



# SUNTEC REIT FINANCIAL RESULTS

For the 1<sup>st</sup> Quarter ended 31 March 2018

25 April 2018

# ● Agenda

- 03** 1Q18 Highlights
- 05** Financial Highlights
- 16** Office Portfolio Performance
- 23** Retail Portfolio Performance
- 32** Convention Performance
- 35** Projects Under Development
- 37** FY18 Focus
- 39** Unit Performance





**1Q 18 HIGHLIGHTS**

# ● 1Q 18 Highlights

1Q 18 Distributable Income

**\$S\$64.8** million  
**+4.8%** YOY

Acquiring additional  
25% interest in

**Southgate Complex**

Portfolio Occupancy

**99.1%** Office  
**98.4%** Retail

1Q 18 DPU

**2.433** cents  
**+0.3%** YOY

Secured

**\$S\$400 million**  
loan facility

Suntec City Mall Footfall

**+12.7%** YOY

Annualised Yield <sup>1</sup>

**5.19%<sup>1</sup>**

All-in Financing Cost

**2.73% p.a.**

Note:

1. Based on 24/4/18 closing price of \$S\$1.90

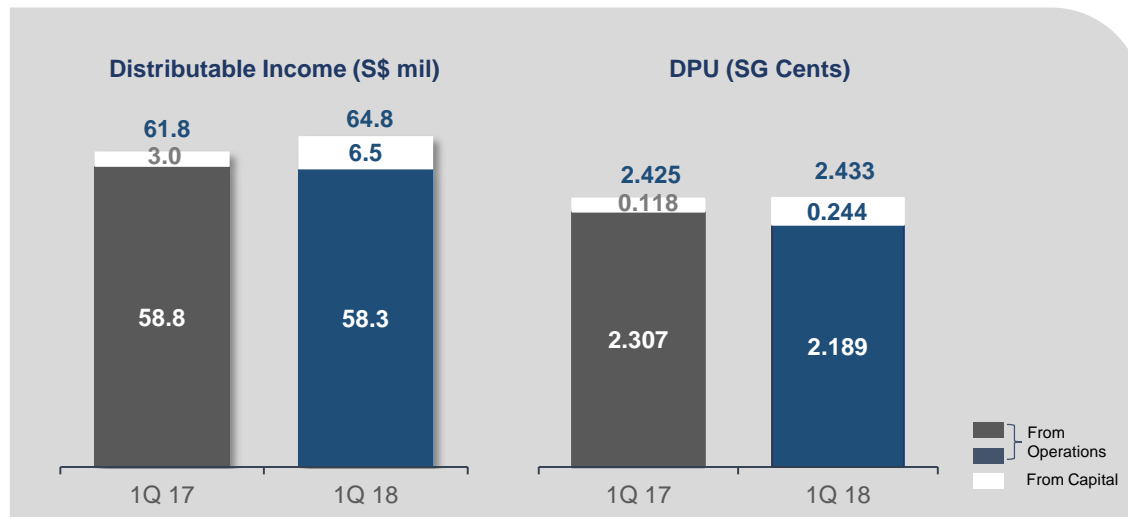






**FINANCIAL HIGHLIGHTS**

# • 1Q 18 Distributable Income up 4.8% y-o-y



Mainly due to:

- Higher contribution from Suntec Singapore and Suntec City Mall
- Capital distribution
- Partially offset by higher financing costs and lower income contribution from joint ventures

## Financial Highlights

### Distributable Income

**S\$64.8**  
million

+4.8% y-o-y

### Distribution Per Unit

**2.433**  
cents

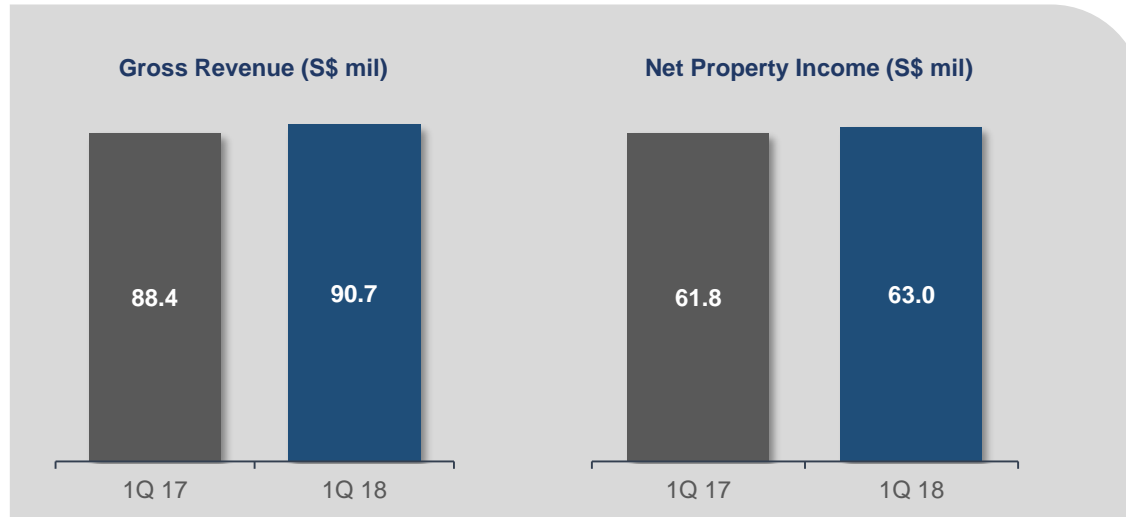
+0.3% y-o-y  
**DPU yield 5.19%<sup>1</sup>**

Note:

1. Based on 24/4/18 closing price of S\$1.90 per unit.



# • 1Q 18 Gross Revenue up 2.6% y-o-y



Mainly due to:

- Higher contribution from convention and retail
- Partially offset by lower contribution from Suntec City office as some of the committed leases will commence progressively in 2018

## Financial Highlights

### Gross Revenue

**\$S\$90.7**  
million

+2.6% y-o-y

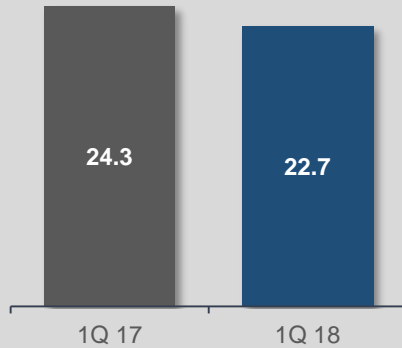
### Net Property Income

**\$S\$63.0**  
million

+1.9% y-o-y

# ● Performance of Joint Ventures

Income Contribution (\$\$ mil)



## Financial Highlights

1Q 18

**\$22.7**  
million

-6.5% y-o-y

## One Raffles Quay

**1Q 18:** Lower y-o-y due to one-offs in 1Q 17

## MBFC

**1Q 18:** Higher y-o-y due to one-offs in 1Q 18

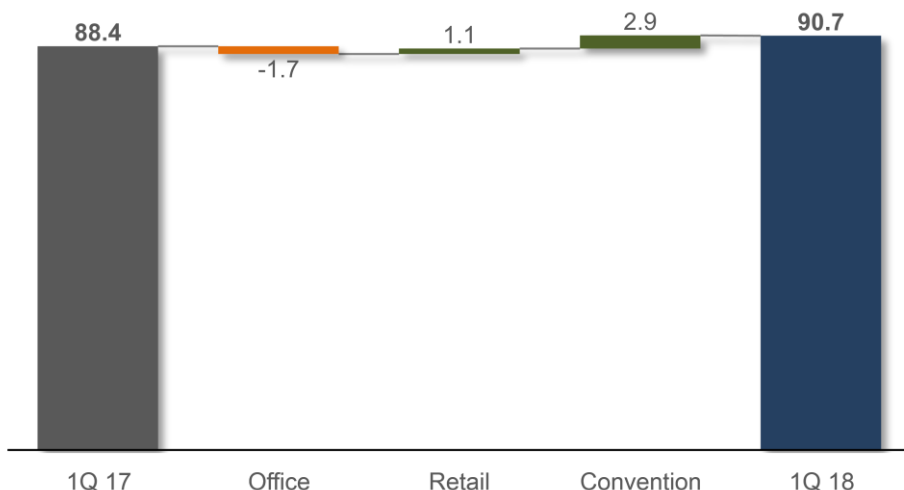
## Southgate

**1Q 18:** Higher y-o-y due to higher occupancy and rent attained



# • 1Q 18 Gross Revenue by Segment

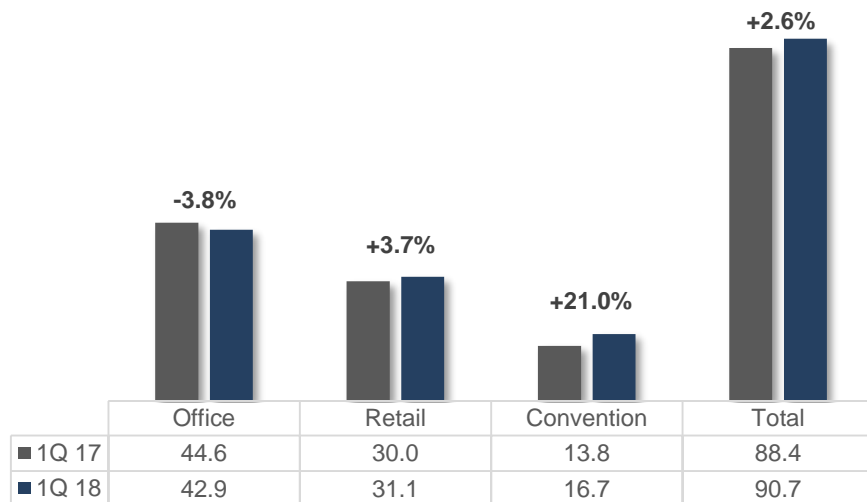
S\$ mil



- Higher contribution from convention and retail offset by lower office contribution

Office	S\$ mil
Suntec City	-1.53
177 Pacific Highway	-0.21 <sup>1</sup>
<b>DOWN</b>	<b>-1.74</b>

S\$ mil



Retail	S\$ mil
Suntec City	+0.69
Suntec Singapore	+0.44
<b>UP</b>	<b>1.13</b>

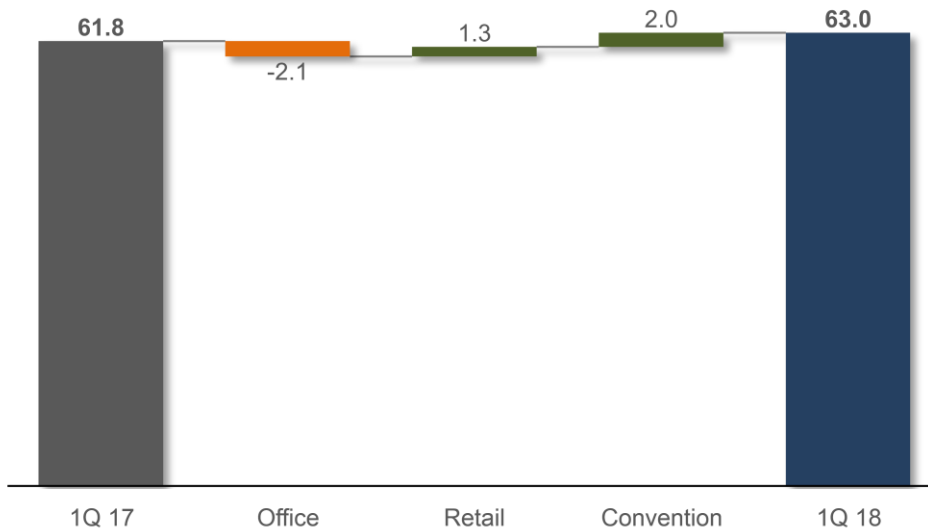
- Higher convention revenue due to higher exhibition revenue

Note:

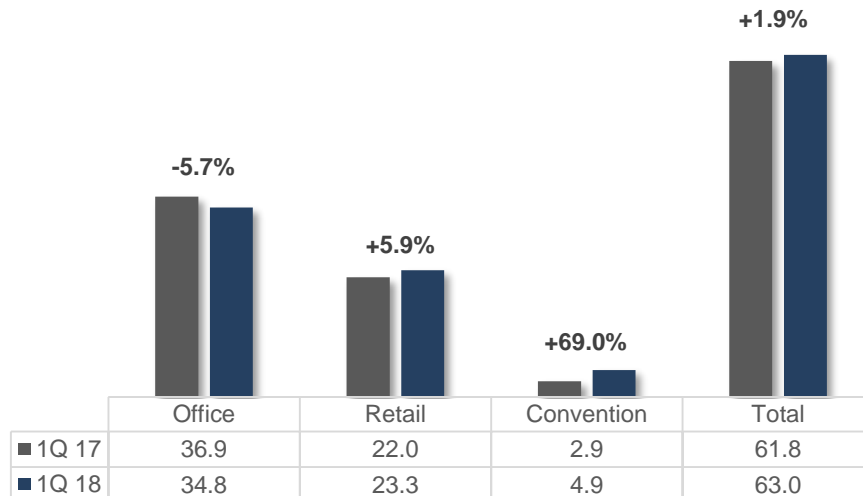
1. Due to fluctuation of Australian dollar

# • 1Q 18 Net Property Income by Segment

S\$ mil



S\$ mil



- Higher NPI mainly from convention

Office		S\$ mil
Suntec City		-1.72
177 Pacific Highway		-0.42 <sup>1</sup>
<b>DOWN</b>		<b>-2.14</b>

Retail		S\$ mil
Suntec City		+0.75
Suntec Singapore		+0.55
<b>UP</b>		<b>1.30</b>

- Higher convention contribution due to higher revenue achieved

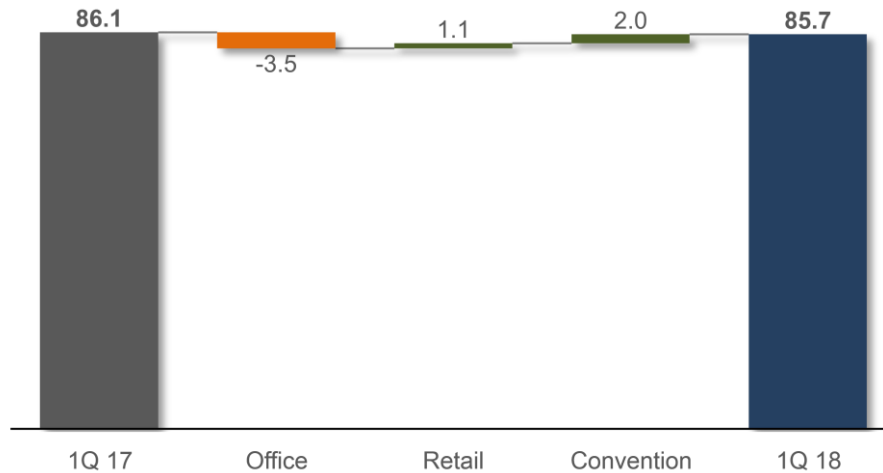
Note:

1. Due to fluctuation of Australian dollar



# ● 1Q 18 Net Property Income & JV Contributions

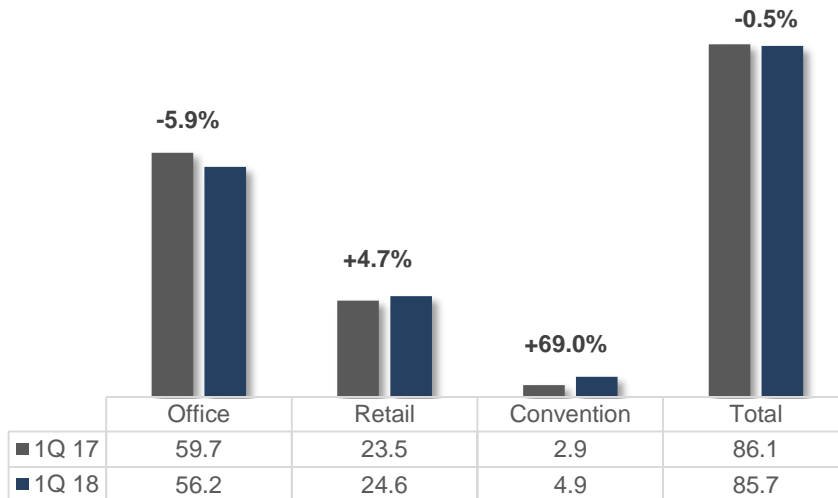
S\$ mil



- Lower JV contributions mainly due to one-offs in ORQ in 1Q 17

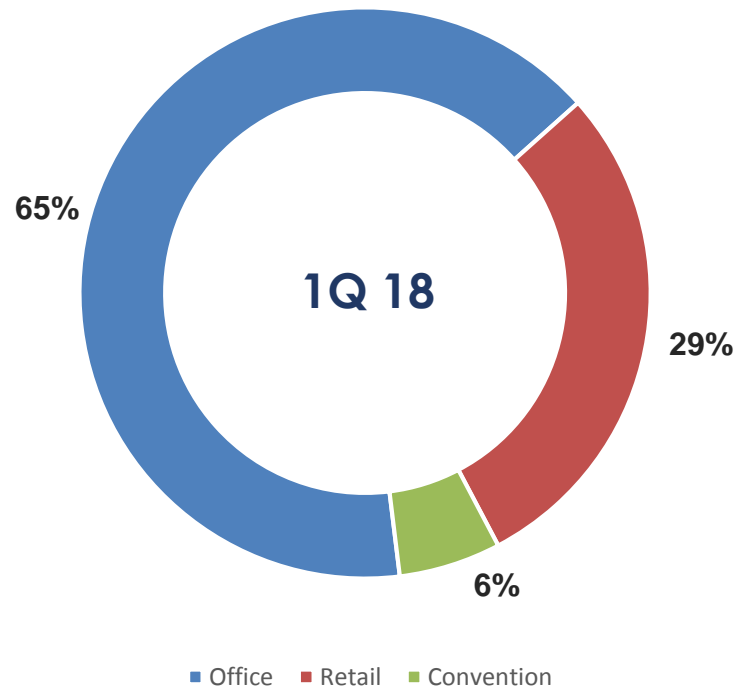
Office	S\$ mil
MBFC properties	+0.49
Southgate	+0.10
ORQ	-1.99
Others: Suntec City 177 Pacific Highway	-2.14
<b>DOWN</b>	<b>-3.54</b>

S\$ mil

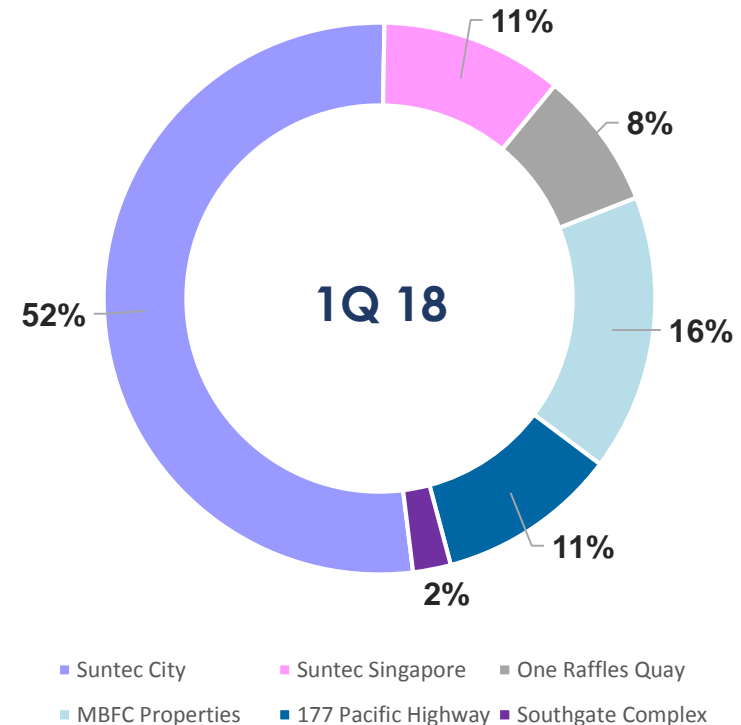


# ● NPI & Income Contribution from JVs

Contribution by Segment



Contribution by Asset



- Office portfolio accounts for 65% of NPI & Income

- Joint Ventures and 177 Pacific Highway account for 37% of NPI & Income

# ● Balance Sheet & Key Financial Indicators

Balance Sheet	31 Mar 2018
Total Assets	S\$9,194 mil
Total Liabilities	S\$3,460 mil
Net Assets Attributable to Unitholders	S\$5,606 mil
NAV Per Unit <sup>1</sup>	S\$2.104
Adjusted NAV Per Unit <sup>2</sup>	S\$2.080

Notes:

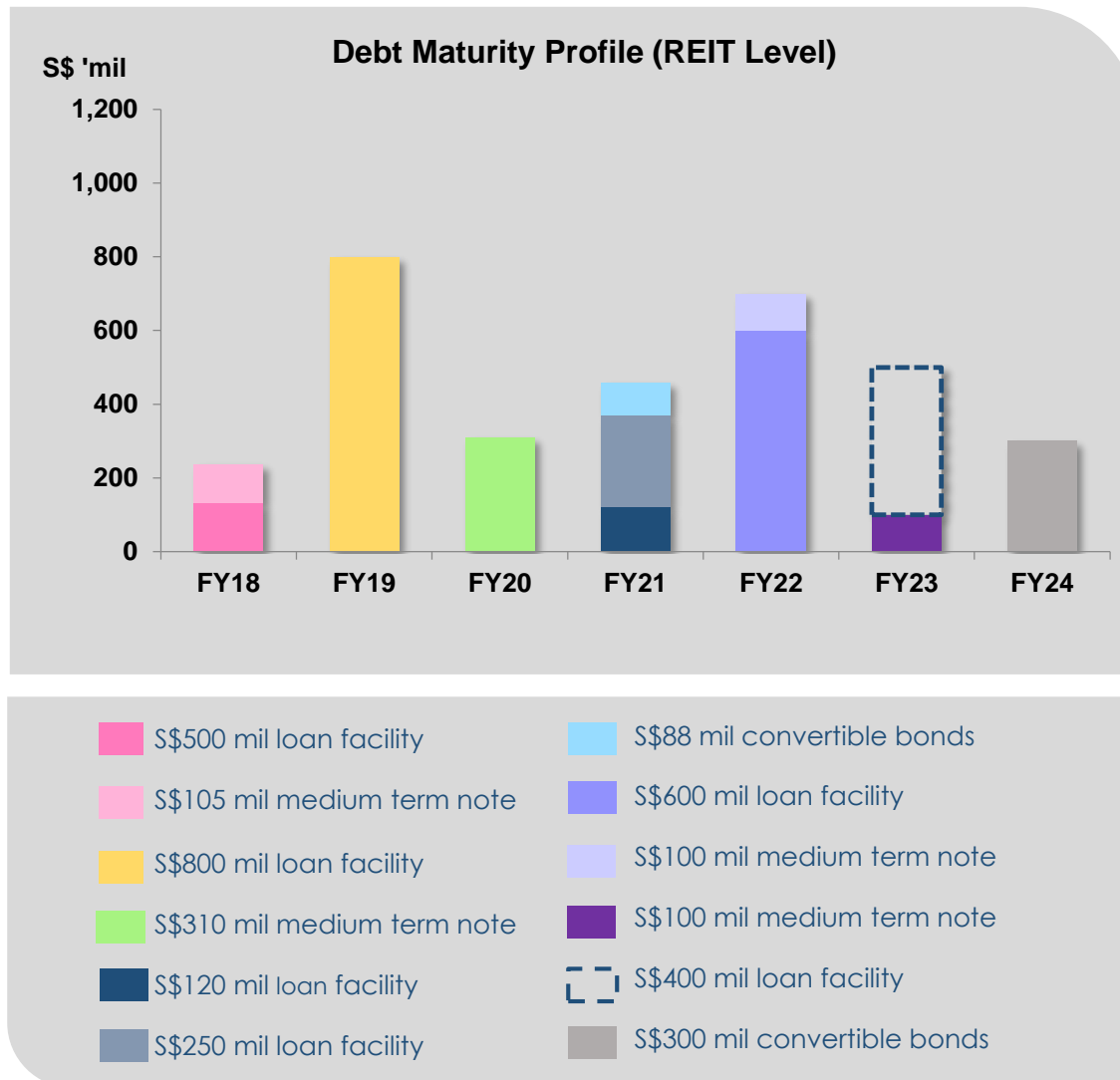
1. Based on 2,664,063,791 units.
2. After DPU adjustment of 2.433 cents for the quarter ended 31 March 2018.

Key Financial Indicators	31 Mar 2018
Total Debt Outstanding (Group)	S\$3,271 mil
Debt-to-Asset Ratio	35.2%
Aggregate Leverage Ratio <sup>1</sup>	36.6%
All-in Financing Cost (1Q 18)	2.73% p.a.
Interest Coverage Ratio	3.8x
% of Fixed / Hedged Debt	~65%

Note:

1. "Aggregate Leverage Ratio" refers to the ratio of total borrowings (inclusive of proportionate share of borrowings of joint ventures) and deferred payments (if any) to the value of the Deposited Property.

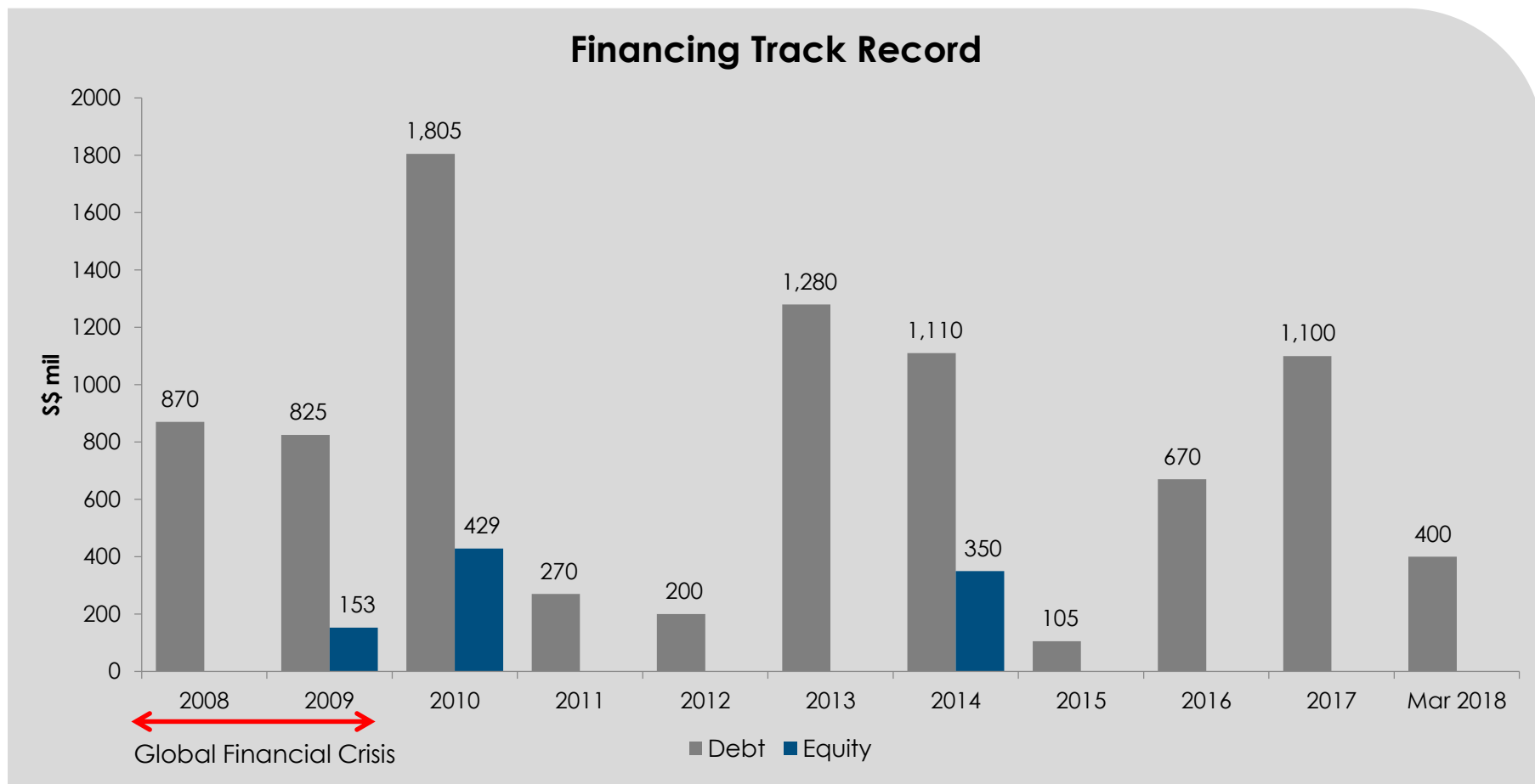
# ● Proactive Capital Management



- Secured **S\$400 million 5-year** loan facility
- In process of refinancing borrowings due in 2018
- Weighted average debt to maturity stood at 2.94 years



- **S\$9.6 billion of financing since 2008**



- **All-in financing cost of 2.73% p.a. for 1Q 18**



**OFFICE PORTFOLIO PERFORMANCE**

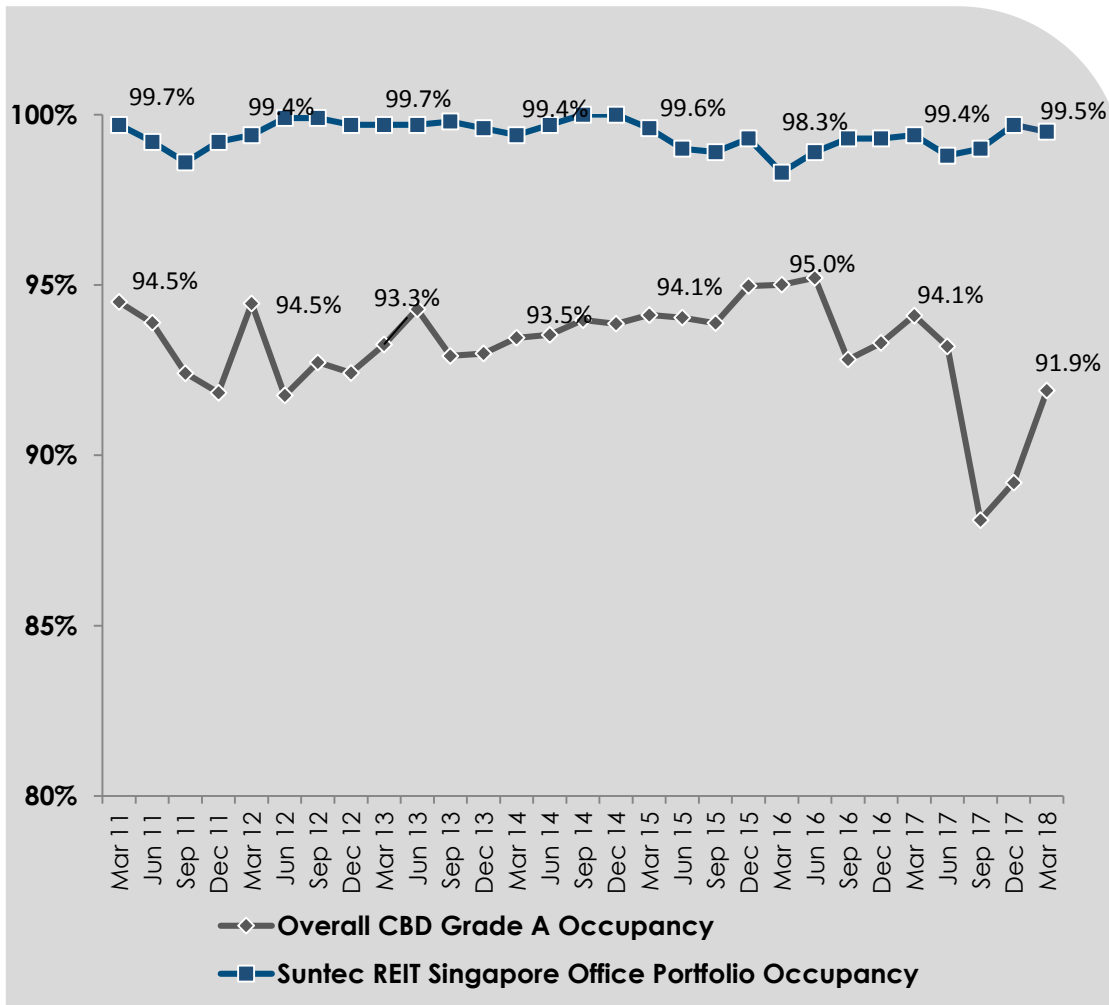
# Office Portfolio Summary

Office Portfolio	Suntec City Office	One Raffles Quay (1/3)	MBFC Towers 1 & 2 (1/3)	SG Office Portfolio	177 Pacific Highway	Southgate Complex (25%)	AUS Office Portfolio	Total Office Portfolio
NLA (sq ft)	~1.3 mil	~443,000	~548,000	~2.3 mil	~431,000	~178,000	~609,000	~2.9 mil
Committed Occupancy (%)	<b>99.1</b> (1Q 18) 99.0 (1Q 17)	<b>100.0</b> (1Q 18) 100 (1Q 17)	<b>100.0</b> (1Q 18) 99.8 (1Q 17)	<b>99.5</b> (1Q 18) 99.4 (1Q 17)	<b>100.0</b> (1Q 18) 100 (1Q 17)	<b>92.5</b> (1Q 18) 89.7 (1Q 17)	<b>97.8</b> (1Q 18) 97.0 (1Q 17)	<b>99.1</b> (1Q 18) 98.9 (1Q 17)
Gross Revenue (\$\$ mil)	<b>32.4</b> (1Q 18) 33.9 (1Q 17)	-	-	<b>32.4</b> (1Q 18) 33.9 (1Q 17)	<b>10.5</b> (1Q 18) 10.7 (1Q 17)	-	<b>10.5</b> (1Q 18) 10.7 (1Q 17)	<b>42.9</b> (1Q 18) 44.6 (1Q 17)
Net Property Income (\$\$ mil)	<b>25.7</b> (1Q 18) 27.5 (1Q 17)	-	-	<b>25.7</b> (1Q 18) 27.5 (1Q 17)	<b>9.1</b> (1Q 18) 9.5 (1Q 17)	-	<b>9.1</b> (1Q 18) 9.5 (1Q 17)	<b>34.8</b> (1Q 18) 37.0 (1Q 17)
Income Contribution from JVs <sup>1,2,3</sup> (\$\$ mil)	-	<b>6.9</b> (1Q 18) 8.9 (1Q 17)	<b>12.9</b> (1Q 18) 12.5 (1Q 17)	<b>19.8</b> (1Q 18) 21.4 (1Q 17)	-	<b>1.6</b> (1Q 18) 1.5 (1Q 17)	<b>1.6</b> (1Q 18) 1.5 (1Q 17)	<b>21.4</b> (1Q 18) 22.9 (1Q 17)
% Contribution <sup>4</sup>	<b>46%</b> (1Q 18) 46% (1Q 17)	<b>12%</b> (1Q 18) 15% (1Q 17)	<b>23%</b> (1Q 18) 21% (1Q 17)	<b>81%</b> (1Q 18) 82% (1Q 17)	<b>16%</b> (1Q 18) 16% (1Q 17)	<b>3%</b> (1Q 18) 2% (1Q 17)	<b>19%</b> (1Q 18) 18% (1Q 17)	<b>100%</b> (1Q 18) 100% (1Q 17)

Note:

1. Refers to One Raffles Quay, MBFC Properties & Southgate Complex
2. Total Income contribution from MBFC is based on approx. 93% split between office and 7% retail
3. Total Income contribution from Southgate Complex is based on approx. 84% split between office and 16% retail
4. Refers to net property income and income contribution from JVs

# • Singapore Office Portfolio

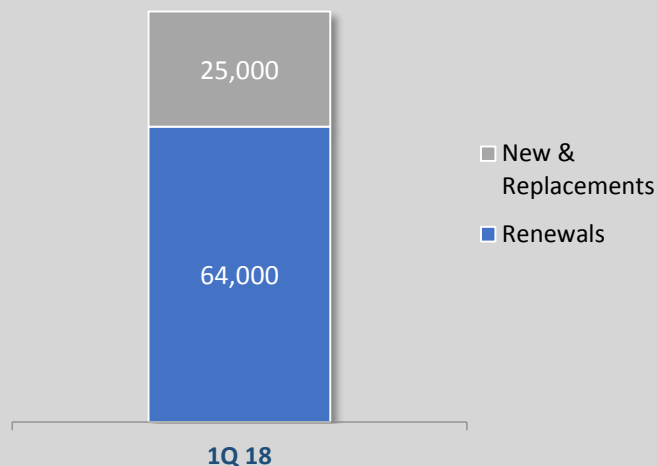


- Achieved committed occupancy of 99.5% versus overall CBD Grade A occupancy of 91.9% in 1Q FY18
- Average rent secured for the quarter was S\$9.02 psf/mth



# ● Proactive Leasing Strategy

Office Portfolio Work Done (sq ft)



## 1Q 18

Total leases signed in 1Q 18	89,000 sq ft
% of new leases	28%
Portfolio Occupancy (as at 31 Mar)	99.1%
Tenant retention ratio <sup>1</sup>	88%

Note:

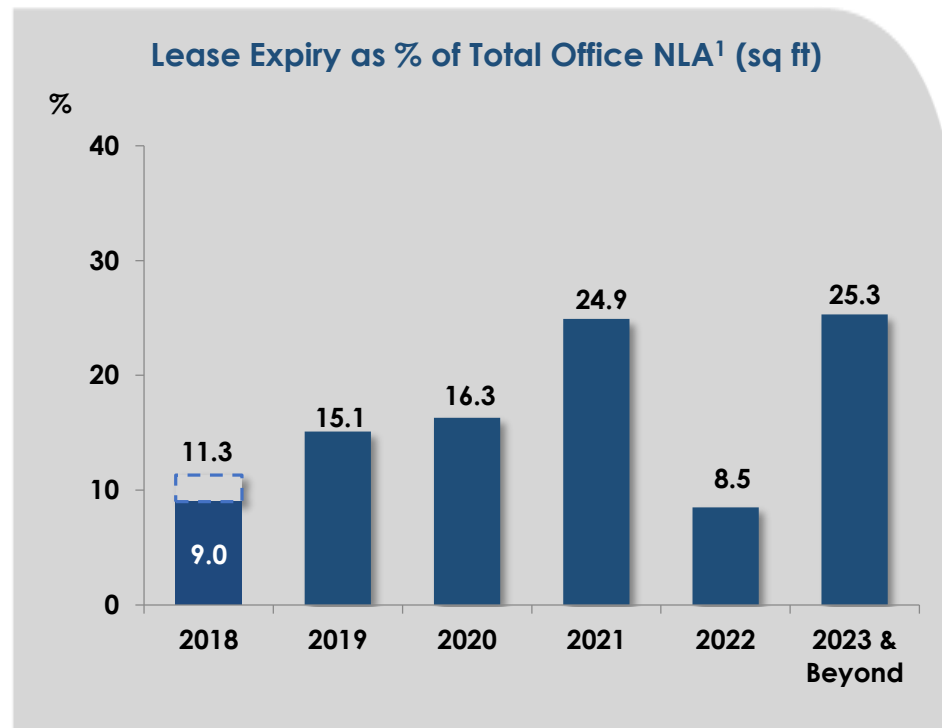
1. Tenant retention ratio = Net lettable area renewed for leases due in in FY2018 divided by total net lettable area due for renewal in FY2018

Tenancies concluded in 1Q 18 include:



# ● FY18 Office Expiring Leases Reduced to 9.0%

Expiry Profile As at 31 Mar 18	Net Lettable Area <sup>1</sup>	
	Sq ft	% of Total
<b>FY 2018</b>	263,538	9.0%
<b>FY 2019</b>	441,811	15.1%
<b>FY 2020</b>	477,308	16.3%
<b>FY 2021</b>	731,214	24.9%
<b>FY 2022</b>	249,614	8.5%
<b>FY 2023 &amp; Beyond</b>	742,361	25.3%



- Balance of office leases expiring in FY 2018 reduced to 9.0%
- Portfolio WALE: 3.62 years
  - Singapore Portfolio: 2.87 years
  - Australia Portfolio: 6.56 years

Note:

1. Assumes one third of total office net lettable area of One Raffles Quay and Marina Bay Financial Centre Office Towers 1 and 2 and 25% interest in Southgate Complex (Office).

# ● Suntec City Office

- Office revenue declined 4.6% y-o-y primarily due to transitory downtime from replacement leases commencing progressively from March 2018
- Leases secured for the quarter at an average rent of **S\$8.95 psf/mth**
- Retention rate of **89%** for FY 2018 lease expiries
- New demand mainly from Consultancy and TMT sectors
- **Reduced** FY 2018 **lease expiries** to **~14%** of NLA
- In **final negotiations** for **~42%** of leases expiring in FY 2018
- **Obtained approval** to **commence office upgrading** at MCST EGM in Feb 2018
  - Works to encompass upgrading of lift lobbies and washrooms at every level
  - 3-year project to commence in 4Q 18 and target to complete by end 2021





## ● Australia Portfolio constitutes 13% of NPI & Income from JV



- Sydney and Melbourne office markets continue to be on upward trend
  - **177 Pacific Highway** → Maintained **100%** committed occupancy
  - **Southgate Complex** → Committed occupancy **improved to 92.5%**, acquisition of **additional 25%** interest to be completed by end May 2018
  - **Olderfleet, 477 Collins Street** → Deloitte exercised expansion rights for additional 2 levels, pre-committed occupancy **increased to 45.8%**, additional ~9% of NLA with Heads of Agreement signed





**RETAIL PORTFOLIO PERFORMANCE**



# Retail Portfolio Summary

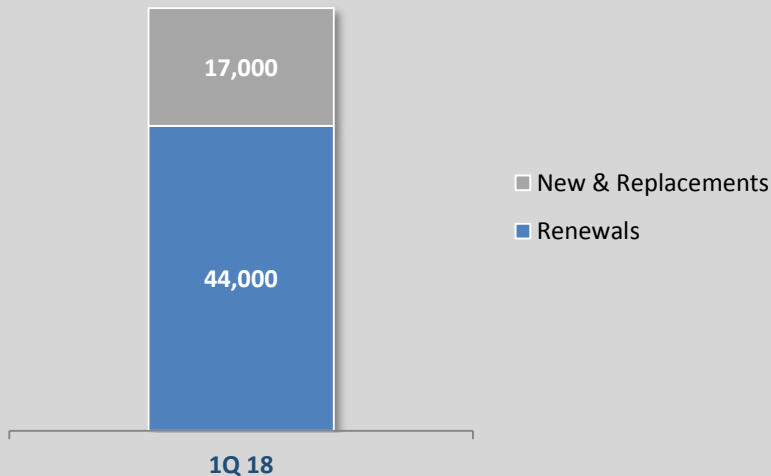
Retail Portfolio	Suntec City Mall	Marina Bay Link Mall (1/3)	SG Retail Portfolio	Southgate Complex (25%)	AUS Retail Portfolio	Total Retail Portfolio
NLA (sq ft)	~0.9mil	~30,000	~0.93mil	~30,000	~30,000	~1.0 mil
Committed Occupancy (%)	98.6 (1Q 18) 98.4 (1Q 17)	98.9 (1Q 18) 97.4 (1Q 17)	98.6 (1Q 18) 98.3 (1Q 17)	91.0 (1Q 18) 88.4 (1Q 17)	91.0 (1Q 18) 88.4 (1Q 17)	98.4 (1Q 18) 98.0 (1Q 17)
Gross Revenue (\$\$ mil)	31.1 (1Q 18) 30.0 (1Q 17)	-	31.1 (1Q 18) 30.0 (1Q 17)	-	-	31.1 (1Q 18) 30.0 (1Q 17)
Net Property Income (\$\$ mil)	23.3 (1Q 18) 22.0 (1Q 17)	-	23.3 (1Q 18) 22.0 (1Q 17)	-	-	23.3 (1Q 18) 22.0 (1Q 17)
Income Contribution from JVs <sup>1,2,3</sup> (\$\$ mil)	-	1.0 (1Q 18) 1.1 (1Q 17)	1.0 (1Q 18) 1.1 (1Q 17)	0.3 (1Q 18) 0.3 (1Q 17)	0.3 (1Q 18) 0.3 (1Q 17)	1.3 (1Q 18) 1.4 (1Q 17)
% Contribution <sup>4</sup>	95% (1Q 18) 94% (1Q 17)	4% (1Q 18) 5% (1Q 17)	99% (1Q 18) 99% (1Q 17)	1% (1Q 18) 1%(1Q 17)	1% (1Q 18) 1% (1Q 17)	100% (1Q 18) 100% (1Q 17)

Note:

- Refers to MBFC Properties & Southgate Complex
- Total Income contribution from MBFC is based on approx. 93% split between office and 7% retail
- Total Income contribution from Southgate Complex is based on approx. 84% split between office and 16% retail
- Refers to net property income and income contribution from JVs

# Proactive Leasing Strategy

Retail Portfolio Work Done (sq ft)



## 1Q 18

Total leases signed in 1Q 18	61,000 sq ft
% of new leases	28%
Portfolio Occupancy (as at 31 Mar)	98.4%
Tenant retention ratio <sup>1</sup>	71%

Note:

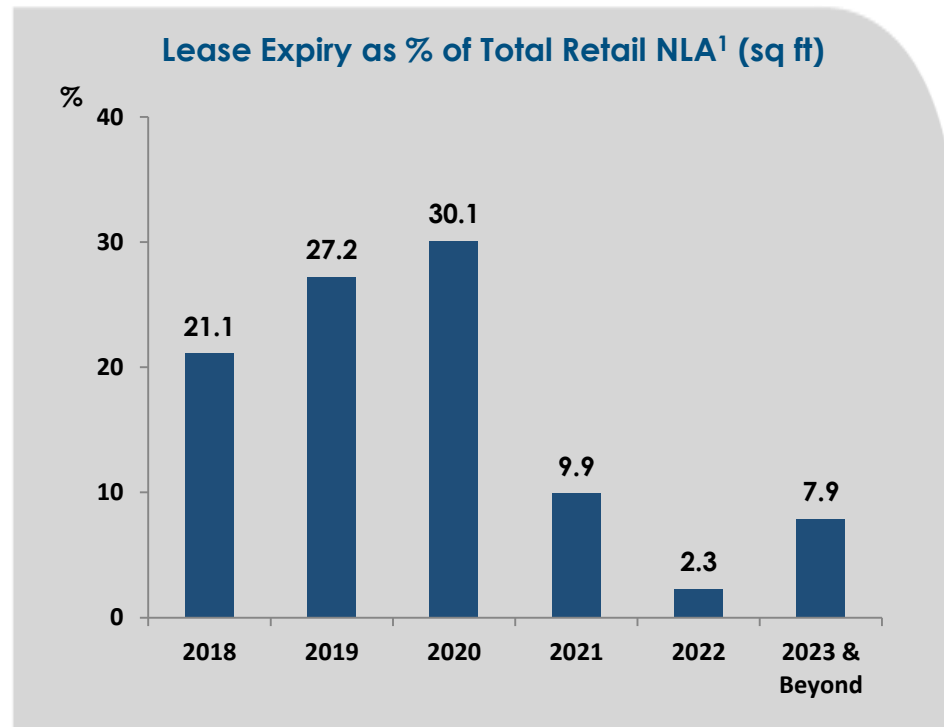
1. Tenant retention ratio = Net lettable area renewed for leases due in in FY2018 divided by total net lettable area due for renewal in FY2018

Tenancies concluded in 1Q 18 include:



# • Retail Lease Expiry Profile

Expiry Profile As at 31 Mar 18	Net Lettable Area <sup>1</sup>	
	Sq ft	% of Total
<b>FY 2018</b>	194,663	21.1%
<b>FY 2019</b>	250,999	27.2%
<b>FY 2020</b>	277,931	30.1%
<b>FY 2021</b>	91,475	9.9%
<b>FY 2022</b>	21,030	2.3%
<b>FY 2023 &amp; Beyond</b>	72,854	7.9%



- Portfolio WALE: 2.22 years
  - Singapore Portfolio: 2.12 years
  - Australia Portfolio: 6.09 years

Note:

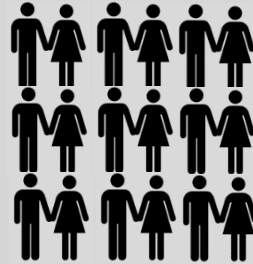
1. Assumes one third of total retail net lettable area of Marina Bay Link Mall, 60.8% interest in Suntec Singapore and 25% in Southgate Complex (Retail).



## *Strong operational performance*



Committed Occupancy  
**98.6%**



Footfall  
**+12.7%** YOY

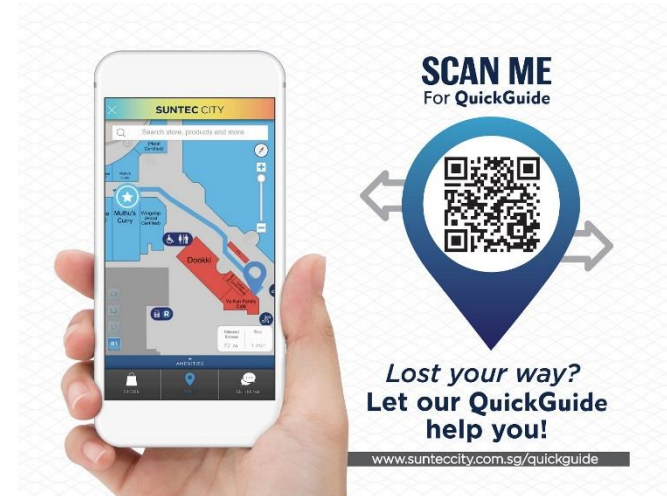


Tenants sales per sq ft  
**+5.2%** YOY



# • Navigation Initiatives – Quick Series

- **QuickGuide (NEW)**- Scan QR Code or go to [www.sunteccity.com.sg/quickguide](http://www.sunteccity.com.sg/quickguide) to start web-based interactive in-mall directory with advanced search function to help shoppers locate shops/brands/products/services
- **QuickChat** - Send SMS or scan QR code to start real time chat with Customer Service Officer
- **QuickFind** - Kiosks stationed at various carpark lobby entrances to help drivers quickly locate their vehicles

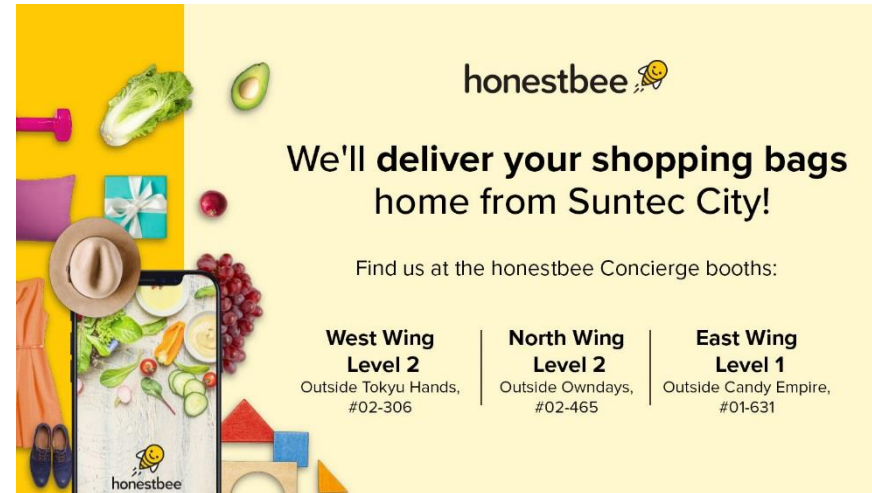


# • Strategic Partnerships & Value Added Services



## ALIPAY

- Part of Suntec City's Tourist Program to attract Chinese tourists to spend in Suntec City
- Cash vouchers sponsored by Alipay to incentivise spending



## HONESTBEE

- Delivery service for Suntec City shoppers



# • New Stores Opening





# • New Stores Opening







**LG**

THE ARTS IS  
A PART OF  
YOUR *Life*

Season's Greetings from Suntec City

h doctor case - A Pakistani court hearing the ret



CONVENTION PERFORMANCE



- 429 events held in 1Q 18





## • Events in 2Q 18



A part of Food&HotelAsia2018







**PROJECTS UNDER DEVELOPMENT**



# • Projects Under Development

9 Penang Road, Singapore



- Steel super structure works in progress
- Scheduled to complete by end 2019

Olderfleet, 477 Collins Street, Australia



- Level five slab works in progress
- Scheduled to complete by mid 2020





**FY18 FOCUS**



# ● FY18 Focus

## Office

- Proactive management to maintain high occupancy
- Strengthen office proposition

## Retail

- Proactive management to strengthen key operational indicators: Occupancy, footfall and tenant sales
- Enhance shopping experience
- Increase asset utilisation & right sizing

## Convention

- Lead the industry through bold innovation, pursuit of excellence and offering unique, memorable experiences
- Increase synergy between Convention, Office and Retail business segments







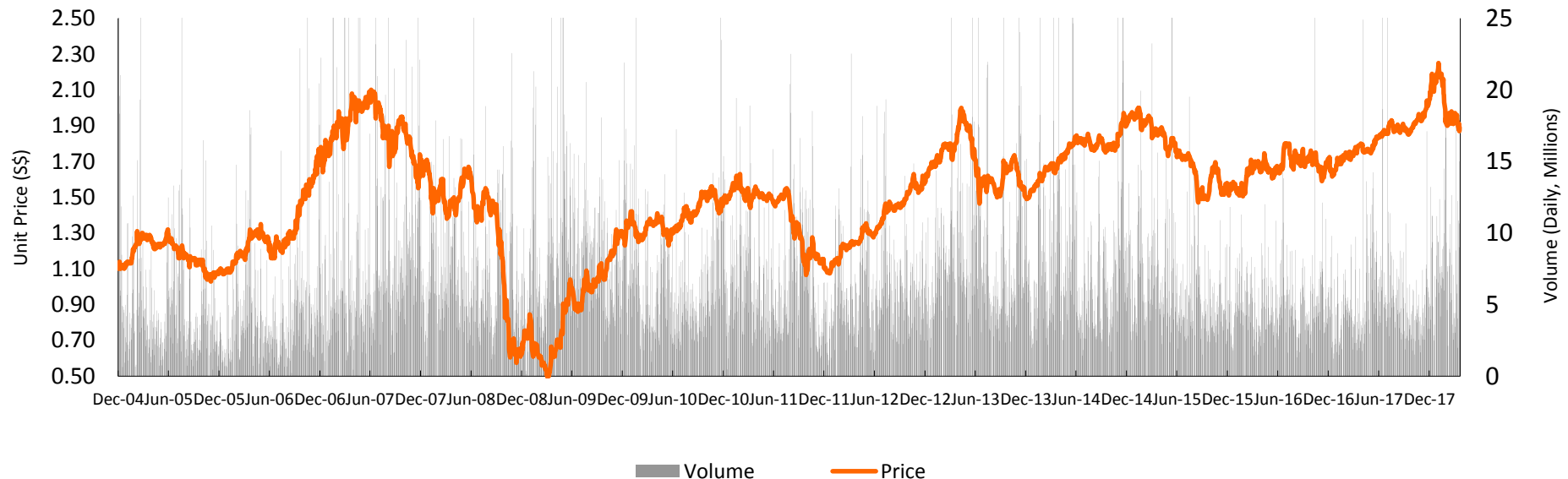
southgate

UNIT PERFORMANCE



# ● Unit Performance

- 1Q 18 DPU of **2.433 cents**
- Trading yield of 5.22%<sup>1</sup>
- Market Capitalisation of S\$5.0 billion<sup>1</sup> as at 31 March 2018
- **4<sup>th</sup> largest REIT** <sup>2</sup> on SGX

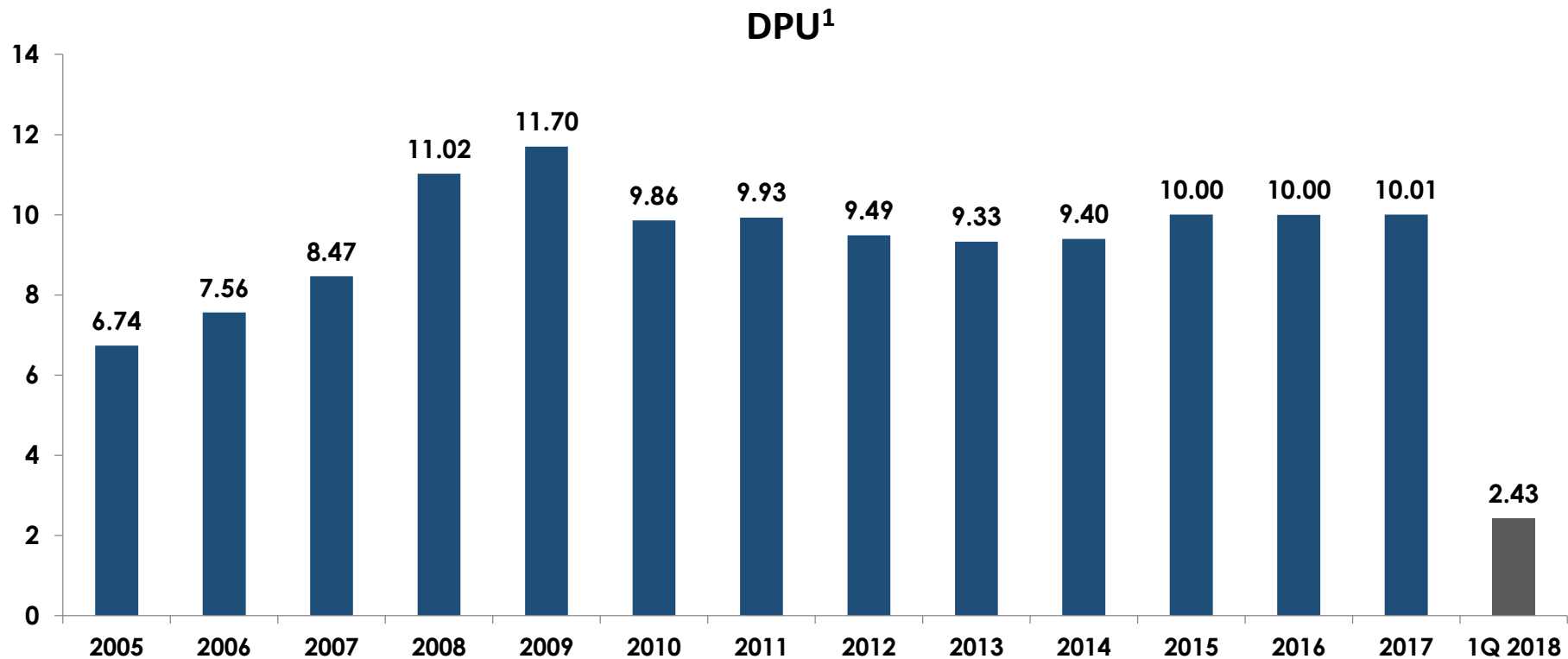


Notes:

1. Based on the share price of S\$1.89 as at 31 March 2018.
2. Based on the market capitalisation as at 31 March 2018.

Source: ARATMS

# ● Delivering Stable, Sustainable DPU



- **13-years track record of delivering stable returns** throughout the property market cycle
- 1Q 2018 annualised DPU of 9.867 cents

Note:

1. Based on calendar year

# ● Established Track Record

1Q 18 DPU ————— 2.433 cents

Total DPU since IPO ————— 125.9 cents

Total Return for IPO Unitholders ————— 214.9%





## ● Distribution Timetable

Distribution Payment	
Distribution Period	1 January – 31 March 2018
Amount (cents/unit)	2.433

Ex-date	2 May 2018
Books closure date	4 May 2018
Payment date	30 May 2018

*THANK YOU*



# ● Contact

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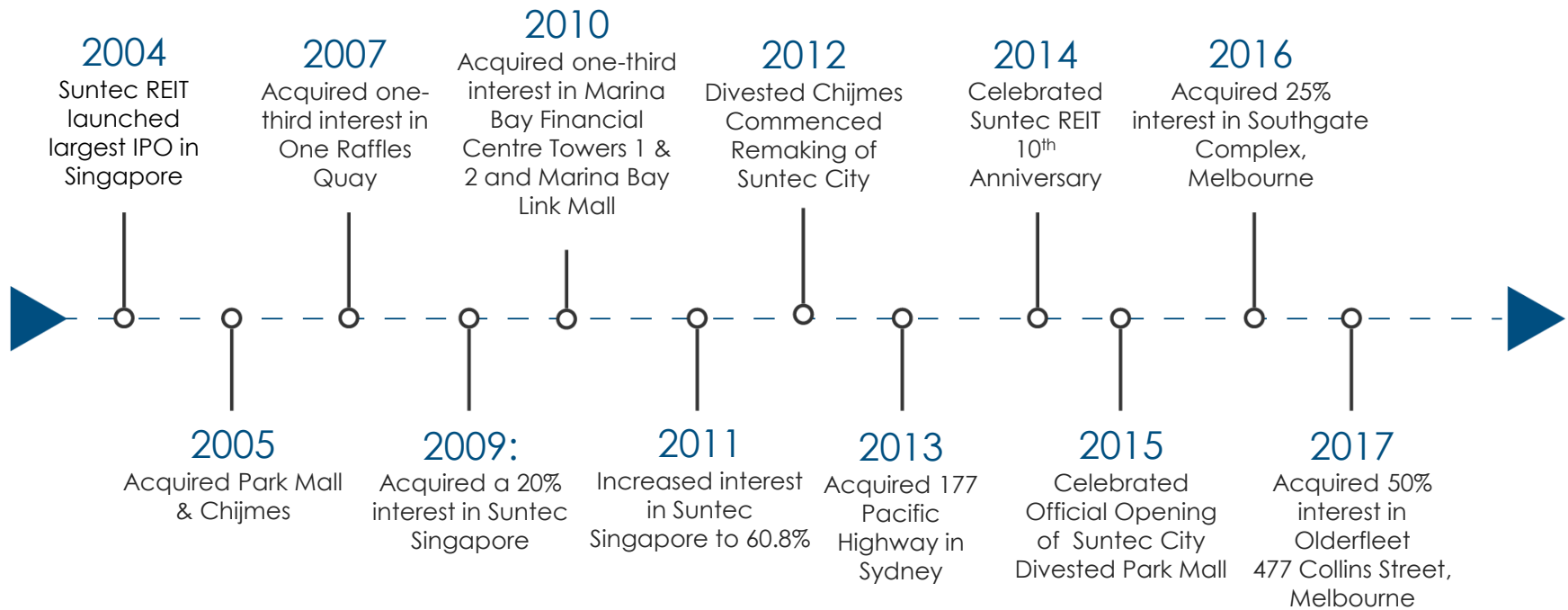
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[www.suntecreit.com](http://www.suntecreit.com)  
[www.ara-asia.com](http://www.ara-asia.com)





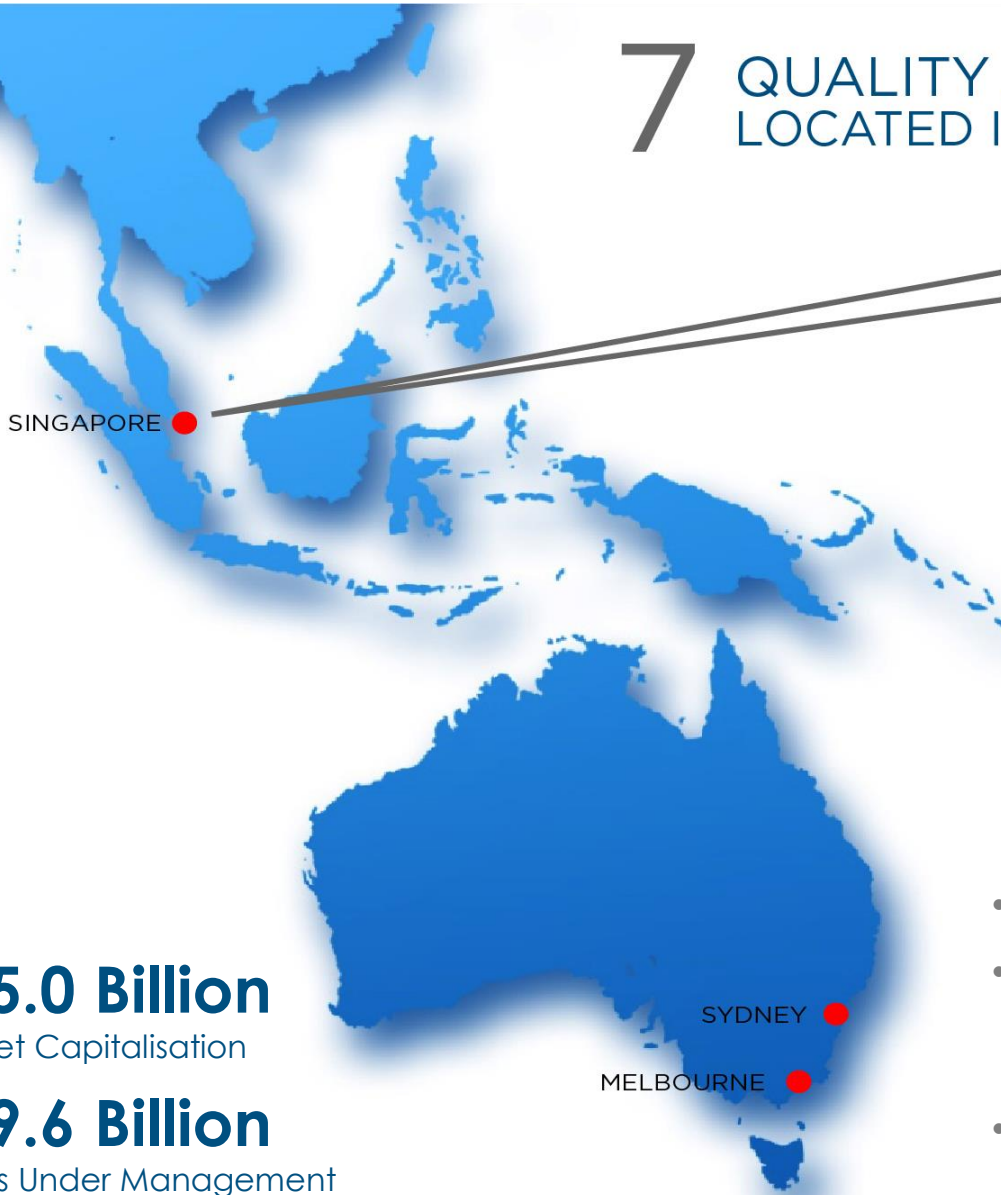
# • Milestones



# • About Suntec REIT

Singapore's first and largest composite REIT

## 7 QUALITY ASSETS STRATEGICALLY LOCATED IN SINGAPORE & AUSTRALIA



- Listed on **9 Dec 2004** on the SGX-ST
- High quality **office** assets, complemented by **retail** and **convention** components
- **4** properties in Singapore, **1** property in Sydney & **2** properties in Melbourne

**S\$5.0 Billion**

Market Capitalisation

**S\$9.6 Billion**

Assets Under Management

# ● Disclaimer

This presentation is focused on the comparison of actual results for the quarter ended 31 March 2018 versus results achieved for the quarter ended 31 March 2017. It should be read in conjunction with Paragraph 8 of Suntec REIT's financial results for the quarter ended 31 March 2018 announced on SGXNET.

The information included in this release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for units in Suntec REIT ("**Units**") in Singapore or any other jurisdiction.

This presentation may contain forward-looking statements that involve assumptions, 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 other developments or companies, shifts in the expected levels of occupancy rates, property rental income, changes in operating expenses, 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. Past performance is not necessarily indicative of future performance. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of Suntec REIT. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

## IMPORTANT NOTICE

1. The value of 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.
2. 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 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.
3. The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.