIT Trustee provided that no previous valuation of Suntec REIT shall be re-opened or invalidated as a result of the cancellation of such Units. In such an event, the REIT Manager may, at its discretion, charge the investor (and retain the same for its own account) (i) a cancellation fee of such amount as the REIT Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit and (ii) an amount (if any) by which the issue price of such Unit exceeds the repurchase price applicable if such Unit was requested to have been repurchased or redeemed on the same day.

## **Suspension of Issue of Units**

The REIT Manager or the REIT Trustee may, with the prior written approval of the other and subject to the Listing Manual, suspend the issue of Units during:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the REIT Manager or the REIT Trustee (as the case may be) might seriously prejudice the interests of the Unitholders as a whole or of the Deposited Property;
- any breakdown in the means of communication normally employed in determining the price of any assets of Suntec REIT or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of Suntec REIT cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of Suntec REIT or in the payment for such asset of Suntec REIT cannot, in the opinion of the REIT Manager, be carried out at normal rates of exchange;
- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS; or
- when the business operations of the REIT Manager or the REIT Trustee in relation to Suntec REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the REIT Manager or the REIT Trustee (as the case may be) and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the REIT Manager or the REIT Trustee (as the case may be).

In the event of any suspension while Suntec REIT is listed on the SGX-ST, the REIT Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

## **Redemption of Units**

### ***When Units are Listed on the SGX-ST***

Unitholders have no right to request the REIT Manager to repurchase or redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. However, under the REIT Trust Deed, the REIT Manager may decide to make any offer to repurchase or redeem Units (in which case the repurchase price shall be the Current Unit Value per Unit (as defined in the REIT Trust Deed)). In the event the REIT Manager so decides, such repurchase or redemption must comply with the Property Funds Appendix and the Listing Rules. Any offer of repurchase or redemption of Units shall be offered on a *pro rata* basis to all Unitholders.

The REIT Manager may also, subject to the Listing Rules, suspend the repurchase or redemption of Units for any period when the issue of Units is suspended pursuant to the terms and conditions of the REIT Trust Deed (see “– Suspension of Issue of Units”).



### ***When Listed Units are Suspended or Delisted***

If the listed Units have been suspended from trading for at least 60 consecutive calendar days or delisted from the SGX-ST, the REIT Manager is required to offer to redeem the Units within 30 calendar days from (i) the end of the 60 consecutive calendar days of such suspension or (ii) de-listing. In offering such redemption, the REIT Manager is required to offer to redeem Units representing in value at least 10.0 per cent. of the Deposited Property.

Should a trading suspension be lifted within 30 calendar days after the suspension, the REIT Manager has the option to withdraw any redemption offer made. Should the trading suspension be lifted after the redemption offer period has commenced, the REIT Manager is required to satisfy all redemption requests which have been received prior to the date the trading suspension is lifted. The REIT Manager will not be obliged to satisfy those redemption requests received after the date the trading suspension is lifted.

### ***When Units are Suspended Indefinitely or Permanently Delisted***

If Suntec REIT continues to be suspended indefinitely or has been permanently delisted from the SGX-ST, the REIT Manager is required to offer to redeem Units at least once a year after the first offer to redeem Units on a suspension or de-listing as explained above has closed. In other words, Suntec REIT will then be treated as an unlisted property fund.

### ***Redemption Procedures***

The REIT Manager will send an offer notice to Unitholders in the event of any offer to redeem the Units. Unitholders wishing to redeem will be asked to respond by sending a request for repurchase or redemption. Following receipt of such request for repurchase or redemption, the repurchase price for the Units that are the subject of the request shall be paid by the REIT Manager to the Unitholder as soon as practicable (and as may be prescribed by the Property Funds Appendix) after the date of the receipt of the request. The repurchase price shall be the Current Unit Value (as defined below) of the relevant Unit on the day the request is accepted by the REIT Manager less the Repurchase Charge (as defined below) and less an amount to adjust the resultant total downwards to the nearest whole cent. The “**Current Unit Value**”, at any time, is the NAV of the Deposited Property divided by the number of Units in issue and deemed to be in issue at that time. The “**Repurchase Charge**” is a charge upon the repurchase or redemption of a Unit of such amount as may from time to time be fixed by the REIT Manager generally or in relation to any specific transaction or class of transaction provided that it shall not exceed 2.0 per cent. (or such other percentage as the REIT Manager and the REIT Trustee may agree) of the repurchase price at the time the request for repurchase or redemption of the Unit is accepted by the REIT Manager and that this charge shall not apply while the Units are listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or been permanently delisted.

### ***Rights and Liabilities of Unitholders***

The key rights of Unitholders include rights to:

- receive income and other distributions attributable to the Units held;
- receive audited accounts and the annual reports of Suntec REIT; and
- participate in the termination of Suntec REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Suntec REIT less any liabilities, in accordance with their proportionate interests in Suntec REIT.

No Unitholder has a right to require that any asset of Suntec REIT be transferred to it.

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

- Suntec REIT ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred on the REIT Trustee or the REIT Manager by the REIT Trust Deed or the determination of any matter which, under the REIT Trust Deed, requires the agreement of either or both of the REIT Trustee and the REIT Manager.

The REIT Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the REIT Trustee or any creditor of Suntec REIT in the event that the liabilities of Suntec REIT exceed its assets.

Under the REIT Trust Deed, every Unit carries the same voting rights.

### **Amendment of the REIT Trust Deed**

Subject to the third paragraph below, save where an amendment to the REIT Trust Deed has been approved by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the REIT Trust Deed, no amendment may be made to the provisions of the REIT Trust Deed unless the REIT Trustee certifies, in its opinion, that such amendment:

- (1) does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the REIT Trustee or the REIT Manager from any responsibility to the Unitholders;
- (2) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or
- (3) is made to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of its Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the REIT Manager and the REIT Trustee may, with the written approval of the competent authorities, alter certain provisions in Clause 10 of the REIT Trust Deed relating to the use of derivatives.

### **Meeting of Unitholders**

Under applicable law and the provisions of the REIT Trust Deed, the REIT Trustee or the REIT Manager may (and the REIT Manager shall at the request in writing of not less than 50 Unitholders, representing not less than 10.0 per cent of the issued Units of Suntec REIT), at any time convene a meeting of Unitholders.

A meeting of Unitholders when convened and held in accordance with the REIT Trust Deed may:

- (1) by extraordinary resolution and in accordance with the REIT Trust Deed, sanction any modification, alteration or addition to the REIT Trust Deed which shall be agreed by the REIT Trustee and the REIT Manager as provided in the REIT Trust Deed;
- (2) by extraordinary resolution and in accordance with the REIT Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the REIT Manager's management fees, acquisition fee and divestment fee and the REIT Trustee's fee;
- (3) by extraordinary resolution and in accordance with the REIT Trust Deed, sanction any issue of Units by the REIT Manager (an issue of Units as described in sub-paragraph (1) of "The Formation and Structure of Suntec REIT – Issue of Units");
- (4) by extraordinary resolution and in accordance with the REIT Trust Deed, remove the auditors;
- (5) by extraordinary resolution and in accordance with the REIT Trust Deed, remove the REIT Trustee;
- (6) by a resolution passed by a simple majority of Unitholders present and voting at a general meeting, with no Unitholder being disenfranchised, to remove the REIT Manager; and
- (7) by extraordinary resolution and in accordance with the REIT Trust Deed, direct the REIT Trustee to take any action pursuant to Section 295 of the SFA.

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the REIT Trust Deed, at least 14 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the REIT Trust Deed. The quorum at a meeting shall not be less than two Unitholders present in person or by proxy of one-tenth in value of all the Units for the time being in issue. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed.

Voting at a meeting shall, subject to the requirements of the prevailing relevant laws, regulations and guidelines, be decided on a poll. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The REIT Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Neither the REIT Manager nor any of its Associates<sup>1</sup> shall be entitled to be counted in the quorum for or vote at a meeting convened to consider a matter in respect of which the REIT Manager or its and/or any of its Associates has a material interest, save for a resolution to remove the REIT Manager.

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<sup>1</sup> "Associate" has the meaning ascribed to it in the Listing Manual.

## Substantial Holdings

Pursuant to Sections 135 to 137B of the SFA (read with Section 137U of the SFA), each Unitholder with an interest in one or more Units constituting not less than 5.0 per cent. of all Units in issue (a “**Substantial Unitholder**”) is required to notify the REIT Manager and the REIT Trustee within two Business Days after becoming aware of his/her becoming a Substantial Unitholder, any subsequent change in the percentage level of his/her interest(s) in Units (rounded down to the next whole number) or his/her ceasing to be a Substantial Unitholder.

## Directors’ and Chief Executive Officer Declaration of Unitholdings

Pursuant to Section 137Y of the SFA and the REIT Trust Deed, directors and chief executive officers of the REIT Manager are required to, within two business days, notify the REIT Manager of their acquisition of interest in Units or of changes to the number of Units which they hold or in which they have an interest.

A director or chief executive officer of the REIT Manager is deemed to have an interest in Units in the following circumstances:

- (1) Where the director is the beneficial owner of a Unit (whether directly through a direct securities account held with CDP, or indirectly through a depository agent or otherwise), he is deemed to have an interest in that Unit.
- (2) Where a body corporate is the beneficial owner of a Unit and the director is entitled to exercise or control the exercise of not less than 20.0 per cent. of the votes attached to the voting shares in the body corporate, he is deemed to have an interest in that Unit.
- (3) Where the director’s spouse or infant child (including step-child or adopted child) has any interest in a Unit, he is deemed to have an interest in that Unit.
- (4) Where the director, his spouse or infant child (including step-child or adopted child):
  - (i) has entered into a contract to purchase a Unit;
  - (ii) has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
  - (iii) has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
  - (iv) is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder,the director is deemed to have an interest in that Unit.
- (5) Where the property subject to a trust consists of or includes a Unit and the director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit, he is deemed to have an interest in that Unit.

## **The REIT Trustee**

The REIT Trustee of Suntec REIT is HSBC Institutional Trust Services (Singapore) Limited. The REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a REIT Trustee for authorised collective investment schemes under the SFA. As at 30 September 2017, the REIT Trustee has a paid-up capital of S\$5,150,000. The REIT Trustee's registered office is located in Singapore at 21 Collyer Quay, #13-02 HSBC Building, Singapore 049320. The REIT Trustee is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

## **Powers, Duties and Obligations of the REIT Trustee**

The REIT Trustee's powers, duties and obligations are set out in the REIT Trust Deed. The powers and duties of the REIT Trustee include:

- (1) acting as REIT Trustee of Suntec REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of Suntec REIT with a related party of the REIT Manager or Suntec REIT are conducted on normal commercial terms, are not prejudicial to the interests of Suntec REIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;
- (2) holding the assets of Suntec REIT on the trusts contained in the REIT Trust Deed for the benefit of the Unitholders; and
- (3) exercising all the powers of a REIT Trustee and the powers that are incidental to the ownership of the assets of Suntec REIT.

The REIT Trustee has covenanted in the REIT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the REIT Trustee may (on the recommendation of the REIT Manager) and subject to the provisions of the REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The REIT Trustee may, subject to the provisions of the REIT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- any real estate agents or managers, including a related party of the REIT Manager, in relation to the management, development, leasing, purchase or sale of any of its real estate assets and real estate-related assets.

Under the Property Funds Appendix, the Aggregate Leverage of Suntec REIT should not exceed 45.0 per cent. of the value of Suntec REIT's Deposited Property.

The REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Tax Ruling and all other relevant laws and regulations. It is responsible for safe custody of Suntec REIT's assets and must cause Suntec REIT's accounts to be audited. It can also appoint valuers to value the real estate assets and real estate-related assets of Suntec REIT.

The REIT Trustee is not personally liable to a Unitholder in connection with the office of the REIT Trustee except in respect of its own fraud, negligence, wilful default, breach of the REIT Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the REIT Trustee shall be limited to the assets of Suntec REIT over which the REIT Trustee has recourse, provided that the REIT Trustee has acted without fraud, negligence, wilful default, breach of trust or breach of the REIT Trust Deed. The REIT Trust Deed contains certain indemnities in favour of the REIT Trustee under which it will be indemnified out of the assets of Suntec REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

### **Retirement and Replacement of the REIT Trustee**

The REIT Trustee may retire or be replaced under the following circumstances:

- (1) The REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new REIT Trustee (such appointment to be made in accordance with the provisions of the REIT Trust Deed).
- (2) The REIT Trustee may be removed by notice in writing to the REIT Trustee by the REIT Manager:
  - (i) if the REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Trustee;
  - (ii) if the REIT Trustee ceases to carry on business;
  - (iii) if the REIT Trustee fails or neglects after reasonable notice from the REIT Manager to carry out or satisfy any material obligation imposed on the REIT Trustee by the REIT Trust Deed;
  - (iv) if the Unitholders by extraordinary resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the REIT Trust Deed, and of which at least 21 days' notice has been given to the REIT Trustee and the REIT Manager, shall so decide; or
  - (v) if the MAS directs that the REIT Trustee be removed.

### **REIT Trustee's Fee**

Under the REIT Trust Deed, the maximum fee payable to the REIT Trustee is 0.25 per cent. per annum of the value of the Deposited Property, subject to a minimum of S\$9,000 per month, excluding out-of-pocket expenses and goods and services tax. The actual fee payable to the REIT Trustee will be agreed in writing between the REIT Manager and the REIT Trustee from time to time.

Any increase in the maximum permitted amount or any change in the structure of the REIT Trustee's fee must be passed by an Extraordinary Resolution of Unitholders at a Unitholders' meeting convened and held in accordance with the provisions of the REIT Trust Deed.

## Termination of Suntec REIT

Under the provisions of the REIT Trust Deed, Suntec REIT shall end on the earlier of:

- (1) the date on which Suntec REIT is terminated by the REIT Manager in such circumstances as set out under the provisions of the REIT Trust Deed, as described below; or
- (2) the date on which Suntec REIT is terminated by the REIT Trustee in such circumstances as set out under the provisions of the REIT Trust Deed, as described below.

The REIT Manager may in its absolute discretion terminate Suntec REIT by giving notice in writing to all Unitholders and the REIT Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- (1) if any law shall be passed which renders it illegal or in the opinion of the REIT Manager impracticable or inadvisable to continue Suntec REIT;
- (2) if the NAV of the Deposited Property shall be less than S\$50,000,000 after the end of the first anniversary of the date of the REIT Trust Deed or any time thereafter; and
- (3) if at any time Suntec REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, Suntec REIT may be terminated by the REIT Trustee by notice in writing in any of the following events, namely:

- (1) if the REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the REIT Trustee fails to appoint a successor manager in accordance with the provisions of the REIT Trust Deed;
- (2) if any law shall be passed which renders it illegal or in the opinion of the REIT Trustee impracticable or inadvisable to continue Suntec REIT; and
- (3) if within the period of three months from the date of the REIT Trustee expressing in writing to the REIT Manager the desire to retire the REIT Manager shall have failed to appoint a new REIT Trustee in accordance with the provisions of the REIT Trust Deed.

The decision of the REIT Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the REIT Trustee shall be under no liability on account of any failure to terminate Suntec REIT pursuant to the paragraphs above or otherwise. The REIT Manager shall accept the decision of the REIT Trustee and relieve the REIT Trustee of any liability to it therefor and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of Suntec REIT, the REIT Trustee shall, subject to any authorisations or directions given to it by the REIT Manager or the Unitholders pursuant to the REIT Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of Suntec REIT in accordance with the REIT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of Suntec REIT before applying the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in Suntec REIT.

## TAXATION

*The following is a discussion of certain tax matters arising under the current tax laws of Singapore and is not intended to be and does not constitute legal or tax advice. Whilst this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offering Circular, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur or changes which could be retrospective in effect.*

*The discussion is limited to a summary of certain tax considerations in Singapore with respect to the subscription for and conversion of the Bonds and ownership and disposal of the Units by investors (either individuals or corporations), and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to subscribe to, own, dispose of or convert the Bonds or own or dispose of the Units and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.*

*Prospective investors are advised to consult their tax advisers regarding the overall tax consequences of ownership of the Bonds and Units.*

### **Singapore Taxation in relation to the Bonds**

Upon issue of the Bonds, it is intended that the Bonds will be Qualifying Debt Securities for the purposes of Section 13(16) of the Singapore Income Tax Act ("**SITA**"), Chapter 134 of Singapore. Accordingly, a summary of the Singapore income tax implications is as follows:

- (a) Where interest, redemption premiums, prepayment fees, break costs (as defined in the SITA) or any discount income (not including discount income from secondary trading) (collectively, the "**Qualifying Income**") is derived from the Bonds by any person who is not resident in Singapore and does not have a permanent establishment in Singapore, the tax exemption applies;
- (b) Non-residents who have permanent establishments in Singapore can also benefit from this exemption provided that they do not acquire the Bonds using any funds from Singapore operations. Funds from Singapore operations means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore; and
- (c) Qualifying Income, if any, on the Bonds derived by any company or any body of persons (as defined in the SITA) in Singapore, other than non-residents who qualify for the tax exemption as mentioned in paragraphs (a) and (b) above, is subject to income tax at a concessionary rate of 10.0 per cent, except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates.

### **Taxation of Bondholders who are Individuals**

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) redemption premiums, prepayment fees and break costs from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.



## ***Taxation of Bondholders other than Individuals***

### *Bondholders of Qualifying Debt Securities*

As the issue of the Bonds is lead managed and arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, which is a Financial Sector Incentive (Bond Market) Company (as defined in the SITA), the Bonds would be Qualifying Debt Securities for the purposes of section 13(16) of the SITA to which the following treatments shall apply:

- (a) subject to certain conditions having been fulfilled (including the submission by Suntec REIT, or such other person as MAS may direct, of a return on debt securities to the MAS within such period as MAS may specify and such other particulars in connection with the Bonds as MAS may require and subject to Suntec REIT including in all offering documents relating to the Bonds a statement to the effect that where Qualifying Income is derived from the Bonds by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for Qualifying Debt Securities does not apply if such person acquires the Bonds using funds from Singapore operations), Qualifying Income, if any, on the Bonds received by a holder who is not resident in Singapore and who does not have a permanent establishment in Singapore is exempt from Singapore income tax. Non-residents who have permanent establishments in Singapore can also benefit from this exemption provided that they do not acquire the Bonds using any funds from Singapore operations. Funds from Singapore operations means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;
- (b) subject to certain conditions having been fulfilled (including the submission by Suntec REIT, or such other person as MAS may direct, of a return on debt securities to the MAS within such period as MAS may specify and such other particulars in connection with the Bonds as MAS may require) Qualifying Income, if any, derived from the Bonds by any company or body of persons (as defined in the SITA) in Singapore, other than non-residents who qualify for the tax exemption as mentioned in paragraph (a) above, is subject to income tax at a concessionary rate of 10.0 per cent., except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates; and
- (c) subject to:
  - (i) Suntec REIT including in all offering documents relating to the Bonds a statement to the effect that any person whose Qualifying Income, if any, derived from the Bonds is not exempt from tax shall include such Qualifying Income, if any, in a return of income made under the SITA; and
  - (ii) Suntec REIT or such other person as the MAS may direct, furnishing to the MAS a return on the debt securities within such period as the MAS may specify and such other particulars in connection with those Bonds as the MAS may require,

Qualifying Income, if any, derived from the Bonds is not subject to the withholding of tax by Suntec REIT.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Bonds, the Bonds are issued to fewer than four persons and 50.0 per cent. or more of the issue of the Bonds is beneficially held or funded, directly or indirectly, by related parties of Suntec REIT, the Bonds would not qualify as Qualifying Debt Securities; and
- (b) even though the Bonds are Qualifying Debt Securities, if, at any time during the tenure of the Bonds, 50.0 per cent. or more of the issue of the Bonds which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by any related party(ies) of Suntec REIT, Qualifying Income, if any, derived from the Bonds held by:
  - (i) any related party of Suntec REIT; or
  - (ii) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly, from any related party of Suntec REIT,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term **related party**, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that Suntec REIT is permitted to make payments under the Bonds without deduction or withholding of tax under sections 45 and 45A of the SITA, any person whose Qualifying Income derived from the Bonds is not exempt from tax is required under the SITA to include such Qualifying Income in a return of income made under the SITA.

#### *Bondholders of Non-Qualifying Debt Securities*

Where the Bonds do not qualify as Qualifying Debt Securities, the following payments are deemed to be derived from Singapore under section 12(6) of the SITA:

- (a) interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is:-
  - (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or
  - (ii) deductible against any income accruing in or derived from Singapore; or
- (b) income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Further, where such payments are made to a person not known to be a resident in Singapore for tax purposes, such payments are generally subject to withholding tax in Singapore at the rate of 17.0 per cent for non-residents (other than non-resident individuals) and 22.0 per cent. for non-resident individuals, other than those subject to the 15.0 per cent. final withholding tax rate described below. However, if the payment is derived by a person not resident in Singapore which is not from its trade, business, profession or vocation carried on or exercised in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the

payments are subject to a final withholding tax rate of 15.0 per cent. The 15.0 per cent. tax rate may be reduced by applicable avoidance of double taxation agreements concluded between Singapore and the relevant countries.

### ***Gains on disposal (including by way of conversion) of the Bonds***

Singapore does not impose tax on capital gains. However, in the event that the gains arising from the disposal of the Bonds (including by way of conversion) are considered to be trading gains accrued or derived from any trade, business, profession or vocation carried on by a person in Singapore, such gains would be subject to Singapore income tax.

Whether or not a gain is treated as trading gain or capital gain will be determined based on each Bondholder's facts and circumstances. Bondholders are encouraged to seek advice from their tax advisers to determine the tax implications regarding the acquisition, ownership and disposition of their investments in Bonds.

### ***Certain tax consequences of a conversion of Bonds***

A conversion of the Bonds into Units may be regarded as a disposal of the Bonds for Singapore income tax purposes and a Bondholder may consequently need to recognise a gain or loss upon the conversion of the Bonds into Units. Such gain or loss may be income or capital in nature depending on the circumstances of the holder (as discussed above) and may or may not be taxable or deductible accordingly. In addition, it is not entirely clear whether the value of the Units at the relevant time would be regarded as the proceeds of such disposal to be used to compute the gain or loss upon the conversion of Bonds into Units.

Non-resident Bondholders receiving gains on the sale or conversion of the Bonds may also be liable to tax in their respective foreign jurisdictions. Subject to the domestic laws of the respective foreign jurisdictions and any avoidance of double taxation agreements concluded with Singapore, there could be foreign tax relief available for the Singapore income tax paid on the gains (if applicable).

### ***Adoption of FRS 39/FRS 109 treatment for Singapore income tax purposes***

On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 – Financial instruments: Recognition and Measurement" (the "**FRS 39 Circular**"), which after several amendments, was last revised on 16 March 2015. Legislative amendments to give effect to the FRS 39 Circular were enacted on 13 February 2007 under the Income Tax (Amendment) Act 2007.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with Financial Reporting Standard 39 ("**FRS 39**") for financial reporting purposes.

Holders of the Bonds who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding, disposal or conversion of the Bonds.

Investors are advised to seek their own tax advice on the tax consequences to them of a conversion of the Bonds into Units. Holders of the Bonds and/or Units who adopt or are adopting FRS 39 for Singapore income tax purposes may be required to recognise gains or losses on the Bonds, irrespective of disposal of the Bonds, in accordance with FRS 39.

With the replacement of FRS 39 with FRS 109, which will apply to entities for financial period beginning on or after 1 January 2018, legislative amendments to give effect to the FRS 109 tax treatment were enacted on 26 October 2017 under the Income Tax (Amendment) Act 2017. Taxpayers who are required to adopt FRS 109 for accounting purposes will also have to adopt FRS 109 tax treatment which would generally be aligned with the accounting treatment. Consequently, Holders of the Bonds and/or Units who adopt FRS 109 tax treatment may be required to recognise gains or losses on the Bonds, irrespective of disposal of the Bonds.

Holders of the Bonds who may be subject FRS 109 tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding, disposal or conversion of the Bonds.

## SUBSCRIPTION AND SALE

The Lead Manager is The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.

The Lead Manager has, pursuant to a subscription agreement (the “**Subscription Agreement**”) dated 8 November 2017, agreed with the REIT Trustee, acting on behalf of Suntec REIT and the REIT Manager, subject to the satisfaction of certain conditions, to procure subscribers for the Bonds at the issue price of 100 per cent. of the principal amount of the Bonds less a combined management and underwriting commission (plus any applicable goods and services tax or value added tax) of 1.00 per cent. of such principal amount.

Pursuant to and in accordance with the terms of the Subscription Agreement, the Lead Manager have agreed with the Issuer to procure subscribers to subscribe for the Bonds. The Issuer has also granted the Lead Manager the Upsize Option which may be exercised at any time on or before 8 December 2017, in whole or in part, on one or more occasions, to subscribe for up to an additional S\$50,000,000 in aggregate principal amount of Bonds. The Subscription Agreement entitles the Lead Manager to terminate it in certain circumstances prior to payment being made to the REIT Trustee, acting in its capacity as trustee of Suntec REIT. Subject to certain conditions, the REIT Trustee, acting on behalf of Suntec REIT, and the REIT Manager have agreed to indemnify the Lead Manager against certain liabilities incurred in connection with the offering of the Bonds.

The Issuer has agreed not to (i) offer, sell, contract to sell, or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any securities of the same class and same nature as the Bonds or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds or Units or other instruments representing interests in the Bonds or other securities of the same class and same nature as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Bonds, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kinds described in (i), (ii) or (iii) is to be settled by delivery of the Bonds or other securities, in cash or otherwise, or (iv) announce or otherwise make public an intention to do any of the foregoing, between the date of the Subscription Agreement and the date which is 60 days after the Issue Date, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed).

In connection with this Offering, the Lead Manager (or its affiliates) may, for its own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Bonds or the Units at the same time as the offer and sale of the Bonds or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Bonds or derivatives or in the underlying Units. These transactions may comprise a substantial portion of the Offering and no disclosure will be made of such positions.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

The Issuer estimates that the total expenses of this Offering will be approximately S\$4.2 million (approximately 1.40 per cent. of the total proceeds of this Offering) (assuming the Upsize Option is not exercised).

The Issuer expects to deliver the Bonds against payment on or about the 30 November 2017. Payments for the Bonds are to be made by investors in Singapore dollars on the Issue Date, and shall be effected by the Lead Manager, pursuant to and in accordance with the terms of the Subscription Agreement.

The Lead Manager and certain of its subsidiaries or affiliates have performed certain investment banking, commercial banking and advisory services for Suntec REIT and/or its affiliates from time to time for which they have received customary fees and expenses. The Lead Manager and certain of their subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for Suntec REIT and/or its affiliates in the ordinary course of their business.

## **General**

No action has been or will be taken by the REIT Trustee or the Lead Managers that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Bonds, or distribution or publication of any offering material relating to the Bonds, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the REIT Trustee (acting in its capacity as trustee of Suntec REIT) or the Lead Manager.

## ***Singapore***

This Offering Circular has not been registered as a prospectus with the MAS. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds or the Units may not be circulated or distributed, nor may the Bonds or the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) pursuant to, and in accordance with, the conditions of an exemption in Sections 272B and 302C of the SFA; or (2) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption under any provision of Subdivision (4) of each of Divisions 1 and 2 of Part XIII of the SFA.

## ***Hong Kong***

The Lead Manager has agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, the Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

***United States***

The Lead Manager has agreed that the Bonds and the Units issuable upon conversion of the Bonds have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act (Regulation S)), except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Lead Manager has agreed that it has offered, sold and delivered any Bonds, and will offer, sell and deliver any Bonds only in accordance with Rule 903 of Regulation S the Securities Act, and that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Bonds.

## GENERAL INFORMATION

- (1) The terms of this offering and the issue of the Bonds were approved by resolutions of the Board of Directors of the REIT Manager passed on 8 November 2017.
- (2) Approval-in-principle has been obtained for the listing of the Bonds on the SGX-ST.
- (3) For a period of 12 months following the date of this Offering Circular, copies of the REIT Trust Deed, the Bond Trust Deed and the Agency Agreement and the audited annual financial statements of Suntec REIT will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at the REIT Manager's registered office for so long as any of the Bonds are outstanding.
- (4) The Bonds have been accepted for clearance through Euroclear and Clearstream, or ISIN, Luxembourg, with a Common Code of 171710472. The International Securities Identification Number for the Bonds is XS1717104720.
- (5) The Issuer has obtained all consents, approvals and authorisations in Singapore required in connection with the issue and performance of the Bonds.
- (6) Except as disclosed in this Offering Circular up to date hereof and save as has been announced, there has been no significant change in the financial position of Suntec REIT since 30 September 2017 and no material adverse change in the financial position of Suntec REIT since 30 September 2017.
- (7) Except as disclosed in this Offering Circular up to date hereof, neither the Issuer nor the REIT Manager is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the REIT Manager is aware, is any such litigation or arbitration pending or threatened.
- (8) The Bond Trustee is entitled under the Bond Trust Deed to rely, without liability to the Bondholders, on certificates prepared by the Directors of the REIT Manager and any certificate or report of Suntec REIT's auditors or any other expert appointed pursuant to the Terms and Conditions and/or the Bond Trust Deed, whether or not addressed to the Bond Trustee and whether or not the liability of such auditors or expert in respect thereof is limited by a monetary cap or otherwise limited or excluded.
- (9) KPMG LLP has audited and rendered an unqualified audit report on Suntec REIT's consolidated financial statements as at 31 December 2015 and for FY 2015 and as at 31 December 2016 and for FY 2016. KPMG LLP has also given, and not withdrawn, their consent to the issue of this document with the inclusion in it, where relevant, of references to them and their report in the form and context in which they are included.
- (10) Submission by the Issuer to the jurisdiction of the English courts and the appointment of an agent for service of process, are valid and binding under Singapore law. The choice of English laws as the governing laws for the Bond Trust Deed, Agency Agreement, and the Bonds, under the laws of Singapore, is a valid choice of law and should be honoured by the courts of Singapore, subject to proof thereof and considerations of public policy.
- (11) Each of the REIT Trustee and/or the REIT Manager does not intend to provide any post-issuance information in relation to the issue of the Bonds.



(12) The Lead Manager and certain of its subsidiaries or affiliates have performed certain investment banking, commercial banking and advisory services for Suntec REIT and/or its affiliates from time to time for which they have received customary fees and expenses. The Lead Manager and certain of its subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for Suntec REIT and/or its affiliates in the ordinary course of their business.

## INDEX TO THE FINANCIAL STATEMENTS

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**Suntec Real Estate Investment Trust  
and its Subsidiaries**

**(Constituted in the Republic of Singapore pursuant to a  
trust deed dated 1 November 2004 (as amended))**

**Financial Statements  
Year ended 31 December 2015**

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## **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 FS1 to FS65 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**



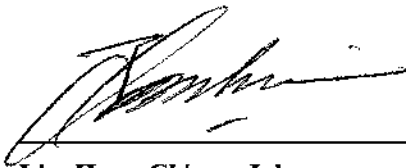
**Esther Fong**  
*Senior Vice President, Trustee Services*

**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 FS1 to FS65, 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



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## Independent Auditors' Report

Unitholders of Suntec Real Estate Investment Trust  
(Constituted under a Trust Deed dated 1 November 2004 (as amended)<sup>1</sup> 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 FS1 to FS65.

#### *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 misstatement, 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

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
11 March 2016

<sup>1</sup> *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
<b>Non-current assets</b>					
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
		<u>8,503,839</u>	<u>8,435,595</u>	<u>7,455,176</u>	<u>7,497,843</u>
<b>Current assets</b>					
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
		<u>461,139</u>	<u>166,357</u>	<u>402,155</u>	<u>109,212</u>
<b>Total assets</b>		<u>8,964,978</u>	<u>8,601,952</u>	<u>7,857,331</u>	<u>7,607,055</u>
<b>Current liabilities</b>					
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
		<u>767,444</u>	<u>129,991</u>	<u>720,926</u>	<u>78,734</u>
<b>Non-current liabilities</b>					
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	–	–	–
		<u>2,634,877</u>	<u>3,053,631</u>	<u>2,265,328</u>	<u>2,684,179</u>
<b>Total liabilities</b>		<u>3,402,321</u>	<u>3,183,622</u>	<u>2,986,254</u>	<u>2,762,913</u>
<b>Net assets</b>		<u>5,562,657</u>	<u>5,418,330</u>	<u>4,871,077</u>	<u>4,844,142</u>
Represented by:					
<b>Unitholders' funds</b>		5,444,005	5,305,398	4,871,077	4,844,142
<b>Non-controlling interests</b>	17	118,652	112,932	–	–
		<u>5,562,657</u>	<u>5,418,330</u>	<u>4,871,077</u>	<u>4,844,142</u>
<b>Units in issue ('000)</b>	18	<u>2,521,239</u>	<u>2,502,246</u>	<u>2,521,239</u>	<u>2,502,246</u>
<b>Net asset value per Unit (\$S)</b>	19	<u>2.154</u>	<u>2.117</u>	<u>1.928</u>	<u>1.933</u>

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



**Statements of Total Return  
Year ended 31 December 2015**

	Note	Group		Trust	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Gross revenue</b>	20	329,515	282,407	320,298	289,779
Property expenses	21	(100,298)	(90,780)	(53,358)	(48,398)
<b>Net property income</b>		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)
<b>Net income</b>		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
<b>Total return for the year before tax</b>		372,884	322,653	242,188	247,357
Tax expense	26	(6,738)	(7,003)	(1,859)	(2,174)
<b>Total return for the year after tax</b>		366,146	315,650	240,329	245,183
<b>Attributable to:</b>					
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
<b>Earnings per Unit (cents)</b>					
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

*Distributions to Unitholders:*

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)

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

**Distribution Statements (cont'd)  
Year ended 31 December 2015**

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Income available for distribution to Unitholders at end of the year</b>	69,328	64,419	69,328	64,419
Distribution per Unit (cents) *	10.002	9.400	10.002	9.400

**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
<b>Net tax adjustments</b>	<b>(199,808)</b>	<b>(177,636)</b>	<b>(7,362)</b>	<b>(25,397)</b>

**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 ("BFCDD 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.

\* *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.

**Statements of Movements in Unitholders' Funds  
Year ended 31 December 2015**

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Balance at the beginning of the year</b>	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 <sup>(1)</sup>	2,973	1,172	-	-
<b>Foreign currency translation reserve</b>				
Translation differences from financial statements of foreign operations	(5,063)	(7,606)	-	-
Net loss recognised directly in Unitholders' fund	(2,090)	(6,434)	-	-
<b>Unitholders' transactions</b>				
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
<b>Unitholders' funds at end of the year</b>	<b>5,444,005</b>	<b>5,305,398</b>	<b>4,871,077</b>	<b>4,844,142</b>

<sup>(1)</sup> 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	Occupancy Rate		Committed		Carrying Value		Percentage of Unitholders' funds	
							2015 %	2014 %	2015 %	2014 %	2015 \$'000	2014 \$'000	2015 %	2014 %
<i>Investment properties in Singapore</i>														
Suntec City mall	Leasehold	99 years	73 years	3	Temasek Boulevard	Commercial	97.6	99.6 <sup>†</sup>	2,000,000	1,970,000	36.7	37.2		
Suntec City Office Towers	Leasehold	99 years	73 years	5 - 9	Temasek Boulevard	Commercial	99.3	100.0	3,000,000	2,830,000	55.1	53.3		
Park Mall*	Leasehold	99 years	53 years	9	Penang Road	Commercial	-	100.0	-	411,800	-	7.8		
Suntec Singapore ^	Leasehold	99 years	73 years	1	Raffles Boulevard	Commercial	n/m	n/m	665,697	658,904	12.2	12.4		
<i>Investment properties in Australia</i>														
177 Pacific Highway	Freehold	-	-	-	177 - 199 Pacific Highway	Under development	n/m	n/m	134,204	76,818	2.5	1.4		
<b>Investment properties, at valuation</b>														
<b>Interest in joint ventures (note 7)</b>														
<b>Other assets and liabilities (net)</b>														
<b>Net assets</b>														
<b>Non-controlling interests</b>														
<b>Unitholders' funds</b>														
5,799,901														
2,456,648														
8,256,549														
8,320,377														
(2,693,892)														
(2,902,047)														
5,562,657														
5,418,330														
(118,652)														
(112,932)														
(2.1)														
5,444,005														
5,305,398														
100.0														
100.0														

\* 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 (cont'd)  
As at 31 December 2015

Trust	Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Occupancy Rate		Carrying Value		Percentage of Unitholders' funds	
							2015 %	2014 %	2015 \$'000	2014 \$'000	2015 %	2014 %
<i>Investment properties in Singapore</i>												
Suntec City mall	Leasehold	99 years	73 years	3	Temasek Boulevard	Commercial	97.6	99.6 <sup>#</sup>	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
<b>Investment properties, at valuation</b>												
Interest in joint ventures (note 7)												
Investments in subsidiaries (note 8)												
Other assets and liabilities (net)												
<b>Unitholders' funds</b>												
							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 site 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 (cont'd)  
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 S'000	2014 S'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**

	Group	
	2015 S'000	2014 S'000
<b>Cash flows from operating activities</b>		
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)
	<u>229,369</u>	<u>181,295</u>
Changes in:		
- Inventories	6	(1)
- Trade and other receivables	1,581	1,814
- Trade and other payables	2,114	12,627
	<u>233,070</u>	<u>195,735</u>
<b>Cash generated from operations</b>	<u>233,070</u>	<u>195,735</u>
Tax paid	(1,753)	(38)
<b>Net cash from operating activities</b>	<u>231,317</u>	<u>195,697</u>
<b>Cash flows from investing activities</b>		
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)
<b>Net cash from/(used in) investing activities</b>	<u>181,411</u>	<u>(65,941)</u>

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



**Consolidated Statement of Cash Flows (Cont'd)  
Year ended 31 December 2015**

	Note	Group	
		2015 \$'000	2014 \$'000
<b>Cash flows from financing activities</b>			
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)
<b>Net cash used in financing activities</b>		<b>(115,276)</b>	<b>(159,690)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		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)
<b>Cash and cash equivalents at end of the year</b>	12	<b>445,267</b>	<b>149,536</b>

**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 ("CPFIS") on 9 December 2004.

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

The financial statements of the Trust as at and for the year ended 31 December 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 and Exhibition Centre, is entitled to receive 3.0% per annum of gross revenue for operations, sales and marketing services for conventions, exhibitions, meetings and events facilities.

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.

*(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.

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.

#### ***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.

**3.3 *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.

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.

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.

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.

***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(i)), 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.

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.

### 3.16 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.

## 4 Plant and equipment

	Furniture and fittings \$'000	Equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>				
<b>Cost</b>				
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



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	<b>Furniture and fittings \$'000</b>	<b>Equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<b>Accumulated depreciation</b>				
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

<b>Carrying amounts</b>				
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

	<b>Equipment \$'000</b>
<b>Trust</b>	
<b>Cost</b>	
At 1 January 2014	516
Additions	252
Disposals	(187)
At 31 December 2014	581
Additions	380
Disposals	(16)
At 31 December 2015	945

<b>Accumulated depreciation</b>	
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

<b>Carrying amounts</b>	
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 - \$2,239)	The estimated fair value would increase if the price per square foot was higher.

**6 Intangible asset**

	<b>Group and Trust \$'000</b>
<b>Cost</b>	
At 1 January 2014, 31 December 2014 and 31 December 2015	176,298
<b>Amortisation</b>	
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
<b>Carrying amounts</b>	
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 BFGD 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) <sup>(1)</sup>	Singapore	33.33	33.33
BFC Development LLP (BFCDLLP) <sup>(1)</sup>	Singapore	33.33	33.33
Park Mall Investment Limited (PMIL) <sup>(2)</sup>	British Virgin Islands	30.0	–
<i><u>Held by joint ventures</u></i>			
<i><u>Held by PMIL</u></i>			
Park Mall Holdings Limited <sup>(2)</sup>	British Virgin Islands	30.0	–
<i><u>Held by Park Mall Holdings Limited</u></i>			
Park Mall Pte. Ltd. <sup>(3)</sup>	Singapore	30.0	–

One Raffles Quay Pte. Ltd. owns 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.

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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	PML \$'000	Total \$'000
<b>2015</b>				
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
<b>Total return for the year<sup>(a)</sup></b>	<b>81,229</b>	<b>219,216</b>	<b>(51)</b>	<b>300,394</b>
<sup>(a)</sup> 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 <sup>(b)</sup>	1,502,618	9,274	5,898	1,517,790
Current liabilities <sup>(c)</sup>	(57,840)	(24,310)	(5,921)	(88,071)
Non-current liabilities <sup>(d)</sup>	(1,034,993)	(1,687,866)	(374,176)	(3,097,035)
<b>Net assets</b>	<b>2,083,283</b>	<b>3,333,018</b>	<b>49,950</b>	<b>5,466,251</b>
<sup>(b)</sup> Includes cash and cash equivalents	14,817	12,156	5,876	32,849
<sup>(c)</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	-	-	-	-
<sup>(d)</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,029,180	1,691,927	374,176	3,095,283
<b>Group's interest in net assets of joint ventures at the beginning of the year</b>	<b>689,617</b>	<b>1,070,016</b>	<b>-</b>	<b>1,759,633</b>
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
<b>Carrying amount of interest in joint ventures at the end of the year</b>	<b>694,428</b>	<b>1,111,006</b>	<b>14,985</b>	<b>1,820,419</b>

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	<b>OROPL</b> <b>\$'000</b>	<b>BFCDLLP</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
<b>2014</b>			
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
<b>Total return for the year<sup>(a)</sup></b>	<b>215,967</b>	<b>201,368</b>	<b>417,335</b>
<sup>(a)</sup> 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 <sup>(b)</sup>	1,520,244	42,839	1,563,083
Current liabilities <sup>(c)</sup>	(45,268)	(62,481)	(107,749)
Non-current liabilities <sup>(d)</sup>	(1,044,517)	(1,700,766)	(2,745,283)
<b>Net assets</b>	<b>2,068,851</b>	<b>3,210,048</b>	<b>5,278,899</b>
<sup>(b)</sup> Includes cash and cash equivalents	7,636	26,953	34,589
<sup>(c)</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	-	-	-
<sup>(d)</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,039,483	1,704,827	2,744,310
<b>Group's interest in net assets of joint ventures at the beginning of the year</b>	<b>647,752</b>	<b>1,050,228</b>	<b>1,697,980</b>
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 <sup>(1)</sup>	(2,879)	(10,057)	(12,936)
<b>Carrying amount of interest in joint ventures at the end of the year</b>	<b>689,617</b>	<b>1,070,016</b>	<b>1,759,633</b>

<sup>(1)</sup> This relates to the adjustments of purchase price for the one-third interest of OROPL 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.

Details of the subsidiaries are as follows:

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

<sup>(1)</sup> Audited by KPMG LLP Singapore.

<sup>(2)</sup> 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
	<u>250,461</u>	<u>116,748</u>	<u>5,536</u>	<u>6,089</u>
<i>Classified as:</i>				
Current	12,832	16,677	5,536	6,089
Non-current	237,629	100,071	-	-
	<u>250,461</u>	<u>116,748</u>	<u>5,536</u>	<u>6,089</u>

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
	<u>4,741</u>	<u>(4,292)</u>	<u>449</u>	<u>(4,076)</u>	<u>(3,627)</u>



## 11 Financial derivatives

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Derivative assets</b>				
- 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
	<u>9,995</u>	<u>1,988</u>	<u>8,103</u>	<u>1,937</u>
<i>Classified as:</i>				
Current	3,040	138	3,040	87
Non-current	6,955	1,850	5,063	1,850
	<u>9,995</u>	<u>1,988</u>	<u>8,103</u>	<u>1,937</u>
<b>Derivative liabilities</b>				
- Forward exchange contracts	-	8,298	-	8,298
- Embedded derivatives relating to convertible bonds	7,895	15,118	7,895	15,118
	<u>7,895</u>	<u>23,416</u>	<u>7,895</u>	<u>23,416</u>
<i>Classified as:</i>				
Current	-	8,298	-	8,298
Non-current	7,895	15,118	7,895	15,118
	<u>7,895</u>	<u>23,416</u>	<u>7,895</u>	<u>23,416</u>

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 for 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
	<u>445,267</u>	<u>149,536</u>	<u>393,579</u>	<u>103,036</u>

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.

### 13 Interest-bearing borrowings

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

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
<b>Group</b>							
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
				<u>3,235,286</u>	<u>3,212,712</u>	<u>3,012,128</u>	<u>2,980,655</u>
<b>Trust</b>							
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
				<u>2,869,286</u>	<u>2,848,554</u>	<u>2,646,128</u>	<u>2,616,973</u>

*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
Amounts 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
	<u>107,708</u>	<u>106,648</u>	<u>65,452</u>	<u>56,248</u>

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

## 15 Convertible bonds – debt component

	<b>Group and Trust</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
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 bondholders 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
		<u>704,607</u>	<u>265,147</u>	<u>406,656</u>	<u>108,627</u>

\* Exclude prepayments.

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	–	–
	<u>11,710</u>	<u>13,546</u>	<u>4,814</u>	<u>3,279</u>

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
<b>Group</b>		
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
	<u>11,710</u>	<u>13,546</u>

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	2015 \$'000	2014 \$'000
<b>Trust</b>		
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.

#### Liquidity risk

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

	Carrying amount \$'000	←----- Cash flows ----->			
		Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Floating rate term loans <sup>(1)</sup>	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)

	Carrying amount \$'000	Cash flows			More than 5 years \$'000
		Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	
<b>Derivative financial liabilities/(assets)</b>					
Interest rate swaps (net-settled)					
- Used for hedging <sup>(1)</sup>	(1,892)	(1,426)	(630)	(796)	-
- At fair value through statement of total return <sup>(1)</sup>	(8,103)	1,133	2,009	(876)	-
	(9,995)	(293)	1,379	(1,672)	-
	<u>3,358,040</u>	<u>(3,614,032)</u>	<u>(459,390)</u>	<u>(3,153,054)</u>	<u>(1,588)</u>

**2014**

**Non-derivative financial liabilities**

Floating rate term loans <sup>(1)</sup>	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)
	<u>3,137,065</u>	<u>(3,372,892)</u>	<u>(155,029)</u>	<u>(2,904,209)</u>	<u>(313,654)</u>

**Derivative financial liabilities/(assets)**

Interest rate swaps (net-settled)

- Used for hedging <sup>(1)</sup>	(51)	(87)	(87)	-	-
- At fair value through statement of total return <sup>(1)</sup>	(1,937)	(8,357)	(4,469)	(3,888)	-
Forward exchange contracts (gross-settled)					
- Outflow	8,298	-	(131,141)	-	-
- Inflow	-	(131,141)	123,546	-	-
	6,310	(16,039)	(12,151)	(3,888)	-
	<u>3,143,375</u>	<u>(3,388,931)</u>	<u>(167,180)</u>	<u>(2,908,097)</u>	<u>(313,654)</u>

**Trust**

**2015**

**Non-derivative financial liabilities**

Floating rate term loans <sup>(1)</sup>	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)
	<u>2,967,732</u>	<u>(3,175,072)</u>	<u>(416,967)</u>	<u>(2,756,517)</u>	<u>(1,588)</u>



	Carrying amount \$'000	Cash flows			More than 5 years \$'000
		Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	
<b>Derivative financial liabilities/(assets)</b>					
Interest rate swaps (net-settled)					
- At fair value through statement of total return <sup>(1)</sup>	(8,103)	1,133	2,009	(876)	-
	<u>(8,103)</u>	<u>1,133</u>	<u>2,009</u>	<u>(876)</u>	<u>-</u>
	<u>2,959,629</u>	<u>(3,173,939)</u>	<u>(414,958)</u>	<u>(2,757,393)</u>	<u>(1,588)</u>
<b>2014</b>					
<b>Non-derivative financial liabilities</b>					
Floating rate term loans <sup>(1)</sup>	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)
	<u>2,729,645</u>	<u>(2,937,211)</u>	<u>(111,741)</u>	<u>(2,511,816)</u>	<u>(313,654)</u>
<b>Derivative financial liabilities/(assets)</b>					
Interest rate swaps (net-settled)					
- At fair value through statement of total return <sup>(1)</sup>	(1,937)	(8,357)	(4,469)	(3,888)	-
Forward exchange contracts (gross-settled)					
- Outflow	8,298	(131,141)	(131,141)	-	-
- Inflow	-	123,546	123,546	-	-
	<u>6,361</u>	<u>(15,952)</u>	<u>(12,064)</u>	<u>(3,888)</u>	<u>-</u>
	<u>2,736,006</u>	<u>(2,953,163)</u>	<u>(123,805)</u>	<u>(2,515,704)</u>	<u>(313,654)</u>

\* Exclude accrued income.

<sup>(1)</sup> 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.

**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:

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

*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.

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

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

*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:

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

*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
<b>Group</b>				
10% strengthening	(367)	(14,554)	(18,568)	(10,516)
10% weakening	367	14,554	18,568	10,516
<b>Trust</b>				
10% strengthening	(18,922)	(25,060)	—	—
10% weakening	18,922	25,060	—	—

**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.

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
<b>2015</b>									
<b>Financial assets measured at fair value</b>									
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	–	–	–
<b>Financial assets not measured at fair value</b>									
Trade and other receivables*	9	–	–	249,345	–	249,345	–	–	–
Cash and cash equivalents	12	–	–	445,267	–	445,267	–	–	–
		–	–	694,612	–	694,612	–	–	–
<b>Financial liabilities measured at fair value</b>									
Embedded derivatives relating to convertible bonds	11	(7,895)	–	–	–	(7,895)	–	–	(7,895)
<b>Financial liabilities not measured at fair value</b>									
Interest-bearing borrowings	13	–	–	–	(2,944,253)	(2,944,253)	–	–	(2,952,498)
Security deposits	15	–	–	–	(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.

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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
<b>2014</b>									
<b>Financial assets measured at fair value</b>									
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	-	-	-
<b>Financial assets not measured at fair value</b>									
Trade and other receivables*	9	-	-	113,623	-	113,623	-	-	-
Cash and cash equivalents	12	-	-	149,536	-	149,536	-	-	-
		-	-	263,159	-	263,159	-	-	-
<b>Financial liabilities measured at fair value</b>									
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)	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Interest-bearing borrowings	13	-	-	-	(2,717,136)	(2,717,136)	-	-	(2,729,623)
Security deposits	15	-	-	-	(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.

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	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Trust</b>								
<b>2015</b>								
<b>Financial assets measured at fair value</b>								
Interest rate swaps	11	8,103	-	-	8,103	-	8,103	-
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	9	-	4,974	-	4,974			
Cash and cash equivalents	12	-	393,579	-	393,579			
		-	398,553	-	398,553			
<b>Financial liabilities measured at fair value</b>								
Embedded derivatives relating to convertible bonds	11	(7,895)	-	-	(7,895)			(7,895)
<b>Financial liabilities not measured at fair value</b>								
Interest-bearing borrowings	13	-	-	(2,580,095)	(2,580,095)			(2,580,095)
Security deposits	15	-	-	(63,058)	(63,058)			(59,600)
Convertible bonds	14	-	-	(268,459)	(268,459)			(271,125)
Trade and other payables	14	-	-	(65,452)	(65,452)			
		-	-	(2,977,064)	(2,977,064)			

\* Excludes prepayments.

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	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Trust</b>								
<b>2014</b>								
<b>Financial assets measured at fair value</b>								
Interest rate swaps	11	1,937	-	-	1,937	-	1,937	-
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	9	-	3,654	-	3,654	-	-	-
Cash and cash equivalents	12	-	103,036	-	103,036	-	-	-
			106,690	-	106,690	-	-	-
<b>Financial liabilities measured at fair value</b>								
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)	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Interest-bearing borrowings	13	-	-	(2,353,454)	(2,353,454)	-	-	(2,365,941)
Security deposits	15	-	-	(64,567)	(64,567)	-	-	(61,709)
Convertible bonds	14	-	-	(263,519)	(263,519)	-	-	(269,922)
Trade and other payables	14	-	-	(56,248)	(56,248)	-	-	-
		-	-	(2,737,788)	(2,737,788)	-	-	-

\* Excludes prepayments.



**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**

<b>Type</b>	<b>Valuation technique</b>	<b>Key unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
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*

<b>Type</b>	<b>Valuation technique</b>	<b>Key unobservable inputs</b>
<b>Group and Trust</b>		
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.

**(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:

	<b>Group and Trust</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Embedded derivatives relating to convertible bonds</b>		
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	<u>(7,895)</u>	<u>(15,118)</u>

**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
<b>2015</b>				
Revenue	87,902	–		
Total return for the year	22,440	6,650		
<b>Total return attributable to NCI for the year</b>	<b>8,796</b>	<b>3,259</b>	<b>–</b>	<b>12,055</b>
Non-current assets	668,000	68,994		
Current assets	54,862	–		
Non-current liabilities	(445,792)	(55,200)		
Current liabilities	(46,195)	(8)		
<b>Net assets</b>	<b>230,875</b>	<b>13,786</b>		
<b>Net assets attributable to NCI</b>	<b>90,503</b>	<b>6,755</b>	<b>21,394</b>	<b>118,652</b>
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)	–		
<b>Net increase in cash and cash equivalents</b>	<b>2,023</b>	<b>–</b>		

	<b>Harmony \$'000</b>	<b>HPIL* \$'000</b>	<b>Intra-group elimination \$'000</b>	<b>Total \$'000</b>
<b>2014</b>				
Revenue	72,650	-		
<b>Total (loss)/return for the year</b>	<b>(11,307)</b>	<b>9,014</b>		
<b>Total (loss)/return attributable to NCI for the year</b>	<b>(4,432)</b>	<b>4,416</b>	<b>(1,734)</b>	<b>(1,750)</b>
Non-current assets	661,500	76,744		
Current assets	51,241	-		
Non-current liabilities	(454,933)	(55,200)		
Current liabilities	(51,213)	(8)		
<b>Net assets</b>	<b>206,595</b>	<b>21,536</b>		
<b>Net assets attributable to NCI</b>	<b>80,985</b>	<b>10,553</b>	<b>21,394</b>	<b>112,932</b>
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	-		
<b>Net increase in cash and cash equivalents</b>	<b>8,709</b>	<b>-</b>		

\* 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

	<b>Group and Trust</b>	
	<b>2015 '000</b>	<b>2014 '000</b>
<b>Units in issue:</b>		
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	<b>2,521,239</b>	<b>2,502,246</b>
<b>Units to be issued:</b>		
- asset management fees payable in Units	5,674	4,238
<b>Total issued and issuable Units at 31 December</b>	<b>2,526,913</b>	<b>2,506,484</b>

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

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

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

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

## 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
	<u>329,515</u>	<u>282,407</u>	<u>320,298</u>	<u>289,779</u>

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
	<u>100,298</u>	<u>90,780</u>	<u>53,358</u>	<u>48,398</u>

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 Choicewise Group Limited, the vendor of the one-third interest in BFGD 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	-
<b>Finance income</b>	<b>40,724</b>	<b>30,724</b>	<b>27,966</b>	<b>21,883</b>
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
<b>Finance costs</b>	<b>(87,933)</b>	<b>(75,572)</b>	<b>(82,051)</b>	<b>(74,117)</b>
<b>Recognised in the statement of total return</b>	<b>(47,209)</b>	<b>(44,848)</b>	<b>(54,085)</b>	<b>(52,234)</b>

## 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

## 26 Tax expense

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

### *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)	–	–
	<u>272,751</u>	<u>183,541</u>	<u>242,188</u>	<u>247,357</u>
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	<u>6,738</u>	<u>7,003</u>	<u>1,859</u>	<u>2,174</u>



## 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
	<b>Number of Units</b>			
	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
	<u>2,513,626</u>	<u>2,444,812</u>	<u>2,513,626</u>	<u>2,444,812</u>

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	<u>355,728</u>	<u>324,485</u>	<u>241,966</u>	<u>252,268</u>
	<b>Number of Units</b>			
	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	<u>2,646,265</u>	<u>2,577,451</u>	<u>2,646,265</u>	<u>2,577,451</u>

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.

Information about reportable segments

	Office		Retail		Convention		Total
	Suntec City \$'000	Park Mall \$'000	Suntec City \$'000	Park Mall \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000	
2015							
Gross revenue	128,645	8,810	86,380	13,428	24,563	63,339	329,515
Property expenses	(21,932)	(2,322)	(22,289)	(3,454)	(4,657)	(42,284)	(100,298)
Reportable segment net property income	106,713	6,488	64,091	9,974	19,906	21,055	229,217

	Office		Retail		Convention		Total
	Suntec City \$'000	Park Mall \$'000	Suntec City \$'000	Park Mall \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000	
2014							
Gross revenue	124,945	9,265	57,756	13,796	23,193	49,456	282,407
Property expenses	(25,588)	(1,960)	(14,823)	(3,218)	(4,951)	(37,431)	(90,780)
Reportable segment net property income	99,357	7,305	42,933	10,578	18,242	12,025	191,627

**Reconciliation of reportable segment net property income**

	Group	
	2015 \$'000	2014 \$'000
<b>Total return</b>		
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
<b>Consolidated total return for the year before tax</b>	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 <sup>1</sup>				
- 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 <sup>2</sup>	1.92	–	2.11	–

<sup>1</sup> 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.

<sup>2</sup> 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.

### 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	—
	<hr/>	<hr/>

### 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.

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%.

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.





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**Suntec Real Estate Investment Trust  
and its Subsidiaries**

**(Constituted in the Republic of Singapore pursuant to a trust  
deed dated 1 November 2004 (as amended))**

**Financial Statements  
Year ended 31 December 2016**

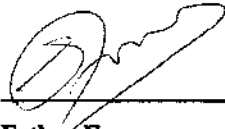
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## **Report of the Trustee**

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, a first amending and restating deed dated 7 September 2010 and a second amending and restating deed dated 14 April 2016) (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 FS1 to FS67 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**



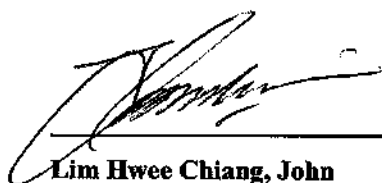
**Esther Fong**  
*Senior Vice President, Trustee Services*

**Singapore**  
15 March 2017

## **Statement by the Manager**

In the opinion of the directors of ARA Trust Management (Suntec) Limited, the accompanying financial statements set out on pages FS1 to FS67, 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 2016, 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**



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**Lim Hwee Chiang, John**  
*Director*



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**Chan Kong Leong**  
*Director and Chief Executive Officer*

**Singapore**  
15 March 2017



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## **Independent auditors' report**

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

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Suntec Real Estate Investment Trust (the Trust) and its subsidiaries (the Group), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2016, and the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust and the Statement of Cash Flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS67.

In our opinion, the accompanying consolidated financial statements of the Group and the Statement of Financial Position, Portfolio Statement, Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2016 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the year then ended on that date 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.

#### *Basis for opinion*

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



*Key audit matters*

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

**Valuation of investment properties**

(Refer to Note 5 to the financial statements)

**Risk:**

As at 31 December 2016, the Group has interests in six investment properties, including four properties held through interests in joint ventures (collectively “investment properties”).

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

**Our response:**

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

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

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

**Our findings:**

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



*Other Information*

ARA Trust Management (Suntec) Limited, the Manager of the Trust (the Manager) is responsible for the other information. The other information comprises Report of the Trustee, Statement by the Manager, About Suntec REIT, Year In Review, Chairman's Report, Financial Highlights, Unit Performance, Board of Directors, Management Team, Manager's Report, Property Portfolio, Independent Market Report, Investor Communications, Corporate Governance, Statistics of Unitholders and Additional Information.

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

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

*Responsibilities of the Manager for the financial statements*

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

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

*KPMG LLP*

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
15 March 2017



**Statements of Financial Position  
As at 31 December 2016**

	Note	Group		Trust	
		2016 S'000	2015 S'000	2016 S'000	2015 S'000
<b>Non-current assets</b>					
Plant and equipment	4	2,284	2,706	383	403
Investment properties	5	6,247,771	5,799,901	5,008,300	5,000,000
Interests in joint ventures	7	2,642,904	2,456,648	1,461,496	1,467,060
Investments in subsidiaries	8	–	–	1,293,935	982,650
Trade and other receivables	9	–	237,629	–	–
Derivative assets	11	3,202	6,955	3,202	5,063
		<u>8,896,161</u>	<u>8,503,839</u>	<u>7,767,316</u>	<u>7,455,176</u>
<b>Current assets</b>					
Derivative assets	11	–	3,040	–	3,040
Trade and other receivables	9	14,765	12,832	9,935	5,536
Cash and cash equivalents	12	182,450	445,267	133,754	393,579
		<u>197,215</u>	<u>461,139</u>	<u>143,689</u>	<u>402,155</u>
<b>Total assets</b>		<u>9,093,376</u>	<u>8,964,978</u>	<u>7,911,005</u>	<u>7,857,331</u>
<b>Current liabilities</b>					
Interest-bearing borrowings	13	99,798	638,043	99,798	638,043
Trade and other payables	14	93,465	107,708	52,769	65,452
Derivative liabilities	11	160	–	160	–
Security deposits		14,546	20,398	11,903	16,136
Provision for taxation		–	1,295	–	1,295
		<u>207,969</u>	<u>767,444</u>	<u>164,630</u>	<u>720,926</u>
<b>Non-current liabilities</b>					
Interest-bearing borrowings	13	3,206,001	2,574,669	2,841,366	2,210,511
Security deposits		51,090	48,686	48,690	46,922
Derivative liabilities	11	22,030	7,895	20,783	7,895
Deferred tax liabilities	10	13,022	3,627	–	–
		<u>3,292,143</u>	<u>2,634,877</u>	<u>2,910,839</u>	<u>2,265,328</u>
<b>Total liabilities</b>		<u>3,500,112</u>	<u>3,402,321</u>	<u>3,075,469</u>	<u>2,986,254</u>
<b>Net assets</b>		<u>5,593,264</u>	<u>5,562,657</u>	<u>4,835,536</u>	<u>4,871,077</u>
Represented by:					
<b>Unitholders' funds</b>		5,468,935	5,444,005	4,835,536	4,871,077
<b>Non-controlling interests</b>	17	124,329	118,652	–	–
		<u>5,593,264</u>	<u>5,562,657</u>	<u>4,835,536</u>	<u>4,871,077</u>
<b>Units in issue ('000)</b>	18	<u>2,536,663</u>	<u>2,521,239</u>	<u>2,536,663</u>	<u>2,521,239</u>
<b>Net asset value per Unit (S\$)</b>	19	<u>2.147</u>	<u>2.154</u>	<u>1.898</u>	<u>1.928</u>

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

**Statements of Total Return  
Year ended 31 December 2016**

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Gross revenue</b>	20	328,595	329,515	335,758	320,298
Property expenses	21	(104,020)	(100,298)	(53,753)	(53,358)
<b>Net property income</b>		<u>224,575</u>	<u>229,217</u>	<u>282,005</u>	<u>266,940</u>
Other income	22	–	13,753	–	13,753
Share of profit of joint ventures	7	84,902	100,133	–	–
Finance income	23	39,521	40,724	28,722	27,966
Finance costs	23	(94,226)	(87,933)	(84,270)	(82,051)
Net finance costs		(54,705)	(47,209)	(55,548)	(54,085)
Amortisation of intangible asset	6	–	(10,044)	–	(10,044)
Asset management fees					
- base fee	24	(31,238)	(30,358)	(27,835)	(26,997)
- performance fee	24	(15,012)	(15,083)	(15,012)	(15,083)
Professional fees		(663)	(599)	(575)	(410)
Trustee's fees		(1,438)	(1,466)	(1,438)	(1,391)
Audit fees		(403)	(445)	(300)	(360)
Valuation fees		(125)	(65)	(62)	(72)
Other expenses	25	(879)	(1,022)	(750)	(717)
<b>Net income</b>		<u>205,014</u>	<u>236,812</u>	<u>180,485</u>	<u>171,534</u>
Net change in fair value of financial derivatives		(423)	10,000	(423)	10,000
Loss on disposal of an investment property		–	(2,656)	–	(2,656)
Net change in fair value of investment properties	5	70,898	128,728	8,129	63,310
<b>Total return for the year before tax</b>		<u>275,489</u>	<u>372,884</u>	<u>188,191</u>	<u>242,188</u>
Tax expense	26	(14,196)	(6,738)	(868)	(1,859)
<b>Total return for the year after tax</b>		<u>261,293</u>	<u>366,146</u>	<u>187,323</u>	<u>240,329</u>
<b>Attributable to:</b>					
Unitholders of the Trust		246,546	354,091	187,323	240,329
Non-controlling interests	17	14,747	12,055	–	–
		<u>261,293</u>	<u>366,146</u>	<u>187,323</u>	<u>240,329</u>
<b>Earnings per Unit (cents)</b>					
Basic	27	<u>9.738</u>	<u>14.087</u>	<u>7.399</u>	<u>9.561</u>
Diluted	27	<u>9.346</u>	<u>13.443</u>	<u>7.057</u>	<u>9.144</u>

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

**Distribution Statements  
Year ended 31 December 2016**

	Group		Trust	
	2016 S'000	2015 S'000	2016 S'000	2015 S'000
Amount available for distribution to Unitholders at the beginning of the year	69,328	64,419	69,328	64,419
Total return attributable to Unitholders	246,546	354,091	187,323	240,329
Net tax adjustments (Note A)	(118,740)	(199,808)	42,402	(7,362)
Taxable income	127,806	154,283	229,725	232,967
Add:				
- Tax exempt dividend income (Note B)	101,919	78,684	-	-
- Others (Note C)	24,000	19,000	24,000	19,000
Amount available for distribution to Unitholders	323,053	316,386	323,053	316,386
<i>Distributions to Unitholders:</i>				
Distribution of 2.750 cents per Unit for period from 1/10/2015 to 31/12/2015	(69,490)	-	(69,490)	-
Distribution of 2.371 cents per Unit for period from 1/1/2016 to 31/3/2016	(59,990)	-	(59,990)	-
Distribution of 2.501 cents per Unit for period from 1/4/2016 to 30/6/2016	(63,358)	-	(63,358)	-
Distribution of 2.535 cents per Unit for period from 1/7/2016 to 30/9/2016	(64,304)	-	(64,304)	-
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)
	(257,142)	(247,058)	(257,142)	(247,058)

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

**Distribution Statements (cont'd)  
Year ended 31 December 2016**

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Income available for distribution to Unitholders at end of the year</b>	65,911	69,328	65,911	69,328
<b>Distribution per Unit (cents) *</b>	10.003	10.002	10.003	10.002

**Note A**

Net tax adjustments comprise:

- Amortisation of intangible asset	-	10,044	-	10,044
- Amortisation of transaction costs	17,017	9,432	17,017	9,432
- Asset management fees paid/payable in Units	34,278	33,664	34,278	33,664
- Net profit from subsidiaries and joint ventures	(111,982)	(123,777)	-	-
- Trustee's fees	1,438	1,391	1,438	1,391
- Net change in fair value of investment properties	(70,898)	(128,728)	(8,129)	(63,310)
- Net foreign currency exchange differences	(596)	4,393	(3,172)	7,641
- Net change in fair value of financial derivatives	423	(10,000)	423	(10,000)
- Loss on disposal of an investment property	-	2,656	-	2,656
- Deferred tax	11,032	-	-	-
- Other items (Note D)	548	1,117	547	1,120
<b>Net tax adjustments</b>	<b>(118,740)</b>	<b>(199,808)</b>	<b>42,402</b>	<b>(7,362)</b>

**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 ("BFCDD LLP").

**Note C**

This relates to a portion of the sales proceeds from disposal of investment property in December 2015 and January 2012.

**Note D**

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

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

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

**Statements of Movements in Unitholders' Funds  
Year ended 31 December 2016**

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Balance at the beginning of the year</b>	5,444,005	5,305,398	4,871,077	4,844,142
Total return for the year after tax attributable to Unitholders of the Trust	246,546	354,091	187,323	240,329
<b>Hedging reserve</b>				
Effective portion of changes in fair value of cash flow hedges <sup>(1)</sup>	(4,607)	2,973	-	-
<b>Foreign currency translation reserve</b>				
Translation differences from financial statements of foreign operations	5,855	(5,063)	-	-
Net gain/(loss) recognised directly in Unitholders' funds	1,248	(2,090)	-	-
<b>Unitholders' transactions</b>				
Creation of Units:				
- asset management fees paid in Units	16,541	24,839	16,541	24,839
Units to be issued:				
- asset management fees payable in Units	17,737	8,825	17,737	8,825
Distributions to Unitholders	(257,142)	(247,058)	(257,142)	(247,058)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(222,864)	(213,394)	(222,864)	(213,394)
<b>Unitholders' funds at end of the year</b>	<b>5,468,935</b>	<b>5,444,005</b>	<b>4,835,536</b>	<b>4,871,077</b>

<sup>(1)</sup> 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 2016

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	
							2016 %	2015 %	2016 \$'000	2015 \$'000	2016 %	2015 %
<i>Investment properties in Singapore</i>												
Suntec City mall	Leasehold	99 years	72 years	3	Temasek Boulevard	Commercial	98.5	97.6	2,000,300	2,000,000	36.6	36.7
Suntec City Office Towers	Leasehold	99 years	72 years		5 - 9 Temasek Boulevard	Commercial	98.9	99.3	3,008,000	3,000,000	55.0	55.1
Suntec Singapore ^	Leasehold	99 years	72 years	1	Raffles Boulevard	Commercial	n/m	n/m	686,098	665,697	12.5	12.2
<i>Investment properties in Australia</i>												
177 Pacific Highway^^	Freehold	-	-	-	177 - 199 Pacific Highway	Commercial	100.0	n/m	553,373	134,204	10.1	2.5
<b>Investment properties, at valuation</b>												
<b>Interests in joint ventures (note 7)</b>												
<b>Other assets and liabilities (net)</b>												
<b>Net assets</b>												
<b>Non-controlling interests</b>												
<b>Unitholders' funds</b>												
									6,247,771	5,799,901	114.2	106.5
									2,642,904	2,456,648	48.3	45.1
									8,890,675	8,256,549	162.5	151.6
									(3,297,411)	(2,693,892)	(60.3)	(49.5)
									5,593,264	5,562,657	102.2	102.1
									(124,329)	(118,652)	(2.2)	(2.1)
									5,468,935	5,444,005	100.0	100.0

^ denotes Suntec Singapore Convention and Exhibition Centre.

^^ 177 Pacific Highway achieved practical completion on 1 August 2016.

n/m denotes not meaningful.

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

Portfolio Statements (cont'd)  
As at 31 December 2016

Trust	Description of Property	Tenure of Land	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate 2016 %	Committed Occupancy Rate 2015 %	Carrying Value		Percentage of Unitholders' funds	
								2016 \$'000	2015 \$'000	2016 %	2015 %
<i>Investment properties in Singapore</i>											
Suntec City mall	Leasehold	99 years	72 years	3 Temasek Boulevard	Commercial	98.5	97.6	2,000,300	2,000,000	41.4	41.0
Suntec City Office Towers	Leasehold	99 years	72 years	5 - 9 Temasek Boulevard	Commercial	98.9	99.3	3,008,000	3,000,000	62.2	61.6
Investment properties, at valuation											
Interest in joint ventures (note 7)											
Investments in subsidiaries (note 8)											
Other assets and liabilities (net)											
								5,008,300	5,000,000	103.6	102.6
								1,461,496	1,467,060	30.2	30.1
								1,293,935	982,650	26.8	20.2
								7,763,731	7,449,710	160.6	152.9
								(2,928,195)	(2,578,633)	(60.6)	(52.9)
								4,835,536	4,871,077	100.0	100.0

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

**Portfolio Statements (cont'd)  
As at 31 December 2016**

**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 141,000 square feet of retail space.

177 Pacific Highway is a 31-storey commercial building located in North Sydney, Australia. The building received practical completion on 1 August 2016.

The carrying amounts of the investment properties as at 31 December 2016 and 31 December 2015 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd ("Savills") and CBRE Valuations Pty Limited (2015: Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") and CBRE Valuations 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	
	2016 \$'000	2015 \$'000
Suntec City mall	2,000,300	2,000,000
Suntec City Office Towers	3,008,000	3,000,000
Suntec Singapore	686,098	665,697
177 Pacific Highway	553,373	501,102*

\* In 2015, the carrying value of 177 Pacific Highway, the investment property under development, was derived based on a valuation of \$501.1 million, less progress payments included in other receivables (see note 9) and estimated cost to complete.

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



**Consolidated Statement of Cash Flows  
Year ended 31 December 2016**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Net income	205,014	236,812
Adjustments for:		
Allowance for doubtful trade receivables (net)	627	793
Bad debt recovered	–	(16)
Amortisation of intangible asset	–	10,044
Asset management fees paid/payable in Units	34,278	33,664
Depreciation of plant and equipment	1,091	985
Loss on disposal of plant and equipment	11	11
Net finance costs	54,705	47,209
Share of profit of joint ventures	(84,902)	(100,133)
	210,824	229,369
Changes in:		
- Inventories	–	6
- Trade and other receivables	(2,513)	1,581
- Trade and other payables	(6,937)	2,114
<b>Cash generated from operations</b>	201,374	233,070
Tax paid	(3,690)	(1,753)
<b>Net cash from operating activities</b>	197,684	231,317
<b>Cash flows from investing activities</b>		
Capital expenditure on investment properties	(10,769)	(40,759)
Acquisition of investment properties	–	(105,705)
Progress payments on construction	(129,388)	(139,607)
Dividend income received	64,718	56,202
Change in investment in joint ventures	(156,055)	(15,000)
Loans to joint ventures	(16,387)	(23,009)
Interest received	36,970	40,250
Net proceeds from the sale of an investment property	–	409,937
Purchase of plant and equipment	(681)	(898)
<b>Net cash (used in)/from investing activities</b>	(211,592)	181,411

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

**Consolidated Statement of Cash Flows (Cont'd)  
Year ended 31 December 2016**

	<b>Note</b>	<b>Group</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>			
Distributions to Unitholders		(257,142)	(247,058)
Dividends paid to non-controlling interests		(7,840)	(7,056)
Financing costs paid		(83,541)	(84,320)
Proceeds from convertible bonds		300,000	–
Repayment of convertible bonds		(280,000)	–
Proceeds from euro medium term notes		–	105,000
Proceeds from interest-bearing loans		561,756	207,158
Repayment of interest-bearing loans		(482,500)	(89,000)
<b>Net cash used in financing activities</b>		<u>(249,267)</u>	<u>(115,276)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(263,175)	297,452
Cash and cash equivalents at beginning of the year		445,267	149,536
Effects on exchange rate fluctuations on cash held		358	(1,721)
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<u>182,450</u>	<u>445,267</u>

**Significant non-cash transactions**

The Group and the Trust had issued or will be issuing a total of 20,534,550 (2015: 20,428,472) Units to the Manager, amounting to approximately \$34,278,000 (2015: \$33,664,000) at unit prices ranging from \$1.6447 to \$1.7061 (2015: \$1.4995 to \$1.8694) as satisfaction of asset management fees payable in Units in respect of the year ended 31 December 2016.

Capital expenditure on investment properties excludes accrued cost of \$28,256,000 (2015: \$37,150,000).

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 15 March 2017.

### **1 General**

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

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

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

The financial statements of the Trust as at and for the year ended 31 December 2016 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in joint ventures.

The 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 and Exhibition Centre, is entitled to receive 3.0% per annum of gross revenue for operations, sales and marketing services for conventions, exhibitions, meetings and events facilities.

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

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

*(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 valuations, broker quotes or pricing services, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); 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 reporting standards and interpretations which became 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.

#### ***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.

#### ***Joint operations***

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

***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 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.



### 3.3 *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 the 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

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

### 3.4 *Investment properties*

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in 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**

An intangible asset that is acquired by the Group and has a 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. The intangible asset is tested for impairment as described in note 3.7.

### **3.6 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 profit or loss) 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 expired.

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 the 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 profit or loss.

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 on-going 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 the reported items in the 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 the hedging reserve in Unitholders' funds 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' funds 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' funds 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 principal and interest 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 separated derivative liability is measured at fair value through profit or loss.

### *3.7 Impairment*

#### *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss, including 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.

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 the 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 the statement of total return.

### ***Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than 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 assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**3.8**      *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.

**3.9**      *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.

***Dividend income***

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

**3.10**     *Expenses*

***Property expenses***

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

***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).

**3.11**     *Finance income and finance costs*

Finance income comprises interest income on funds invested and net foreign exchange gains 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 losses 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.

### 3.12 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.

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;
- An agent bank acting as a nominee for individuals who have purchased Units within the CPFIS and the distributions received from the Trust are returned to CPFIS; or
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

The above tax transparency ruling does not apply to gains from sale of properties. Where the gains are trading gains, the Trustee will be assessed for tax. Where the gains are capital gains, the Trustee will not be assessed for tax and may distribute the capital gains without tax being deducted at source.

### *3.13 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, adjusted for the effects of all dilutive potential units, which comprise convertible bonds.



### 3.14 *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 to assess the segment's performance, and for which discrete financial information is available.

### 3.15 *New standards and interpretations not adopted*

#### **Applicable to 2017 financial statements**

##### **Revision to RAP 7**

RAP 7 was revised in June 2016 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. RAP 7 (Revised June 2016) is applicable to unit trusts with annual periods beginning on or after 1 July 2016. Certain additional disclosures would be required by the Revised RAP 7.

#### **Applicable to 2018 financial statements**

##### **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.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the standard when it becomes effective in 2018.

The Group does not expect the impact on the financial statements from the adoption of this standard to be significant.

### **FRS 109 *Financial Instruments***

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It 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. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the standard when it becomes effective in 2018.

The Group's initial assessment of the three elements of FRS 109 is as described below.

#### **Classification and measurement**

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets currently held at fair value, the Group expects to continue measuring these assets at fair value under FRS 109.

#### **Impairment**

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Group does not expect a significant increase in its impairment losses.

#### **Hedge accounting**

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

#### **Applicable to 2019 financial statements**

#### **FRS 116 *Leases***

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group does not plan to adopt this standard early and is currently assessing the potential impact on the financial statements of the Group and the Trust.

#### 4 Plant and equipment

	<b>Furniture and fittings \$'000</b>	<b>Equipment \$'000</b>	<b>Total \$'000</b>
<b>Group</b>			
<b>Cost</b>			
At 1 January 2015	4,111	1,358	5,469
Additions	417	481	898
Disposals	(17)	(27)	(44)
At 31 December 2015	4,511	1,812	6,323
Additions	356	325	681
Disposals	(14)	(81)	(95)
At 31 December 2016	4,853	2,056	6,909
<b>Accumulated depreciation</b>			
At 1 January 2015	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
Depreciation charge for the year	684	407	1,091
Disposals	(10)	(73)	(83)
At 31 December 2016	3,292	1,333	4,625
<b>Carrying amounts</b>			
At 1 January 2015	2,136	668	2,804
At 31 December 2015	1,893	813	2,706
At 31 December 2016	1,561	723	2,284

<b>Trust</b>	<b>Equipment \$'000</b>
<b>Cost</b>	
At 1 January 2015	581
Additions	380
Disposals	(16)
At 31 December 2015	945
Additions	203
At 31 December 2016	1,148
<b>Accumulated depreciation</b>	
At 1 January 2015	374
Depreciation charge for the year	184
Disposals	(16)
At 31 December 2015	542
Depreciation charge for the year	223
At 31 December 2016	765
<b>Carrying amounts</b>	
At 1 January 2015	207
At 31 December 2015	403
At 31 December 2016	383

## 5 Investment properties

	<b>Group</b>		<b>Trust</b>	
	<b>2016 \$'000</b>	<b>2015 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
At 1 January	5,799,901	5,947,522	5,000,000	5,211,800
Acquisitions	–	105,705	–	105,705
Reclassification (note 9)	373,097	–	–	–
Capital expenditure capitalised	1,727	33,559	171	31,778
Disposals	–	(412,593)	–	(412,593)
	6,174,725	5,674,193	5,000,171	4,936,690
Changes in fair value	70,898	128,728	8,129	63,310
Effects of movements in exchange rates	2,148	(3,020)	–	–
At 31 December	6,247,771	5,799,901	5,008,300	5,000,000

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

### **Measurement of fair value**

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

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

### **Fair value hierarchy**

The fair value measurement for investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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

### **Valuation techniques and significant unobservable inputs**

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

**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% - 7.13% (2015: 6.50% - 7.50%)	The estimated fair value would increase if the discount rates and terminal yield were lower.
	Terminal yield	4.25% - 6.50% (2015: 4.25% - 6.50%)	
Capitalisation approach	Capitalisation rate	4.00% - 6.25% (2015: 4.00% - 6.25%)	The estimated fair value would increase if the capitalisation rate was lower.
Direct comparison method	Price per square foot	\$435 - \$2,345 (2015: \$423 - \$2,449)	The estimated fair value would increase if the price per square foot was higher.

**Security**

The investment property, Suntec Singapore (2015: Suntec Singapore and part of Suntec Office Tower 3), with a total carrying value of \$686,098,000 (2015: \$961,797,000), has been mortgaged as security for credit facilities granted to the Group (note 13).

**6 Intangible asset**

	Group and Trust \$'000
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	176,298
Additions	—
At 31 December 2016	<u>176,298</u>
<b>Amortisation</b>	
At 1 January 2015	166,254
Amortisation charge for the year	10,044
At 31 December 2015	176,298
Amortisation charge for the year	—
At 31 December 2016	<u>176,298</u>
<b>Carrying amounts</b>	
At 1 January 2015	10,044
At 31 December 2015	—
At 31 December 2016	<u>—</u>

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 BFGD LLP. The intangible asset was fully amortised in 2015.

## 7 Interests in joint ventures

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Investment in joint ventures	1,990,286	1,820,417	850,574	858,138
Loans to joint ventures	652,618	636,231	610,922	608,922
	2,642,904	2,456,648	1,461,496	1,467,060

The loans to joint ventures are unsecured. The loans bear interest between 2.32% to 5.18% (2015: 2.58% to 4.85%) per annum and settlement is neither planned nor likely to occur in the foreseeable future. As the amount, in substance, forms 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	
		2016 %	2015 %
One Raffles Quay Pte. Ltd. ("ORQPL") <sup>(1)</sup>	Singapore	33.33	33.33
BFC Development LLP ("BFCDLLP") <sup>(1)</sup>	Singapore	33.33	33.33
Park Mall Investment Limited ("PMIL") <sup>(2)</sup>	British Virgin Islands	30.0	30.0
Southgate Trust ("SGT") <sup>(2)</sup>	Australia	50.0	—
<i><u>Held by joint ventures</u></i>			
<i><u>Held by PMIL</u></i>			
Park Mall Holdings Limited <sup>(2)</sup>	British Virgin Islands	30.0	30.0
<i><u>Held by Park Mall Holdings Limited</u></i>			
Park Mall Pte. Ltd. <sup>(3)</sup>	Singapore	30.0	30.0

One Raffles Quay Pte. Ltd. owns One Raffles Quay, Singapore.

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

Park Mall Pte. Ltd. owns a commercial property under development located at 9 Penang Road, Singapore.

Suntec REIT (Australia) Trust owns 50% interest in Southgate Trust which in turn, owns 50% in Southgate Complex, Melbourne, Australia.

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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	SGT \$'000	Total \$'000
<b>2016</b>					
Revenue	167,317	233,079	15,785	4,151	420,332
Expenses	(85,910)	(120,329)	(4,472)	(1,375)	(212,086)
Net change in fair value of investment properties	13,200	33,000	—	2	46,202
<b>Total return for the year<sup>(a)</sup></b>	<b>94,607</b>	<b>145,750</b>	<b>11,313</b>	<b>2,778</b>	<b>254,448</b>
<sup>(a)</sup> Includes:					
- Depreciation	(27)	(79)	—	—	(106)
- Interest income	94	73	—	—	167
- Interest expense	(30,788)	(63,216)	(232)	—	(94,236)
- Tax expense	(16,483)	(8,039)	—	—	(24,522)
Non-current assets	1,687,043	5,068,917	545,149	321,490	7,622,599
Current assets <sup>(b)</sup>	1,509,861	10,969	18,957	3,764	1,543,551
Current liabilities <sup>(c)</sup>	(64,918)	(42,687)	(5,734)	(4,866)	(118,205)
Non-current liabilities <sup>(d)</sup>	(1,043,614)	(1,693,866)	(497,110)	(892)	(3,235,482)
<b>Net assets</b>	<b>2,088,372</b>	<b>3,343,333</b>	<b>61,262</b>	<b>319,496</b>	<b>5,812,463</b>
<sup>(b)</sup> Includes cash and cash equivalents	21,605	15,719	10,787	2,628	50,739
<sup>(c)</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	—	—	—	—	—
<sup>(d)</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,037,858	1,697,927	497,110	892	3,233,787
<b>Group's interest in net assets of joint ventures at the beginning of the year</b>	<b>694,428</b>	<b>1,111,006</b>	<b>14,983</b>	<b>—</b>	<b>1,820,417</b>
Share of total return	31,536	48,583	3,394	1,389	84,902
Distributions for the year	(27,137)	(37,581)	—	(1,388)	(66,106)
Loss recognised directly in Unitholders' funds	(2,699)	—	—	—	(2,699)
Return of capital <sup>(1)</sup>	—	(7,564)	—	—	(7,564)
Capital injection	—	—	—	161,336	161,336
<b>Carrying amount of interest in joint ventures at the end of the year</b>	<b>696,128</b>	<b>1,114,444</b>	<b>18,377</b>	<b>161,337</b>	<b>1,990,286</b>

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



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	<b>ORQPL</b> \$'000	<b>BFCDLLP</b> \$'000	<b>PMIL</b> \$'000	<b>Total</b> \$'000
<b>2015</b>				
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
<b>Total return for the year<sup>(a)</sup></b>	<b>81,229</b>	<b>219,216</b>	<b>(51)</b>	<b>300,394</b>
<sup>(a)</sup> 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 <sup>(b)</sup>	1,502,618	9,274	5,898	1,517,790
Current liabilities <sup>(c)</sup>	(57,840)	(24,310)	(5,921)	(88,071)
Non-current liabilities <sup>(d)</sup>	(1,034,993)	(1,687,866)	(374,176)	(3,097,035)
<b>Net assets</b>	<b>2,083,283</b>	<b>3,333,018</b>	<b>49,950</b>	<b>5,466,251</b>
<sup>(b)</sup> Includes cash and cash equivalents	14,817	12,156	5,876	32,849
<sup>(c)</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–
<sup>(d)</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,029,180	1,691,927	374,176	3,095,283
<b>Group's interest in net assets of joint ventures at the beginning of the year</b>	<b>689,617</b>	<b>1,070,016</b>	<b>–</b>	<b>1,759,633</b>
Share of total return	27,078	73,072	(17)	100,133
Distributions for the year	(24,120)	(32,082)	–	(56,202)
Gain recognised directly in Unitholders' funds	1,853	–	–	1,853
Capital injection	–	–	15,000	15,000
<b>Carrying amount of interest in joint ventures at the end of the year</b>	<b>694,428</b>	<b>1,111,006</b>	<b>14,983</b>	<b>1,820,417</b>

## 8 Investments in subsidiaries

	<b>Trust</b>	
	<b>2016</b> \$'000	<b>2015</b> \$'000
Equity investment at cost	797,835	666,807
Loan to subsidiaries	496,100	315,843
	<b>1,293,935</b>	<b>982,650</b>

Loans to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. These loans are in substance, a part of the Trust's net investment in the subsidiaries and are stated at cost less accumulated impairment loss.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective interests held by the Group	
		2016 %	2015 %
<i><b>Held by the Trust</b></i>			
Comina Investment Limited. <sup>(2)</sup>	British Virgin Islands	100.0	100.0
Suntec Harmony Pte. Ltd. <sup>(1)</sup>	Singapore	100.0	100.0
Suntec REIT MTN Pte. Ltd. <sup>(1)</sup>	Singapore	100.0	100.0
Suntec REIT Capital Pte. Ltd. <sup>(1)</sup>	Singapore	100.0	100.0
Suntec REIT (Australia) Trust <sup>(2)</sup>	Australia	100.0	100.0
Suntec (PM) Pte. Ltd. <sup>(1)</sup>	Singapore	100.0	100.0
<i><b>Held through subsidiaries</b></i>			
<i><b>Held by Suntec Harmony Pte. Ltd.</b></i>			
Harmony Partners Investments Limited <sup>(2)</sup>	British Virgin Islands	51.0	51.0
<i><b>Held by Harmony Partners Investments Limited</b></i>			
Harmony Investors Group Limited <sup>(2)</sup>	British Virgin Islands	60.8	60.8
<i><b>Held by Harmony Investors Group Limited</b></i>			
Harmony Investors Holding Limited <sup>(2)</sup>	British Virgin Islands	60.8	60.8
<i><b>Held by Harmony Investors Holding Limited</b></i>			
Harmony Convention Holding Pte Ltd <sup>(1)</sup>	Singapore	60.8	60.8
<i><b>Held by Suntec REIT (Australia) Trust</b></i>			
Suntec REIT 177 Trust <sup>(2)(3)</sup>	Australia	100.0	100.0
Suntec Southgate Trust <sup>(2)</sup>	Australia	100.0	–

Harmony Convention Holding Pte Ltd owns Suntec Singapore, Singapore.

Suntec REIT 177 Trust owns 177 – 199 Pacific Highway, North Sydney.

<sup>(1)</sup> Audited by KPMG LLP Singapore.

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

<sup>(3)</sup> For consolidation purposes, this entity has been audited by a member of KPMG International.

## 9 Trade and other receivables

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	10,749	13,160	5,290	6,171
Impairment losses	(1,490)	(1,450)	(1,365)	(1,357)
Net receivables	9,259	11,710	3,925	4,814
Deposits	11	6	-	-
Amounts due from subsidiaries:				
- Trade	-	-	150	160
- Non-trade	-	-	4,919	-
Amounts due from a related corporation of the Manager (trade)	1,541	-	-	-
Other receivables	1,428	237,629	16	339
Prepayments	2,526	1,116	925	223
	<u>14,765</u>	<u>250,461</u>	<u>9,935</u>	<u>5,536</u>
<i>Classified as:</i>				
Current	14,765	12,832	9,935	5,536
Non-current	-	237,629	-	-
	<u>14,765</u>	<u>250,461</u>	<u>9,935</u>	<u>5,536</u>

The trade receivables in respect of Suntec Singapore (2015: Suntec Singapore and part of Suntec City Office Tower 3), amounting to \$5,606,000 (2015: \$6,611,000) are charged or assigned by way of security for a credit facility granted to the Group (note 13).

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

In 2015, other receivables of the Group included progress payments amounting to \$237,629,000, made in relation to a commercial building in North Sydney, Australia. The progress payments, which yield a coupon of 6.32% per annum, were transferred to investment properties upon completion.

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

## 10 Deferred tax liabilities

### *Movements in deferred tax liabilities of the Group during the year*

	At 1 January 2015 \$'000	Recognised in statement of total return (note 26) \$'000	At 31 December 2015 \$'000	Recognised in statement of total return (note 26) \$'000	At 31 December 2016 \$'000
Investment properties	-	-	-	(11,032)	(11,032)
Plant and equipment	-	(5,157)	(5,157)	3,167	(1,990)
Tax losses carry-forward	449	1,081	1,530	(1,530)	-
	<u>449</u>	<u>(4,076)</u>	<u>(3,627)</u>	<u>(9,395)</u>	<u>(13,022)</u>

## 11 Financial derivatives

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Derivative assets</b>				
- Interest rate swaps				
- Used for hedging	-	1,892	-	-
- At fair value through statement of total return	3,202	8,103	3,202	8,103
	<u>3,202</u>	<u>9,995</u>	<u>3,202</u>	<u>8,103</u>
<i>Classified as:</i>				
Current	-	3,040	-	3,040
Non-current	3,202	6,955	3,202	5,063
	<u>3,202</u>	<u>9,995</u>	<u>3,202</u>	<u>8,103</u>
<b>Derivative liabilities</b>				
- Forward exchange contracts	111	-	111	-
- Embedded derivatives relating to convertible bonds	18,103	7,895	18,103	7,895
- Interest rate swaps				
- Used for hedging	1,247	-	-	-
- At fair value through statement of total return	2,729	-	2,729	-
	<u>22,190</u>	<u>7,895</u>	<u>20,943</u>	<u>7,895</u>
<i>Classified as:</i>				
Current	160	-	160	-
Non-current	22,030	7,895	20,783	7,895
	<u>22,190</u>	<u>7,895</u>	<u>20,943</u>	<u>7,895</u>

### **Interest rate swaps**

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

Interest rate swaps of the Group and the Trust with a total notional amount of \$1,320,000,000 and \$1,070,000,000 (2015: \$1,300,000,000 and \$1,050,000,000) respectively, have been entered into at the reporting date to provide fixed rate funding for terms of 3 years (2015: 3 years) at an average interest rate of 0.89% to 2.20% (2015: 0.75% to 1.70%) per annum. This includes interest rate swaps designated as hedging instruments in cash flow hedges with notional amounts of \$250,000,000 (2015: \$250,000,000).

### **Forward foreign exchange contracts**

The Group manages its exposure to foreign currency movements on its net income denominated in Australian dollar from its investment in Australia by using forward exchange contracts.

Forward exchange contracts with aggregate notional amounts of \$19,393,000 (2015: Nil), with maturities of less than one year, have been entered into to hedge the currency risk against Australian dollar.

### **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 2016 and 31 December 2015, the Group’s derivative financial assets and liabilities do not have any amounts that are eligible for offsetting under the enforceable master netting arrangement.

## **12 Cash and cash equivalents**

	Group		Trust	
	2016 \$’000	2015 \$’000	2016 \$’000	2015 \$’000
Cash at bank and in hand	181,430	445,267	132,734	393,579
Fixed deposits	1,020	–	1,020	–
	182,450	445,267	133,754	393,579

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and the Trust is 0.31% and 0.20% (2015: 0.38% and 0.41%) per annum respectively. Interest rates reprice at intervals of one month.

Cash and cash equivalents in respect of Suntec Singapore (2015: Suntec Singapore and part of Suntec Office Tower 3) amounting to \$26,936,000 (2015: \$41,585,000) 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 and currency risks related to financial assets are disclosed in note 16.

### 13 Interest-bearing borrowings

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Term loans</b>					
- secured		364,635	463,904	-	99,746
- unsecured		2,661,574	2,480,349	2,661,574	2,480,349
		<u>3,026,209</u>	<u>2,944,253</u>	<u>2,661,574</u>	<u>2,580,095</u>
<b>Convertible bonds</b>					
- unsecured	15	279,590	268,459	279,590	268,459
		<u>3,305,799</u>	<u>3,212,712</u>	<u>2,941,164</u>	<u>2,848,554</u>
<i>Classified as:</i>					
Current		99,798	638,043	99,798	638,043
Non-current		3,206,001	2,574,669	2,841,366	2,210,511
		<u>3,305,799</u>	<u>3,212,712</u>	<u>2,941,164</u>	<u>2,848,554</u>

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	2016		2015	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>Group</b>							
Floating rate term loans	SGD	1.64%	2017 – 2021	2,619,542	2,612,662	2,290,286	2,281,583
Fixed rate term loans	SGD	3.22%	2018 – 2020	415,000	413,547	665,000	662,670
Convertible bonds	SGD	1.75%	2021	300,000	279,590	-	-
Convertible bonds	SGD	1.40%	2018	-	-	280,000	268,459
				<u>3,334,542</u>	<u>3,305,799</u>	<u>3,235,286</u>	<u>3,212,712</u>
<b>Trust</b>							
Floating rate term loans	SGD	1.60%	2017 - 2021	2,253,542	2,248,027	1,924,286	1,917,425
Fixed rate term loans	SGD	3.22%	2018 - 2020	415,000	413,547	665,000	662,670
Convertible bonds	SGD	1.75%	2021	300,000	279,590	-	-
Convertible bonds	SGD	1.40%	2018	-	-	280,000	268,459
				<u>2,968,542</u>	<u>2,941,164</u>	<u>2,869,286</u>	<u>2,848,554</u>

*Secured term loan*

As at 31 December 2016, the Group has in place a secured term loan facility of \$366.0 million (2015: \$466.0 million) with a panel of banks which it has fully drawn down.

The facilities are secured on the following:

- A first legal mortgage on Suntec Singapore (2015: Suntec Singapore and part of Suntec City Office Tower 3) (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 facilities, which may be entered into by the Group in relation to the term loan facilities.

*Unsecured term loans*

Included in unsecured term loans are euro medium term notes (“EMTN”) amounting to \$415.0 million (2015: \$415.0 million).

**14 Trade and other payables**

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	3,234	4,558	781	1,547
Accrued operating expenses	42,047	55,707	23,443	32,554
Amounts due to a subsidiary (trade)	-	-	230	48
Amounts due to related parties (trade):				
- Trustee	247	368	247	368
- Manager	3,988	3,369	3,988	3,369
- Related corporations of the Manager	1,931	3,453	980	1,426
Accrued income	25,705	21,469	9,153	9,332
Interest payable	11,463	14,425	10,806	13,462
Other payables	4,850	4,359	3,141	3,346
	<u>93,465</u>	<u>107,708</u>	<u>52,769</u>	<u>65,452</u>

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

## 15 Convertible bonds – debt component

	<b>Group and Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	268,459	263,519
Redemption of convertible bonds due 2018	(280,000)	–
Proceeds from issuance of convertible bonds due 2021	300,000	–
Transaction costs	(4,111)	–
Amount classified as derivative liabilities	(17,599)	–
Amortisation of transaction costs	2,075	818
Interest accretion	10,766	4,122
At 31 December	<u>279,590</u>	<u>268,459</u>

### Convertible bonds due 2021

In 2016, the Trust issued \$300.0 million principal amounts of convertible bonds (the “Bonds”) due 2021 which carry a coupon interest at 1.75% per annum. The Bonds are convertible by bondholders into Units at the conversion price of \$2.101 at any time on or after 9.00 a.m. on 16 October 2016 up to 3.00 p.m. on 29 August 2021 or, if redeemed prior to 29 August 2021, 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 142,789,148 Units, representing 5.6% of the total number of Units of the Trust in issue as at 31 December 2016. The Trust has the option to pay cash in lieu of issuing new Units on conversion of any Bonds (“Alternative Settlement Right”). The Bonds may be redeemed, in whole or in part, at the option of the bondholders on 5 September 2019 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 5 September 2019 but not less than 7 business days prior to 5 September 2021 (subject to the satisfaction of certain conditions).

The bondholders, following the occurrence of a change of control event, which includes change of control of the Manager, as described in the terms and conditions of the Bonds (the “Terms”), will have the right to exercise conversion right at a conversion price determined in accordance with the specified formula set out in the Terms to convert the Bonds into Units, subject to the Trust’s Alternative Settlement Right. The Bonds may also be redeemed, at the option of the bondholders, in whole but not in part at their principal amount plus interest accrued to the date of redemption.

As at 31 December 2016, the effective interest rate for the Bonds – debt component – is approximately 3.32% per annum.



### Convertible bonds due 2018

In 2013, the Trust issued \$280.0 million principal amounts of convertible bonds (the "2018 Bonds") due 2018 which carry a coupon interest at 1.40% per annum. The 2018 Bonds were convertible by bondholders into Units at the conversion price of \$2.042 (2015: \$2.111) at any time on or after 9.00 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.

As at 31 December 2016, the 2018 Bonds have been fully redeemed.

## 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	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Derivative assets					
- Used for hedging	11	—	1,892	—	—
- At fair value through statement of total return	11	3,202	8,103	3,202	8,103
Trade and other receivables*	9	12,239	249,345	9,010	5,313
Cash and cash equivalents	12	182,450	445,267	133,754	393,579
		<u>197,891</u>	<u>704,607</u>	<u>145,966</u>	<u>406,995</u>

\* Exclude prepayments.

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

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Office	418	15	373	15
Retail	3,846	5,013	3,552	4,799
Convention	4,995	6,682	—	—
	<u>9,259</u>	<u>11,710</u>	<u>3,925</u>	<u>4,814</u>

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:

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>		
Not past due	4,783	6,742
Past due 31 – 60 days	1,990	3,111
Past due 61 – 90 days	1,201	1,080
More than 90 days	1,285	777
	<u>9,259</u>	<u>11,710</u>
<b>Trust</b>		
Not past due	1,598	1,928
Past due 31 – 60 days	993	1,688
Past due 61 – 90 days	624	795
More than 90 days	710	403
	<u>3,925</u>	<u>4,814</u>

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

	<b>Group</b>		<b>Trust</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January	1,450	1,010	1,357	685
Impairment loss recognised	1,065	1,015	946	876
Write-back of impairment loss	(438)	(222)	(405)	(75)
Allowance utilised	(587)	(353)	(533)	(129)
At 31 December	<u>1,490</u>	<u>1,450</u>	<u>1,365</u>	<u>1,357</u>

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 2016 and 31 December 2015, the Group and the Trust do not have any collective impairment on its trade receivables.

**Liquidity risk**

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

Group	Carrying amount \$'000	←----- Cash flows -----→			
		Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Floating rate term loans <sup>(1)</sup>	2,612,662	(2,727,007)	(43,038)	(2,683,969)	--
Fixed rate term loans	413,547	(452,821)	(13,348)	(439,473)	--
Convertible bonds	279,590	(324,567)	(5,250)	(319,317)	--
Trade and other payables*	67,760	(67,760)	(67,760)	--	--
Security deposits	65,636	(65,636)	(14,546)	(51,075)	(15)
	<u>3,439,195</u>	<u>(3,637,791)</u>	<u>(143,942)</u>	<u>(3,493,834)</u>	<u>(15)</u>
<b>Derivative financial liabilities/(assets)</b>					
<b>Interest rate swaps (net-settled)</b>					
- Used for hedging <sup>(1)</sup>	1,247	(3,061)	(2,422)	(639)	--
- At fair value through statement of total return <sup>(2)</sup>	(473)	(9,321)	(5,647)	(3,674)	--
<b>Forward exchange contracts</b>					
- Outflow	111	--	--	--	--
- Inflow	--	(19,525)	(19,525)	--	--
	885	19,395	19,395	--	--
	<u>885</u>	<u>(12,512)</u>	<u>(8,199)</u>	<u>(4,313)</u>	<u>--</u>
	<u>3,440,080</u>	<u>(3,650,303)</u>	<u>(152,141)</u>	<u>(3,498,147)</u>	<u>(15)</u>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Floating rate term loans <sup>(1)</sup>	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)
	<u>3,368,035</u>	<u>(3,613,739)</u>	<u>(460,769)</u>	<u>(3,151,382)</u>	<u>(1,588)</u>
<b>Derivative financial liabilities/(assets)</b>					
<b>Interest rate swaps (net-settled)</b>					
- Used for hedging <sup>(1)</sup>	(1,892)	(1,426)	(630)	(796)	--
- At fair value through statement of total return <sup>(1)</sup>	(8,103)	1,133	2,009	(876)	--
	<u>(9,995)</u>	<u>(293)</u>	<u>1,379</u>	<u>(1,672)</u>	<u>--</u>
	<u>3,358,040</u>	<u>(3,614,032)</u>	<u>(459,390)</u>	<u>(3,153,054)</u>	<u>(1,588)</u>

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	Carrying amount \$'000	←----- Cash flows -----→			
		Contractual cash flows \$'000	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000
<b>Trust</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Floating rate term loans <sup>(1)</sup>	2,248,027	(2,339,886)	(35,696)	(2,304,190)	–
Fixed rate term loans	413,547	(452,821)	(13,348)	(439,473)	–
Convertible bonds	279,590	(324,567)	(5,250)	(319,317)	–
Trade and other payables*	43,616	(43,616)	(43,616)	–	–
Security deposits	60,593	(60,593)	(11,903)	(48,675)	(15)
	<u>3,045,373</u>	<u>(3,221,483)</u>	<u>(109,813)</u>	<u>(3,111,655)</u>	<u>(15)</u>
<b>Derivative financial liabilities/(assets)</b>					
Interest rate swaps (net-settled)					
- At fair value through statement of total return <sup>(1)</sup>	(473)	(9,321)	(5,647)	(3,674)	–
Forward exchange contracts					
- Outflow	–	(19,525)	(19,525)	–	–
- Inflow	–	19,395	19,395	–	–
	<u>(362)</u>	<u>(9,451)</u>	<u>(5,777)</u>	<u>(3,674)</u>	<u>–</u>
	<u>3,045,011</u>	<u>(3,230,934)</u>	<u>(115,590)</u>	<u>(3,115,329)</u>	<u>(15)</u>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Floating rate term loans <sup>(1)</sup>	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)
	<u>2,967,732</u>	<u>(3,175,072)</u>	<u>(416,967)</u>	<u>(2,756,517)</u>	<u>(1,588)</u>
<b>Derivative financial liabilities/(assets)</b>					
Interest rate swaps (net-settled)					
- At fair value through statement of total return <sup>(1)</sup>	(8,103)	1,133	2,009	(876)	–
	<u>(8,103)</u>	<u>1,133</u>	<u>2,009</u>	<u>(876)</u>	<u>–</u>
	<u>2,959,629</u>	<u>(3,173,939)</u>	<u>(414,958)</u>	<u>(2,757,393)</u>	<u>(1,588)</u>

\* Exclude accrued income.

<sup>(1)</sup> For the purpose of the contractual cash flows calculation, Swap Offer Rate ("SOR") of 0.42% - 0.97% (2015: 1.16% - 1.59%) 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.

**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:

	<b>Group</b>		<b>Trust</b>	
	<b>Nominal amount</b>		<b>Nominal amount</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fixed rate instruments</b>				
Interest-bearing borrowings	(715,000)	(945,000)	(715,000)	(945,000)
Interest rate swaps	(1,320,000)	(1,300,000)	(1,070,000)	(1,050,000)
	<u>(2,035,000)</u>	<u>(2,245,000)</u>	<u>(1,785,000)</u>	<u>(1,995,000)</u>
<b>Variable rate instruments</b>				
Interest-bearing borrowings	(2,619,542)	(2,290,286)	(2,253,542)	(1,924,286)
Interest rate swaps	1,320,000	1,300,000	1,070,000	1,050,000
	<u>(1,299,542)</u>	<u>(990,286)</u>	<u>(1,183,542)</u>	<u>(874,286)</u>

*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") (2015: 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.

	<b>Statement of total return</b>		<b>Unitholders' funds</b>	
	<b>50 bp</b>	<b>50 bp</b>	<b>50 bp</b>	<b>50 bp</b>
	<b>increase</b>	<b>decrease</b>	<b>increase</b>	<b>decrease</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
<b>2016</b>				
Variable rate instruments	(13,098)	13,098	-	-
Interest rate swaps	6,794	(6,905)	1,068	(853)
Cash flow sensitivity (net)	<u>(6,304)</u>	<u>6,193</u>	<u>1,068</u>	<u>(853)</u>
<b>2015</b>				
Variable rate instruments	(11,451)	11,451	-	-
Interest rate swaps	6,123	(6,198)	2,632	(2,676)
Cash flow sensitivity (net)	<u>(5,328)</u>	<u>5,253</u>	<u>2,632</u>	<u>(2,676)</u>

<b>Trust</b>	<b>Statement of total return</b>	
	<b>50 bp increase \$'000</b>	<b>50 bp decrease \$'000</b>
<b>2016</b>		
Variable rate instruments	(11,268)	11,268
Interest rate swaps	6,794	(6,905)
Cash flow sensitivity (net)	(4,474)	4,363
<b>2015</b>		
Variable rate instruments	(9,621)	9,621
Interest rate swaps	6,123	(6,198)
Cash flow sensitivity (net)	(3,498)	3,423

*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 profit or loss, 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:

	<b>2016 AUD \$'000</b>	<b>2015 AUD \$'000</b>
<b>Group</b>		
Cash and cash equivalents	6,698	3,673
Loan to subsidiaries	356,455	185,678
Net statement of financial position exposure	363,153	189,351
Forward exchange contracts	(19,393)	-
Net exposure	343,760	189,351
<b>Trust</b>		
Cash and cash equivalents	6,204	3,540
Loan to subsidiaries	356,455	185,678
Net statement of financial position exposure	362,659	189,218
Forward exchange contracts	(19,393)	-
Net exposure	343,266	189,218

*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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
10% strengthening	1,269	(367)	(35,646)	(18,568)
10% weakening	(1,269)	367	35,646	18,568
<b>Trust</b>				
10% strengthening	(34,327)	(18,922)	-	-
10% weakening	34,327	18,922	-	-

**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.

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
<b>2016</b>									
<b>Financial assets measured at fair value</b>									
Interest rate swaps at fair value through statement of total return	11	3,202	-	-	-	3,202	-	3,202	-
<b>Financial assets not measured at fair value</b>									
Trade and other receivables*	9	-	-	12,239	-	12,239	-	-	-
Cash and cash equivalents	12	-	-	182,450	-	182,450	-	-	-
				194,689	-	194,689	-	-	-
<b>Financial liabilities measured at fair value</b>									
Forward exchange contracts	11	(111)	-	-	-	(111)	-	(111)	-
Interest rate swaps at fair value through statement of total return	11	(2,729)	-	-	-	(2,729)	-	(2,729)	-
Interest rate swaps for hedging	11	(1,247)	-	-	-	(1,247)	-	(1,247)	-
Embedded derivatives relating to convertible bonds	11	(18,103)	-	-	-	(18,103)	-	-	(18,103)
		(22,190)	-	-	-	(22,190)	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Interest-bearing borrowings	13	-	-	-	(3,026,209)	(3,026,209)	-	-	(3,028,161)
Security deposits	15	-	-	-	(65,636)	(65,636)	-	-	(63,176)
Convertible bonds	14	-	-	-	(279,590)	(279,590)	-	-	(276,038)
Trade and other payables^	14	-	-	-	(67,760)	(67,760)	-	-	-
		-	-	-	(3,439,195)	(3,439,195)	-	-	-

\* Excludes prepayments.

^ Excludes accrued income.



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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
<b>2015</b>									
<b>Financial assets measured at fair value</b>									
Interest rate swaps at fair value through statement of total return	11	8,103	-	-	-	8,103	-	-	-
Interest rate swaps used for hedging	11	-	1,892	-	-	1,892	-	1,892	-
		<u>8,103</u>	<u>1,892</u>			<u>9,995</u>			
<b>Financial assets not measured at fair value</b>									
Trade and other receivables*	9	-	-	249,345	-	249,345	-	-	-
Cash and cash equivalents	12	-	-	445,267	-	445,267	-	-	-
				<u>694,612</u>		<u>694,612</u>			
<b>Financial liabilities measured at fair value</b>									
Embedded derivatives relating to convertible bonds	11	(7,895)	-	-	-	(7,895)	-	-	(7,895)
<b>Financial liabilities not measured at fair value</b>									
Interest-bearing borrowings	13	-	-	-	(2,944,253)	(2,944,253)	-	-	(2,952,498)
Security deposits	15	-	-	-	(69,084)	(69,084)	-	-	(65,509)
Convertible bonds	14	-	-	-	(268,459)	(268,459)	-	-	(271,125)
Trade and other payables^	14	-	-	-	(86,239)	(86,239)	-	-	-
					<u>(3,368,035)</u>	<u>(3,368,035)</u>			

\* Excludes prepayments.

^ Excludes accrued income.

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Trust	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>2016</b>								
<b>Financial assets measured at fair value</b>								
Interest rate swaps	11	3,202	-	-	3,202	-	3,202	-
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	9	-	9,010	-	9,010	-	-	-
Cash and cash equivalents	12	-	133,754	-	133,754	-	-	-
			142,764	-	142,764	-	-	-
<b>Financial liabilities measured at fair value</b>								
Forward exchange contracts	11	(111)	-	-	(111)	-	(111)	-
Interest rate swaps	11	(2,729)	-	-	(2,729)	-	(2,729)	-
Embedded derivatives relating to convertible bonds	11	(18,103)	-	-	(18,103)	-	-	(18,103)
		(20,943)	-	-	(20,943)	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Interest-bearing borrowings	13	-	-	(2,661,574)	(2,661,574)	-	-	(2,663,526)
Security deposits	15	-	-	(60,593)	(60,593)	-	-	(58,239)
Convertible bonds	14	-	-	(279,590)	(279,590)	-	-	(276,038)
Trade and other payables <sup>^</sup>	14	-	-	(43,616)	(43,616)	-	-	-
		-	-	(3,045,373)	(3,045,373)	-	-	-

\* Excludes prepayments.

<sup>^</sup> Excludes accrued income.

Suntec Real Estate Investment Trust  
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Year ended 31 December 2016

Trust	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value		
						Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>2015</b>								
<b>Financial assets measured at fair value</b>								
Interest rate swaps	11	8,103	-	-	8,103	-	-	-
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	9	-	5,313	-	5,313	-	-	-
Cash and cash equivalents	12	-	393,579	-	393,579	-	-	-
		-	398,892	-	398,892	-	-	-
<b>Financial liabilities measured at fair value</b>								
Embedded derivatives relating to convertible bonds	11	(7,895)	-	-	(7,895)	-	-	(7,895)
<b>Financial liabilities not measured at fair value</b>								
Interest-bearing borrowings	13	-	-	(2,580,095)	(2,580,095)	-	-	(2,588,340)
Security deposits	15	-	-	(63,058)	(63,058)	-	-	(59,600)
Convertible bonds	15	-	-	(268,459)	(268,459)	-	-	(271,125)
Trade and other payables^	14	-	-	(56,120)	(56,120)	-	-	-
		-	-	(2,967,732)	(2,967,732)	-	-	-

\* Excludes prepayments.

^ Excludes accrued income.

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**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**

<b>Type</b>	<b>Valuation technique</b>	<b>Key unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
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 – 3.69% (2015: 2.72%)	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*

<b>Type</b>	<b>Valuation technique</b>	<b>Key unobservable inputs</b>
<b>Group and Trust</b>		
Fixed rate borrowings	Discounted cash flows	Discount rate – 2.81% - 3.31% (2015: 1.89% - 3.32%)
Security deposits	Discounted cash flows	Discount rate – 1.84% - 1.85% (2015: 2.64% - 2.65%)

*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 2016, there were no transfers between Level 1 and Level 2.

**(iii) Level 3 fair values**

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

	<b>Group and Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Embedded derivatives relating to convertible bonds</b>		
At 1 January	(7,895)	(15,118)
Amount classified as derivative liabilities (note 15)	(17,599)	–
Changes in fair value recognised in the statement of total return	7,391	7,223
At 31 December	<u>(18,103)</u>	<u>(7,895)</u>

**Sensitivity analysis**

If the discount rate assumption 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 \$2,367,000 (2015: \$895,000) and (\$2,390,000) (2015: (\$898,000)) respectively. The analysis is performed on the same basis as 2015.

## 17 Non-controlling interests

The following subsidiaries have material Non-Controlling Interests (“NCI”):

Name	Principal places of business/Country of incorporation	Effective interests held by NCI	
		2016 %	2015 %
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
<b>2016</b>				
Revenue	80,165	–		
Total return for the year	30,450	5,735		
<b>Total return attributable to NCI for the year</b>	<b>11,937</b>	<b>2,810</b>	<b>–</b>	<b>14,747</b>
Non-current assets	688,000	58,730		
Current assets	41,120	–		
Non-current liabilities	(431,285)	(55,200)		
Current liabilities	(39,648)	(10)		
Net assets	258,187	3,520		
<b>Net assets attributable to NCI</b>	<b>101,209</b>	<b>1,725</b>	<b>21,395</b>	<b>124,329</b>
Cash flows from operating activities	8,886	–		
Cash flows used in investing activities	(2,049)	–		
Cash flows used in financing activities (dividends to NCI: \$7,840,000)	(11,676)	–		
<b>Net decrease in cash and cash equivalents</b>	<b>(4,839)</b>	<b>–</b>		

	<b>Harmony \$'000</b>	<b>HPIL* \$'000</b>	<b>Intra-group elimination \$'000</b>	<b>Total \$'000</b>
<b>2015</b>				
Revenue	87,902	–		
<b>Total return for the year</b>	22,440	6,650		
<b>Total return attributable to NCI for the year</b>	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)		
<b>Net assets</b>	230,875	13,786		
<b>Net assets attributable to NCI</b>	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)	–		
<b>Net increase in cash and cash equivalents</b>	2,023	–		

\* 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

	<b>Group and Trust</b>	
	<b>2016 '000</b>	<b>2015 '000</b>
<b>Units in issue:</b>		
At 1 January	2,521,239	2,502,246
Issue of Units:		
- asset management fees paid in Units	15,424	18,993
At 31 December	2,536,663	2,521,239
<b>Units to be issued:</b>		
- asset management fees payable in Units	10,785	5,674
<b>Total issued and issuable Units at 31 December</b>	2,547,448	2,526,913

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

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

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

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

## 19 Net asset value per Unit

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		5,468,935	5,444,005	4,835,536	4,871,077
		'000	'000	'000	'000
Total issued and issuable Units at 31 December	18	2,547,448	2,526,913	2,547,448	2,526,913



## 20 Gross revenue

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Gross rental income	328,336	329,348	233,655	241,467
Dividend income	–	–	101,919	78,684
Others	259	167	184	147
	328,595	329,515	335,758	320,298

Included in gross rental income of the Group and the Trust are contingent rents amounting to \$2,520,000 (2015: \$1,566,000) and \$1,791,000 (2015: \$954,000) respectively.

## 21 Property expenses

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Advertising and promotion expenses	6,666	4,473	4,972	2,991
Allowance for doubtful receivables	627	777	541	785
Depreciation of plant and equipment	1,091	985	223	184
Loss on disposal of plant and equipment	11	11	–	–
Maintenance expenses	5,121	4,603	146	1,513
Contributions to maintenance funds	20,144	19,891	16,781	16,555
Property management fees (including reimbursables)	25,067	27,227	7,002	7,248
Property tax	22,074	23,490	19,902	19,630
Utilities	3,094	3,791	47	905
Agency commission	3,910	3,106	3,250	2,556
Food and beverages related cost	4,282	3,946	–	–
Others	11,933	7,998	889	991
	104,020	100,298	53,753	53,358

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 BFGD LLP. The Deed of Income Support ceased on 31 December 2015.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Interest income:				
- bank deposits	686	1,387	613	1,354
- loan to joint ventures	23,090	26,114	23,090	26,114
- progress payments	13,195	12,725	-	-
- interest rate swaps	1,676	498	1,676	498
Net foreign exchange gain	874	-	3,343	-
<b>Finance income</b>	<b>39,521</b>	<b>40,724</b>	<b>28,722</b>	<b>27,966</b>
Interest expense:				
- bank loans	(69,132)	(67,281)	(61,016)	(59,640)
- convertible bonds	(2,531)	(3,920)	(2,531)	(3,920)
- interest rate swaps	(5,070)	(2,547)	(3,706)	(1,534)
Amortisation of transaction costs	(17,493)	(9,907)	(17,017)	(9,432)
Net foreign exchange loss	-	(4,431)	-	(7,678)
	(94,226)	(88,086)	(84,270)	(82,204)
Borrowing cost capitalised in investment properties	-	153	-	153
<b>Finance costs</b>	<b>(94,226)</b>	<b>(87,933)</b>	<b>(84,270)</b>	<b>(82,051)</b>
<b>Recognised in the statement of total return</b>	<b>(54,705)</b>	<b>(47,209)</b>	<b>(55,548)</b>	<b>(54,085)</b>

## 24 Asset management fees

Included in the asset management fees of the Group and the Trust is an aggregate of 20,534,550 (2015: 20,428,472) Units, amounting to \$34,278,000 (2015: \$33,664,000), 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-audit fees paid to auditors of the Trust	222	117	118	117

## 26 Tax expense

	Note	Group		Trust	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current tax expense</b>					
Current year		2,351	1,339	–	1,339
Adjustment for prior years		44	–	44	–
Withholding tax		2,406	1,323	824	520
		<u>4,801</u>	<u>2,662</u>	<u>868</u>	<u>1,859</u>
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		11,032	4,684	–	–
Adjustment for prior years		(1,637)	(608)	–	–
	10	<u>9,395</u>	<u>4,076</u>	<u>–</u>	<u>–</u>
Total tax expense		<u>14,196</u>	<u>6,738</u>	<u>868</u>	<u>1,859</u>

### *Reconciliation of effective tax rate*

	Group		Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total return for the year before tax	275,489	372,884	188,191	242,188
Less: Share of profit of joint ventures	(84,902)	(100,133)	–	–
	<u>190,587</u>	<u>272,751</u>	<u>188,191</u>	<u>242,188</u>
Income tax using the Singapore tax rate of 17% (2015: 17%)	32,400	46,368	31,992	41,172
Non-tax deductible items	10,519	11,397	10,621	11,787
Non-taxable income	(7,707)	(28,914)	(3,457)	(13,021)
Withholding tax	2,406	1,323	824	520
Tax exempt income	–	–	(4,628)	(3,425)
Tax transparency	(21,829)	(22,828)	(34,528)	(35,174)
(Over)/under provided in prior years	(1,593)	(608)	44	–
Total tax expense	<u>14,196</u>	<u>6,738</u>	<u>868</u>	<u>1,859</u>

## 27 Earnings per unit

Basic earnings per Unit is based on:

	<b>Group</b>		<b>Trust</b>	
	<b>2016 \$'000</b>	<b>2015 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Total return for the year after tax attributable to Unitholders	246,546	354,091	187,323	240,329
	<b>Number of Units</b>			
	<b>Group</b>		<b>Trust</b>	
	<b>2016 '000</b>	<b>2015 '000</b>	<b>2016 '000</b>	<b>2015 '000</b>
Weighted average number of Units:				
- outstanding during the year	2,531,808	2,513,610	2,531,808	2,513,610
- to be issued as payment of asset management fees payable in Units	29	16	29	16
	<u>2,531,837</u>	<u>2,513,626</u>	<u>2,531,837</u>	<u>2,513,626</u>

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.

	<b>Group</b>		<b>Trust</b>	
	<b>2016 \$'000</b>	<b>2015 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Total return for the year after tax attributable to Unitholders	246,546	354,091	187,323	240,329
(Loss)/Profit impact of conversion of the dilutive potential Units	(4,829)	1,637	(4,829)	1,637
Adjusted total return for the year after tax	<u>241,717</u>	<u>355,728</u>	<u>182,494</u>	<u>241,966</u>
	<b>Number of Units</b>			
	<b>Group</b>		<b>Trust</b>	
	<b>2016 '000</b>	<b>2015 '000</b>	<b>2016 '000</b>	<b>2015 '000</b>
Weighted average number of Units used in calculation of basic earnings per Unit	2,531,837	2,513,626	2,531,837	2,513,626
Weighted average number of Units to be issued assuming conversion of the Bonds	54,364	132,639	54,364	132,639
Weighted average number of Units used in calculation of diluted earnings per Unit	<u>2,586,201</u>	<u>2,646,265</u>	<u>2,586,201</u>	<u>2,646,265</u>

As at 31 December 2016, the Group and the Trust had Bonds which were convertible into approximately 142,789,148 (2015: 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*.

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.

Segment information in respect of the Group's geographical segments is not separately presented as the Group's activities for the year ended 31 December 2016 and 31 December 2015 related mainly to properties located in Singapore, except for 177 Pacific Highway located in Australia.

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

Information about reportable segments

	Office			177 Pacific Highway		Retail		Convention		Total \$'000
	Suntec City \$'000	Park Mall \$'000	Highway \$'000	Suntec City \$'000	Park Mall \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000		
<b>2016</b>										
Gross revenue	132,709	218	14,591	100,675	237	20,816	59,349	328,595		
Property expenses	(27,232)	335	(1,492)	(27,415)	558	(5,068)	(43,706)	(104,020)		
<b>Reportable segment net property income</b>	<b>105,477</b>	<b>553</b>	<b>13,099</b>	<b>73,260</b>	<b>795</b>	<b>15,748</b>	<b>15,643</b>	<b>224,575</b>		
	Office			177 Pacific Highway		Retail		Convention		Total \$'000
	Suntec City \$'000	Park Mall \$'000	Highway \$'000	Suntec City \$'000	Park Mall \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000	Suntec Singapore \$'000		
<b>2015</b>										
Gross revenue	128,907	8,935	-	89,236	14,535	24,563	63,339	329,515		
Property expenses	(21,932)	(2,322)	-	(25,254)	(3,849)	(4,657)	(42,284)	(100,298)		
<b>Reportable segment net property income</b>	<b>106,975</b>	<b>6,613</b>	<b>-</b>	<b>63,982</b>	<b>10,686</b>	<b>19,906</b>	<b>21,055</b>	<b>229,217</b>		

**Reconciliation of reportable segment net property income**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total return</b>		
Reportable segment net property income	224,575	229,217
Unallocated amounts:		
- Other income	–	13,753
- Net finance costs	(54,705)	(47,209)
- Amortisation of intangible asset	–	(10,044)
- Asset management fees	(46,250)	(45,441)
- Other trust expenses	(3,508)	(3,597)
- Net change in fair value of financial derivatives	(423)	10,000
- Loss on disposal of an investment property	–	(2,656)
- Net change in fair value of investment properties	70,898	128,728
- Share of profit of joint ventures	84,902	100,133
<b>Consolidated total return for the year before tax</b>	<b>275,489</b>	<b>372,884</b>

**29 Commitments**

	<b>Group</b>		<b>Trust</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Capital commitments				
Capital expenditure contracted but not provided for	–	127,989	–	–
Loan facilities to joint ventures	614,582	558,078	556,078	558,078
	<b>614,582</b>	<b>686,067</b>	<b>556,078</b>	<b>558,078</b>

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

	<b>Group</b>		<b>Trust</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Receivables:				
- Within 1 year	259,090	237,108	212,961	220,476
- After 1 year but within 5 years	424,786	287,994	260,391	269,989
- More than 5 years	165,238	48,629	3,381	6,971
	<b>849,114</b>	<b>573,731</b>	<b>476,733</b>	<b>497,436</b>

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

### 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 fails to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with IRAS. The amount of indemnity, as agreed with IRAS, is limited to the higher of \$500,000 or 1.0% of the taxable income of the Trust for the financial year. Each yearly indemnity has a validity period of the earlier of seven years from the relevant year of assessment and three years from the termination of the Trust.

### 31 Financial ratios

	Group		Trust	
	2016 %	2015 %	2016 %	2015 %
Expenses to weighted average net assets <sup>1</sup>				
- including performance component of asset management fees	0.92	1.12	0.95	1.14
- excluding performance component of asset management fees	0.64	0.83	0.64	0.83
Portfolio turnover rate <sup>2</sup>	—	1.92	—	2.11

<sup>1</sup> 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.

<sup>2</sup> 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.

### 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	
	2016 \$'000	2015 \$'000
Acquisition fees paid to the Manager	2,837	2,410
Asset management fees paid/payable to a related corporation of the Manager	3,489	3,320
Agency commission paid/payable to a related corporation of the Manager	4,035	5,538
Divestment fees paid to the Manager	—	1,441
Rental income received/receivable from an associate of the Manager	1,671	1,672
Rental income received/receivable from related corporations of the Manager	1,109	1,037
Property management fees paid/payable (including reimbursable) to related corporations of the Manager	25,207	26,382
Professional services fees paid/payable to related corporations of the Manager	1,124	1,377



	<b>Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Acquisition fees paid to the Manager	2,837	2,410
Agency commission paid/payable to a related corporation of the Manager	3,363	4,988
Divestment fees paid to the Manager	–	1,441
Rental income received/receivable from an associate of the Manager	1,671	1,672
Rental income received/receivable from related corporations of the Manager	1,109	1,037
Property management fees paid/payable (including reimbursable) to a related corporation of the Manager	7,002	7,248
Professional services fees paid/payable to related corporations of the Manager	1,124	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.

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 limits on total borrowings according to the CIS Code issued by the MAS.

The Group has an unsecured and uncommitted term loan facility of \$16.5 million with a panel of banks. In addition, the Group has a US\$1,500.0 million (approximately \$2,170.2 million) EMTN programme, of which \$415.0 million was utilised as at 31 December 2016.

#### ***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 2016, the Group has entered into interest rate swaps with a total notional amount of \$1,320.0 million (2015: \$1,300.0 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 distributions from its Australia operations. In 2016, the Group entered into forward currency contracts with a total notional amount of \$19.4 million (2015: Nil) whereby the Group agreed with counterparties to exchange Australian dollar at specified rates, on specified dates.

### ***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 36.4% (2015: 35.8%) as at 31 December 2016.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. The Group complied with the stipulated Aggregate Leverage limit.

There were no changes in the Group's approach to capital management during the financial year. The Group's corporate family rating is Baa2.

## **34 Subsequent event**

Subsequent to 31 December 2016, the Manager declared distribution of 2.596 cents per unit in respect of the period 1 October 2016 to 31 December 2016 which was paid on 28 February 2017.



**Suntec Real Estate Investment Trust  
2017 Third Quarter and Nine Months Unaudited Financial Statements &  
Distribution Announcement**

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

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

Suntec REIT owns Suntec City mall and certain office units in Suntec Towers One, Two and Three and the whole of Suntec Towers Four and Five, which form part of the integrated commercial development known as "Suntec City". The property portfolio also comprises 60.8 per cent effective interest in Suntec Singapore Convention & Exhibition Centre ("Suntec Singapore"), a one-third interest in One Raffles Quay ("ORQ") and a one-third interest in Marina Bay Financial Centre Towers 1 and 2, and the Marina Bay Link Mall (collectively known as "MBFC Properties") and a 30.0 per cent interest in 9 Penang Road (formerly known as Park Mall). Suntec REIT also holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, Sydney, Australia, a 25.0 per cent indirect interest in Southgate complex and a 50.0 per cent interest in a commercial building to be developed located at Olderfleet, 477 Collins Street, Melbourne, Australia.

The financial information for the period from 1 January 2017 to 30 September 2017 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**Financial Statements Announcement  
For Third Quarter and Nine Months ended 30 September 2017**

**SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS**

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Gross revenue</b>	<b>91,132</b>	<b>82,373</b>	<b>10.6%</b>	<b>266,873</b>	<b>239,654</b>	<b>11.4%</b>
<b>Net property income</b>	<b>63,852</b>	<b>57,234</b>	<b>11.6%</b>	<b>185,102</b>	<b>163,879</b>	<b>13.0%</b>
<b>Income contribution from joint ventures</b>	<b>22,254</b>	<b>24,236</b>	<b>-8.2%</b>	<b>68,364</b>	<b>68,193</b>	<b>0.3%</b>
<b>Distributable income</b>	<b>65,858</b>	<b>64,336</b>	<b>2.4%</b>	<b>193,737</b>	<b>187,664</b>	<b>3.2%</b>
- from operations	57,858	60,336	-4.1%	174,737	171,664	1.8%
- from capital <sup>(a)</sup>	8,000	4,000	100.0%	19,000	16,000	18.8%
<b>Distribution per unit (cents) <sup>(b)</sup></b>	<b>2.483</b>	<b>2.535</b>	<b>-2.1%</b>	<b>7.401</b>	<b>7.407</b>	<b>-0.1%</b>
- from operations	2.181	2.377	-8.2%	6.679	6.775	-1.4%
- from capital <sup>(a)</sup>	0.302	0.158	91.1%	0.722	0.632	14.2%
<b>Annualised distribution per unit (cents)</b>	<b>9.851</b>	<b>10.085</b>	<b>-2.3%</b>	<b>9.895</b>	<b>9.894</b>	<b>0.0%</b>

**Footnote:**

(a) This relates to a portion of the sale proceeds from 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 12 for the distribution per unit computation.

**Financial Statements Announcement  
For Third Quarter and Nine Months ended 30 September 2017**

**1 (a)(i) Statements of Total Return and Statement of Distribution for the Third Quarter and Nine Months ended 30 September 2017**

<u>Statement of total return</u>	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Gross revenue</b> <sup>(a)</sup>	<b>91,132</b>	<b>82,373</b>	<b>10.6%</b>	<b>266,873</b>	<b>239,654</b>	<b>11.4%</b>
Maintenance charges	(5,036)	(5,036)	0.0%	(15,108)	(15,108)	0.0%
Property management fees	(2,428)	(2,298)	-5.7%	(7,208)	(7,015)	-2.8%
Property tax <sup>(b)</sup>	(5,983)	(4,685)	-27.7%	(17,860)	(15,705)	-13.7%
Other property expenses <sup>(c)</sup>	(13,833)	(13,120)	-5.4%	(41,595)	(37,947)	-9.6%
<b>Property expenses</b>	<b>(27,280)</b>	<b>(25,139)</b>	<b>-8.5%</b>	<b>(81,771)</b>	<b>(75,775)</b>	<b>-7.9%</b>
<b>Net property income</b>	<b>63,852</b>	<b>57,234</b>	<b>11.6%</b>	<b>185,102</b>	<b>163,879</b>	<b>13.0%</b>
Share of profit of joint ventures <sup>(d)</sup>	18,136	20,532	-11.7%	55,316	53,060	4.3%
Finance income <sup>(e)</sup>	4,869	7,852	-38.0%	14,919	34,324	-56.5%
Finance expenses <sup>(e)</sup>	(20,920)	(18,721)	-11.7%	(74,737)	(74,792)	0.1%
Asset management fees - base fee	(8,037)	(7,943)	-1.2%	(23,960)	(23,224)	-3.2%
Asset management fees - performance fee	(3,918)	(3,842)	-2.0%	(11,568)	(11,338)	-2.0%
Trust expenses <sup>(f)</sup>	(852)	(1,182)	27.9%	(2,960)	(2,934)	-0.9%
<b>Net income</b>	<b>53,130</b>	<b>53,930</b>	<b>-1.5%</b>	<b>142,112</b>	<b>138,975</b>	<b>2.3%</b>
Net change in fair value of financial derivatives <sup>(g)</sup>	3,274	1,326	146.9%	74	(2,511)	102.9%
<b>Total return before tax</b>	<b>56,404</b>	<b>55,256</b>	<b>2.1%</b>	<b>142,186</b>	<b>136,464</b>	<b>4.2%</b>
Income tax expense <sup>(h)</sup>	(1,533)	(1,687)	9.1%	(6,521)	(4,376)	-49.0%
<b>Total return for the period after tax</b>	<b>54,871</b>	<b>53,569</b>	<b>2.4%</b>	<b>135,665</b>	<b>132,088</b>	<b>2.7%</b>
<b>Attributable to:</b>						
Unitholders	53,177	52,206	1.9%	132,995	128,014	3.9%
Non-controlling interests	1,694	1,363	24.3%	2,670	4,074	-34.5%
<b>Total return for the period</b>	<b>54,871</b>	<b>53,569</b>	<b>2.4%</b>	<b>135,665</b>	<b>132,088</b>	<b>2.7%</b>

<u>Statement of distribution</u>	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return for the period attributable to Unitholders before distribution</b>	<b>53,177</b>	<b>52,206</b>	<b>1.9%</b>	<b>132,995</b>	<b>128,014</b>	<b>3.9%</b>
Non-tax chargeable items <sup>(i)</sup>	(22,934)	(21,234)	-8.0%	(40,840)	(31,881)	-28.1%
<b>Taxable income</b>	<b>30,243</b>	<b>30,972</b>	<b>-2.4%</b>	<b>92,155</b>	<b>96,133</b>	<b>-4.1%</b>
Dividend income <sup>(j)</sup>	27,615	29,364	-6.0%	82,582	75,531	9.3%
<b>Income available for distribution to Unitholders</b>	<b>57,858</b>	<b>60,336</b>	<b>-4.1%</b>	<b>174,737</b>	<b>171,664</b>	<b>1.8%</b>
Unitholders' distribution:						
- from operations	57,858	60,336	-4.1%	174,737	171,664	1.8%
- from capital <sup>(k)</sup>	8,000	4,000	100.0%	19,000	16,000	18.8%
<b>Distributable amount to Unitholders</b>	<b>65,858</b>	<b>64,336</b>	<b>2.4%</b>	<b>193,737</b>	<b>187,664</b>	<b>3.2%</b>

**Financial Statements Announcement  
For Third Quarter and Nine Months ended 30 September 2017**

**Footnotes:**

- (a) Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces. The increase in Gross revenue in the current quarter and nine months ended 30 September 2017 compared to the corresponding period was mainly due to the opening of 177 Pacific Highway upon its completion in August 2016. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Property tax for the current quarter and nine months ended 30 September 2017 was higher compared to the corresponding period mainly due to an overprovision of prior year property tax reversed in 2016.
- (c) Other property expenses for the current quarter and nine months ended 30 September 2017 was higher compared to the corresponding period mainly due to the opening of 177 Pacific Highway upon its completion in August 2016.
- (d) This relates to the Group's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), one-third interest in BFC Development LLP ("BFC Development LLP"), 30.0% interest in Park Mall Pte. Ltd and 50.0% interest in Southgate Trust.
- (e) Included in the net financing costs are the following:

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Finance income:</b>						
Interest income						
- fixed deposits and current account	106	103	2.9%	307	506	-39.3%
- loans to joint ventures	4,763	4,704	1.3%	14,589	18,551	-21.4%
- progress payments <sup>(1)</sup>	-	2,141	-100.0%	-	13,078	-100.0%
- interest rate swaps <sup>(2)</sup>	-	119	-100.0%	-	1,654	-100.0%
Net foreign currency exchange differences	-	785	-100.0%	23	535	-95.7%
	4,869	7,852	-38.0%	14,919	34,324	-56.5%
<b>Finance expenses:</b>						
Interest expense						
- bank loans, notes and convertible bonds <sup>(3)</sup>	(16,646)	(15,682)	-6.1%	(48,152)	(56,642)	15.0%
- interest rate swaps <sup>(2)</sup>	(2,739)	(1,468)	-86.6%	(7,738)	(2,602)	-197.4%
Amortisation and transaction costs <sup>(4)</sup>	(1,207)	(1,571)	23.2%	(18,847)	(15,548)	-21.2%
Net foreign currency exchange differences	(328)	-	n.m.	-	-	n.m.
	(20,920)	(18,721)	-11.7%	(74,737)	(74,792)	0.1%
<b>Net financing costs</b>	<b>(16,051)</b>	<b>(10,869)</b>	<b>-47.7%</b>	<b>(59,818)</b>	<b>(40,468)</b>	<b>-47.8%</b>

(1) Relates to coupon earned on progress payments made in relation to 177 Pacific Highway in North Sydney Australia during the development stage.

(2) Interest rate swaps costs for the current quarter and nine months increased year-on-year due to higher hedging costs.

(3) Interest expense on bank loans, notes and convertible bonds for the current quarter was higher year-on-year due to increased interest rates whilst it was lower for the nine months ended 30 September 2017 due to savings on refinancing.

(4) Amortisation and transaction costs for the nine months ended 30 September 2017 were higher due to a one-time write-off of unamortised transaction costs in relation to the conversion and redemption of convertible bonds.

- (f) Trust expenses for the current quarter ended 30 September 2017 was lower compared to the corresponding period mainly due to higher legal and professional fees incurred in the quarter ended 30 September 2016.
- (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 no 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 current quarter was lower due to lower withholding tax on Australian distribution income. The income tax for the nine months ended 30 September 2017 was higher year-on-year mainly due to a subsidiary's underprovision of prior year deferred tax in the current year.

**Financial Statements Announcement  
For Third Quarter and Nine Months ended 30 September 2017**

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

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Non-tax deductible/(chargeable) items</b>						
Amortisation of transaction costs	1,087	1,452	-25.1%	18,491	15,192	21.7%
Asset management fees paid/payable in units	8,915	8,740	2.0%	26,306	25,610	2.7%
Net change in fair value of financial derivatives	(3,550)	(1,326)	167.7%	(504)	2,511	-120.1%
Net foreign currency exchange differences	(191)	(638)	-70.1%	(123)	(349)	-64.8%
Temporary differences and other adjustments <sup>(1)</sup>	1,010	159	535.2%	176	1,701	-89.7%
Net profit from subsidiaries and/or joint ventures	(30,205)	(29,621)	2.0%	(85,186)	(76,546)	11.3%
<b>Total</b>	<b>(22,934)</b>	<b>(21,234)</b>	<b>8.0%</b>	<b>(40,840)</b>	<b>(31,881)</b>	<b>28.1%</b>

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

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

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Wholly-owned subsidiaries:						
Comina Investment Limited <sup>(1)</sup>	6,112	8,025	-23.8%	20,846	21,035	-0.9%
Suntec Harmony Pte. Ltd. <sup>(2)</sup>	2,280	3,040	-25.0%	6,840	9,120	-25.0%
Suntec REIT Capital Pte. Ltd. <sup>(3)</sup>	4,850	3,500	38.6%	14,450	9,400	53.7%
Suntec REIT (Australia) Trust <sup>(4)</sup>	5,032	3,292	52.9%	12,846	7,369	74.3%
	18,274	17,857	2.3%	54,982	46,924	17.2%
Joint venture:						
BFC Development LLP <sup>(5)</sup>	9,341	11,507	-18.8%	27,600	28,607	-3.5%
	<b>27,615</b>	<b>29,364</b>	<b>-6.0%</b>	<b>82,582</b>	<b>75,531</b>	<b>9.3%</b>

(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 25.0% effective interest in Southgate complex and a 50.0% effective interest in Oldfleet, 477 Collins Street.

(5) BFC Development 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.



**Financial Statements Announcement  
For Third Quarter and Nine Months ended 30 September 2017**

**1 (b)(i) Statements of Financial Position as at 30 September 2017**

	Group		Trust	
	30/9/17	31/12/16	30/9/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Plant and equipment	1,932	2,284	324	383
Investment properties <sup>(a)</sup>	6,331,144	6,247,771	5,008,371	5,008,300
Interest in joint ventures <sup>(b)</sup>	2,650,634	2,642,904	1,461,496	1,461,496
Investments in subsidiaries <sup>(c)</sup>	-	-	1,371,121	1,293,935
Derivative assets <sup>(d)</sup>	-	3,202	-	3,202
<b>Total non-current assets</b>	<b>8,983,710</b>	<b>8,896,161</b>	<b>7,841,312</b>	<b>7,767,316</b>
<b>Current assets</b>				
Derivative assets <sup>(d)</sup>	116	-	116	-
Trade and other receivables <sup>(e)</sup>	36,080	14,765	34,008	9,935
Cash and cash equivalents	169,078	182,450	110,560	133,754
<b>Total current assets</b>	<b>205,274</b>	<b>197,215</b>	<b>144,684</b>	<b>143,689</b>
<b>Total assets</b>	<b>9,188,984</b>	<b>9,093,376</b>	<b>7,985,996</b>	<b>7,911,005</b>
<b>Current liabilities</b>				
Interest-bearing borrowings <sup>(f)</sup>	-	99,798	-	99,798
Trade and other payables	108,999	93,465	58,567	52,769
Derivative liabilities <sup>(d)</sup>	1,170	160	1,170	160
Current portion of security deposits	25,466	14,546	21,850	11,903
<b>Total current liabilities</b>	<b>135,635</b>	<b>207,969</b>	<b>81,587</b>	<b>164,630</b>
<b>Non-current liabilities</b>				
Interest-bearing borrowings <sup>(f)</sup>	3,253,552	3,206,001	2,888,561	2,841,366
Derivative liabilities <sup>(d)</sup>	8,807	22,030	8,528	20,783
Non-current portion of security deposits	40,135	51,090	38,521	48,690
Deferred tax liabilities <sup>(g)</sup>	17,588	13,022	-	-
<b>Total non-current liabilities</b>	<b>3,320,082</b>	<b>3,292,143</b>	<b>2,935,610</b>	<b>2,910,839</b>
<b>Total liabilities</b>	<b>3,455,717</b>	<b>3,500,112</b>	<b>3,017,197</b>	<b>3,075,469</b>
<b>Net assets</b>	<b>5,733,267</b>	<b>5,593,264</b>	<b>4,968,799</b>	<b>4,835,536</b>
Represented by:				
Unitholders' funds <sup>(h)</sup>	5,610,299	5,468,935	4,968,799	4,835,536
Non-controlling interests	122,968	124,329	-	-
<b>Total Equity</b>	<b>5,733,267</b>	<b>5,593,264</b>	<b>4,968,799</b>	<b>4,835,536</b>

**Footnotes:**

- (a) The increase in Investment Properties for the Group was mainly due to the acquisition of 50% interest in Olderfleet, 477 Collins Street, Melbourne, Australia.
- (b) In respect of the Group's joint ventures, this relates to the one-third interest in ORQPL, one-third interest in BFCD LLP, 30.0% interest in Park Mall Investment Limited ("PMIL") and 50.0% interest in Southgate Trust. In respect of the Trust's joint ventures, this relates to one-third interest in BFCD LLP.
- (c) This relates to CIL, SHPL, Suntec REIT MTN Pte. Ltd. ("SRMTN"), Suntec REIT Capital Pte. Ltd., SRAust and Suntec (PM) Pte. Ltd., which are wholly-owned subsidiaries of Suntec REIT.
- (d) This relates to the foreign currency forward contracts and interest rate swaps at fair value through profit or loss and the embedded derivative relating to convertible bonds.
- (e) The increase for both the Group and the Trust were mainly due to dividend receivable from joint ventures.

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- (f) *The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 31 December 2016 relates to a S\$100m loan due in the fourth quarter of 2017 which had been refinanced through an issuance of S\$100m euromedium term notes.*
- (g) *The increase in deferred tax liabilities mainly relate to a subsidiary's underprovision of prior year deferred tax recorded in the nine months ended 30 September 2017.*
- (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	
	30/9/17	31/12/16	30/9/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Unsecured <sup>(d)</sup>				
(i) financial institutions	-	99,798	-	99,798
	-	99,798	-	99,798
Amount repayable after one year				
- Secured <sup>(a)</sup>	364,991	364,635	-	-
- Unsecured <sup>(b)</sup>				
(i) financial institutions	2,192,457	2,148,229	2,192,457	2,148,229
(ii) notes & convertible bonds	696,104	693,137	82,908	279,590
(iii) subsidiary	-	-	613,196	413,547
	3,253,552	3,206,001	2,888,561	2,841,366
	3,253,552	3,305,799	2,888,561	2,941,164

**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 September 2017, 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;*
- *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; and*
- *An assignment of any interest rate swaps facility, which may be entered into by the subsidiary in relation to the term loan facility.*

- (b) *As at 30 September 2017, the Group has unsecured interest-bearing borrowings comprising S\$2,198.5 million from various institutional banks, S\$88.0 million of convertible bonds and S\$615.0 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			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Net income	53,130	53,930	142,112	138,975
Adjustments for:				
Depreciation of plant and equipment	283	275	871	808
Loss on disposal of plant and equipment	1	-	15	11
Asset management fees paid/payable in units	8,915	8,740	26,306	25,610
Net financing costs <sup>(a)</sup>	16,051	10,869	59,818	40,468
Allowance for doubtful receivables	657	286	1,944	381
Share of profit of joint ventures	(18,136)	(20,532)	(55,316)	(53,060)
Operating income before working capital changes	60,901	53,568	175,750	153,193
Changes in working capital				
Trade and other receivables	(1,227)	(5,449)	(6,992)	(5,561)
Trade and other payables	(2,743)	1,412	2,182	(932)
<b>Cash flows generated from operations</b>	<b>56,931</b>	<b>49,531</b>	<b>170,940</b>	<b>146,700</b>
Income tax paid	-	(206)	-	(876)
<b>Net cash flow from operating activities</b>	<b>56,931</b>	<b>49,325</b>	<b>170,940</b>	<b>145,824</b>
<b>Investing activities</b>				
Interest received	4,865	6,948	14,883	32,135
Dividend received from joint ventures	19,453	15,425	38,796	30,110
Change in investment in joint ventures	(5,128)	-	(5,128)	7,564
Deposit paid for investment property held for sale	-	(7,420)	-	(7,420)
Capital expenditure on investment properties	(6,536)	(556)	(7,088)	(2,592)
Purchase of plant and equipment	(126)	(117)	(582)	(340)
Acquisition of an investment property <sup>(b)</sup>	(53,093)	-	(53,093)	-
Progress payments on construction <sup>(c)</sup>	(12,570)	(44,503)	(12,570)	(129,388)
<b>Net cash flow used in investing activities</b>	<b>(53,135)</b>	<b>(30,223)</b>	<b>(24,782)</b>	<b>(69,931)</b>
<b>Financing activities</b>				
Proceeds from interest-bearing loans	100,000	256,231	800,000	561,756
Unit issue costs paid	(3)	-	(33)	-
Financing costs paid	(22,319)	(25,301)	(63,018)	(69,019)
Proceeds from convertible bonds	-	300,000	-	300,000
Repayment of convertible bonds	-	-	(45,500)	(280,000)
Repayment of interest-bearing loans	-	(262,500)	(655,000)	(482,500)
Dividend paid to non-controlling interest	(1,470)	(1,960)	(4,410)	(5,880)
Distributions to unitholders	(63,320)	(63,358)	(191,304)	(192,838)
<b>Net cash flow from/(used in) financing activities</b>	<b>12,888</b>	<b>203,112</b>	<b>(159,265)</b>	<b>(168,481)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,684</b>	<b>222,214</b>	<b>(13,107)</b>	<b>(92,588)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>153,010</b>	<b>130,147</b>	<b>182,450</b>	<b>445,267</b>
<b>Effect on exchange rate fluctuations on cash held</b>	<b>(616)</b>	<b>754</b>	<b>(265)</b>	<b>436</b>
<b>Cash and cash equivalents at end of the period</b>	<b>169,078</b>	<b>353,115</b>	<b>169,078</b>	<b>353,115</b>

**Footnote:**

(a) Please refer to footnote (e) under note 1(a)(i) Statement of Total Return and Statement of Distribution for the quarter and nine months ended 30 September 2017 on page 4.

(b) This relates to the acquisition of 50% interest in Olderfleet, 477 Collins Street, Melbourne, Australia.

(c) This relates to progress payments made in relation to Olderfleet, 477 Collins Street in Melbourne, Australia which is currently under development. (2016: progress payments made in relation to 177 Pacific Highway in North Sydney, Australia).

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

	Group			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at the beginning of the period</b>	<b>5,613,879</b>	<b>5,386,004</b>	<b>5,468,935</b>	<b>5,444,005</b>
<b>Operations</b>				
Total return for the period attributable to unitholders	53,177	52,206	132,995	128,014
<b>Net increase in net assets resulting from operations</b>	<b>53,177</b>	<b>52,206</b>	<b>132,995</b>	<b>128,014</b>
Effective portion of changes in fair value of cash flow hedges <sup>(a)</sup>	346	(1,754)	(927)	(6,361)
Translation differences from financial statements of foreign entities	3,168	18,474	12,155	7,878
Net gain recognised directly in Unitholder's fund	3,514	16,720	11,228	1,517
<b>Unitholders' transactions</b>				
Creation of units				
- conversion of convertible bonds <sup>(b)</sup>	-	-	174,155	-
- asset management fee paid in units <sup>(c)</sup>	-	-	11,271	10,874
Units to be issued				
- asset management fee payable in units <sup>(c)</sup>	5,780	5,667	5,780	5,667
Unit issue expenses	(3)	-	(33)	-
Distributions paid/payable to unitholders	(66,048)	(63,358)	(194,032)	(192,838)
<b>Net decrease in net assets resulting from unitholders' transactions</b>	<b>(60,271)</b>	<b>(57,691)</b>	<b>(2,859)</b>	<b>(176,297)</b>
<b>Unitholders' funds as at end of period</b>	<b>5,610,299</b>	<b>5,397,239</b>	<b>5,610,299</b>	<b>5,397,239</b>

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	Trust			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at the beginning of the period</b>	<b>4,977,049</b>	<b>4,822,210</b>	<b>4,835,536</b>	<b>4,871,077</b>
<b>Operations</b>				
Total return for the period attributable to unitholders	52,021	61,486	136,122	131,225
<b>Net increase in net assets resulting from operations</b>	<b>52,021</b>	<b>61,486</b>	<b>136,122</b>	<b>131,225</b>
<b>Unitholders' transactions</b>				
Creation of units				
- conversion of convertible bonds <sup>(b)</sup>	-	-	174,155	-
- asset management fee paid in units <sup>(c)</sup>	-	-	11,271	10,874
Units to be issued				
- asset management fee paid in units <sup>(c)</sup>	5,780	5,667	5,780	5,667
Unit issue expenses	(3)	-	(33)	-
Distributions paid/payable to unitholders	(66,048)	(63,358)	(194,032)	(192,838)
<b>Net decrease in net assets resulting from unitholders' transactions</b>	<b>(60,271)</b>	<b>(57,691)</b>	<b>(2,859)</b>	<b>(176,297)</b>
<b>Unitholders' funds as at end of period</b>	<b>4,968,799</b>	<b>4,826,005</b>	<b>4,968,799</b>	<b>4,826,005</b>

**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 price, of the 95,689,646 units issued on conversion of convertible bonds on 29 May 2017.
- (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 September 2017 are to be issued within 30 days from quarter end.

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

	Group and Trust			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
	Units	Units	Units	Units
<b>Issued units at the beginning of the period</b>	<b>2,646,291,648</b>	<b>2,530,135,942</b>	<b>2,536,662,773</b>	<b>2,521,238,831</b>
Creation of units:				
- as units issue for conversion of convertible bonds	-	-	95,689,646	-
- as payment for asset management fee	3,042,969	3,205,418	16,982,198	12,102,529
<b>Issued units at the end of the period</b>	<b>2,649,334,617</b>	<b>2,533,341,360</b>	<b>2,649,334,617</b>	<b>2,533,341,360</b>
Units to be issued:				
- asset management fee payable in units <sup>(a)</sup>	3,100,835	3,321,413	3,100,835	3,321,413
<b>Issuable units at the end of the period</b>	<b>3,100,835</b>	<b>3,321,413</b>	<b>3,100,835</b>	<b>3,321,413</b>
<b>Total issued and issuable units</b>	<b>2,652,435,452</b>	<b>2,536,662,773</b>	<b>2,652,435,452</b>	<b>2,536,662,773</b>

**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 September 2017.

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**Convertible Bonds – Group & Trust**

*On 5 September 2016, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2021.*

*On 12 April 2017, Suntec REIT had announced an occurrence of a Change of Control Event within the meaning of condition 7.5(d)(ii)(A) of the terms and conditions of the Convertible Bonds (the “Terms and Conditions”). Pursuant to condition 7.5(a) of the Terms and Conditions, the conversion price was adjusted from S\$2.061 to S\$1.743.*

*During the Change of Control Period, (i) conversion notices for the conversion of S\$166.5 million in principal amount of the Convertible Bonds were received pursuant to Condition 7.5(a) of the Terms and Conditions and (ii) redemption notices for the redemption of S\$45.5 million in principal amount of Convertible Bonds were received pursuant to Condition 7.6 of the Terms and Conditions.*

*Pursuant to the aforementioned conversion notices received, 95,689,646 new units have been issued on 29 May 2017 at a conversion price of S\$1.74 per new unit.*

*Accordingly, S\$212.0 million in principal amount of the Convertible Bonds had been converted or redeemed as the case may be and cancelled in accordance with the Terms and Conditions.*

*As at 30 September 2017, S\$88.0 million in principal amount of Convertible Bonds remained outstanding.*

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

*The figures for the quarter and nine months ended 30 September 2017 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.*

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

*Please see attached review report.*

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

*On 1 January 2017, the Group adopted the revised Statement of Recommended Accounting Practice 7 issued by the Institute of Singapore Chartered Accountants which had no significant impact to the financial statements.*

- 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**

*On 1 January 2017, the Group adopted the revised Statement of Recommended Accounting Practice 7 issued by the Institute of Singapore Chartered Accountants which had no significant impact to the financial statements.*

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

**Earnings per unit**

	Group			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
Weighted average number of issued units <sup>(a)</sup>	2,649,368,321	2,533,377,462	2,594,435,475	2,530,177,337
Earnings per unit for the period based on the weighted average number of units in issue (cents)	2.007	2.061	5.126	5.059
Weighted average number of units on a fully diluted basis	2,700,119,151	2,582,332,771	2,605,524,998	2,555,528,651
Earnings per unit for the period based on a fully diluted basis (cents) <sup>(b)</sup>	1.965	1.953	5.104	4.940

**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\$166.5 million 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			
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	1/1/17 to 30/9/17	1/1/16 to 30/9/16
Number of issued and issuable units at end of period entitled to distribution <sup>(a)</sup>	2,652,435,452	2,536,662,773	2,652,435,452	2,536,662,773
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	2.483 <sup>(1)</sup>	2.535 <sup>(1)</sup>	7.401 <sup>(2)</sup>	7.407 <sup>(2)</sup>

- (1) The distribution per unit for the quarter ended 30 September 2017 of **2.483 cents per unit** (30 September 2016: **2.535 cents per unit**) comprised a taxable income component of **1.859 cents per unit** (30 September 2016: **1.860 cents per unit**), a tax exempt income component of **0.322 cents per unit** (30 September 2016: **0.517 cents per unit**) and a capital distribution of **0.302 cents per unit** (30 September 2016: **0.158 cents per unit**).
- (2) The distribution per unit for the nine months ended 30 September 2017 of **7.401 cents per unit** (30 September 2016: **7.407 cents per unit**) comprised a taxable income component of **5.753 cents per unit** (30 September 2016: **5.697 cents per unit**), a tax exempt income component of **0.926 cents per unit** (30 September 2016: **1.078 cents per unit**) and a capital distribution of **0.722 cents per unit** (30 September 2016: **0.632 cents per unit**).

**Footnotes:**

- (a) The computation of actual DPU for the period from 1 July 2017 to 30 September 2017 is based on the number of units entitled to the distribution:
- (i) The number of units in issue as at 30 September 2017 of 2,649,334,617; and
- (ii) The units issuable to the Manager by 30 October 2017 as partial satisfaction of asset management base fees incurred for the period from 1 July 2017 to 30 September 2017 of 3,100,835.

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**7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 30 September 2017**

	Group		Trust	
	30/9/17 <sup>(a)</sup>	31/12/16	30/9/17 <sup>(a)</sup>	31/12/16
NAV / NTA per unit (S\$)	2.115	2.147	1.873	1.898

**Footnotes:**

(a) The number of units used for computation of actual NAV per unit is 2,652,435,452. This comprised:

- (i) The number of units in issue as at 30 September 2017 of 2,649,334,617; and
- (ii) The units issuable to the Manager by 30 October 2017 as partial satisfaction of asset management base fees incurred for the period from 1 July 2017 to 30 September 2017 of 3,100,835.

**8. Review of the performance for the Third Quarter and Nine Months ended 30 September 2017**

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

Properties	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Gross Revenue:</b>						
Suntec City	58,258	58,052	0.4%	177,120	175,446	1.0%
Park Mall <sup>(a)</sup>	-	1	-100.0%	-	50	-100.0%
177 Pacific Highway <sup>(b)</sup>	58,258	58,053	0.4%	177,120	175,496	0.9%
Suntec Singapore	12,191	5,768	111.4%	32,155	5,768	457.5%
<b>Total gross revenue</b>	<b>91,132</b>	<b>82,373</b>	<b>10.6%</b>	<b>266,873</b>	<b>239,654</b>	<b>11.4%</b>
<b>Net Property Income:</b>						
Suntec City	44,698	44,400	0.7%	135,939	135,387	0.4%
Park Mall <sup>(a)</sup>	-	69	-100.0%	-	304	-100.0%
177 Pacific Highway <sup>(b)</sup>	44,698	44,469	0.5%	135,939	135,691	0.2%
Suntec Singapore	10,495	5,233	100.6%	27,814	5,233	431.5%
<b>Total net property income</b>	<b>63,852</b>	<b>57,234</b>	<b>11.6%</b>	<b>185,102</b>	<b>163,879</b>	<b>13.0%</b>

**Footnotes:**

- (a) Contribution from Park Mall relates to reconciliation adjustments subsequent to the divestment on 22 December 2015.
- (b) 177 Pacific Highway obtained practical completion on 1 August 2016. Prior to practical completion, the Group received coupon on progress payments made during the development stage. Please refer to 1(a)(i) note (e) on page 4.



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8(ii) Income contribution from joint ventures

	Group					
	1/7/17 to 30/9/17	1/7/16 to 30/9/16	Change	1/1/17 to 30/9/17	1/1/16 to 30/9/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Joint ventures:</b>						
One-third interest in ORQ:						
- Interest income	487	483	0.8%	1,478	1,547	-4.5%
- Dividend income	6,112	8,025	-23.8%	20,846	21,035	-0.9%
	6,599	8,508	-22.4%	22,324	22,582	-1.1%
One-third interest in MBFC Properties:						
- Interest income	4,277	4,221	1.3%	13,112	17,004	-22.9%
- Distribution income	9,341	11,507	-18.8%	27,600	28,607	-3.5%
	13,618	15,728	-13.4%	40,712	45,611	-10.7%
25% interest in Southgate Complex:						
- Dividend/Distribution income	2,037	-	n.m.	5,328	-	n.m.
	2,037	-	n.m.	5,328	-	n.m.
<b>Total income contribution</b>	<b>22,254</b>	<b>24,236</b>	<b>-8.2%</b>	<b>68,364</b>	<b>68,193</b>	<b>0.3%</b>

**Review of performance 3Q FY17 vs 3Q FY16**

For 3Q FY17, the gross revenue was S\$91.1 million, an increase of S\$8.8 million or 10.6% higher. The increase was contributed by an increase in office revenue (by S\$7.1 million to S\$46.0 million, 18.3% higher) and higher revenue from Suntec Singapore (by S\$2.1 million, or 11.5% higher), partially offset by lower retail revenue from Suntec City mall (by S\$0.5 million to S\$24.5 million, 2.0% lower). Suntec Singapore's revenue contribution for the quarter was S\$20.7 million, comprising S\$16.1 million from convention and S\$4.6 million from retail.

The increase in office revenue was mainly from 177 Pacific Highway, which achieved its practical completion in August 2016. The increase in property expenses was also largely contributed by 177 Pacific Highway which resulted in an overall increase of S\$2.1 million to S\$27.3 million, 8.5% higher year-on-year. Net property income has increased by S\$6.6 million to S\$63.9 million, 11.6% higher year-on-year.

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for the quarter was S\$22.3 million, 8.2% lower quarter-on-quarter. This was due to one-offs in 3Q FY16 for ORQ and MBFC Properties, partially offset by contribution from Southgate Complex.

Net financing costs for the quarter was S\$16.1 million, an increase of S\$5.2 million mainly due to the cessation of coupon earned on progress payments following the practical completion of 177 Pacific Highway and higher hedging costs. The all-in financing cost for Suntec REIT was 2.55% per annum for the quarter and the consolidated gearing stood at 35.4% as at 30 September 2017.

Total distributable income for the quarter of S\$65.9 million was S\$1.5 million or 2.4% higher. The distribution per unit ("DPU") for the quarter was 2.483 cents per unit, 2.1% lower than 3Q FY16 DPU of 2.535 cents per unit. This includes a capital distribution of S\$8.0 million or 0.302 cents per unit.

The overall committed occupancy for the office and retail portfolio stood at 98.6% and 98.8% respectively as at 30 September 2017.

For the Singapore office portfolio, Suntec City Office committed occupancy improved to 98.4% as at 30 September 2017. ORQ committed occupancy was 99.6% while MBFC Properties maintained 100% committed occupancy as at 30 September 2017. In Australia, the committed occupancy for 177 Pacific Highway and Southgate Complex was 100% and 89.6% respectively as at 30 September 2017.

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For the Singapore retail portfolio, the committed occupancy for the entire Suntec City mall maintained at 99.3%, while the committed occupancy for Marina Bay Link Mall was 93.0% as at 30 September 2017. In Australia, the committed occupancy for Southgate complex (retail) was 87.8% as at 30 September 2017.

### **Review of performance 9M FY17 vs 9M FY16**

For 9M FY17, the gross revenue was S\$266.9 million, an increase of S\$27.2 million or 11.4% higher. The increase was contributed by an increase in office revenue (by S\$29.4 million to S\$134.0 million, 28.1% higher), partially offset by lower retail revenue from Suntec City mall (by S\$1.4 million to S\$75.3 million, 1.8% lower) and lower revenue from Suntec Singapore (by S\$0.8 million, or 1.4% lower). Suntec Singapore's revenue contribution for the period was S\$57.6 million, comprising S\$43.7 million from convention and S\$13.9 million from retail.

The increase in office revenue was mainly from 177 Pacific Highway which has also largely contributed to the increase in property expenses that resulted in an overall increase of S\$6.0 million to S\$81.8 million, 7.9% higher year-on-year. Net property income has increased by S\$21.2 million to S\$185.1 million, 13.0% higher year-on-year.

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for 9M FY17 was S\$68.4 million. This was a slight increase of S\$0.2 million, mainly due to the contribution of Southgate Complex which was offset by lower contribution from MBFC Properties.

Net financing costs for 9M FY17 was S\$59.8 million, an increase of S\$19.4 million or 47.8% higher mainly due to the cessation of coupon earned on progress payments following the practical completion of 177 Pacific Highway. The all-in financing cost for Suntec REIT was 2.49% per annum for 9M FY17.

Total distributable income for 9M FY17 of S\$193.7 million was S\$6.1 million or 3.2% higher. The DPU for 9M FY17 was 7.401 cents per unit, 0.1% lower than 9M FY16 DPU of 7.407 cents per unit. This includes a capital distribution of S\$19.0 million or 0.722 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 FY2016 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

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

The Singapore economy improved in the third quarter of 2017. Based on the report released by the Ministry of Trade and Industry on 13 October 2017, the Singapore economy grew by 4.6% on a year-on-year basis.

The Singapore office market improved in the third quarter of 2017 on the back of stronger economic conditions and positive business sentiment. With the high occupancy in existing quality buildings and substantial commitments in the newly completed buildings, the overall CBD rents increased by 4.3% to \$8.86 psf/mth. The overall CBD occupancy decreased by 5.1% to 88.1% due to the inclusion of Marina One which was completed during the quarter.<sup>1</sup>

<sup>1</sup> JLL, Office and Retail Market Reports 3Q 2017.

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Looking ahead, the Manager will continue its proactive asset management to maintain its high occupancy level for its Singapore office portfolio notwithstanding the secondary space in the market.

Despite the improvement in retail sales which was driven by improving consumer sentiments and tourist arrivals, retailers in Singapore remain conservative in their demand for retail space.<sup>1</sup>

Suntec City mall maintained its high committed occupancy of 99.3% as at 30 September 2017. The mall has successfully attracted a number of new-to-market brands in the third quarter and the Manager will continue its active tenant adjustments 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 1.8% in the second quarter of 2017. On 3 October 2017, 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 improved by 0.5% to 89.1% in the second quarter of 2017. In Sydney, North Shore and Melbourne office markets, occupier demand continues to be positive driven by centralisation and expansionary activities. Looking ahead, occupancy and rents are expected to strengthen given the strong occupier demand coupled with limited new supply.<sup>2</sup>

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<sup>1</sup> JLL, Office and Retail Market Reports 3Q 2017.

<sup>2</sup> JLL, Australia National Office, Sydney CBD Office, Sydney North Shore Office and Melbourne CBD Office Market Reports 2Q 2017.

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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 July 2017 to 30 September 2017

Distribution Rate	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	1.859
	Tax-exempt income	0.322
	Capital distribution	0.302
	<b>Total</b>	<b>2.483</b>

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 July 2016 to 30 September 2016

Distribution Rate	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	1.860
	Tax-exempt income	0.517
	Capital distribution	0.158
	<b>Total</b>	<b>2.535</b>

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 November 2017

**(d) Books Closure Date:** 6 November 2017

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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 September 2017, 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 September 2017:

- 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 September 2017,
- 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 September 2017 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  
27 October 2017

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS OF THE REIT MANAGER**

**ARA Trust Management (Suntec) Limited**

6 Temasek Boulevard  
#16-02 Suntec Tower Four  
Singapore 038986

**REIT TRUSTEE**

**HSBC Institutional Trust Services (Singapore) Limited**

21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

**BOND TRUSTEE**

**The Bank of New York Mellon,**

**London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**The Bank of New York Mellon SA/NV,**

**Luxembourg Branch**

Vertigo Building, Polaris  
2-4 rue Eugène Ruppert  
L-2453  
Luxembourg

**PRINCIPAL AGENT, PAYING AGENT AND CONVERSION AGENT**

**The Bank of New York Mellon, London branch**

One Canada Square  
London E14 5AL  
United Kingdom

**LEGAL ADVISERS**

**To the REIT Manager as to Singapore law**

**Allen & Gledhill LLP**

One Marina Boulevard  
#28-00  
Singapore 018989

**To the Lead Manager as to English Law and Singapore Law**

**Allen & Overy LLP**

50 Collyer Quay  
#09-01 OUE Bayfront  
Singapore 049321

**To the REIT Trustee as to Singapore law**

**Dentons Rodyk & Davidson LLP**

80 Raffles Place  
#33-00 UOB Plaza 1  
Singapore 048624

**To the Bond Trustee as to English law**

**Allen & Overy LLP**

50 Collyer Quay  
#09-01 OUE Bayfront  
Singapore 049321

**AUDITORS TO SUNTEC REIT**

**KPMG LLP**

16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

**TAX ADVISER TO SUNTEC REIT**

**KPMG Services Pte. Ltd.**

16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581