

Press Release

26 July 2019

Manager of



Suntec REIT Delivers 2Q 19 Distributable Income of S\$65.2 million

Distributable income from operations 4.7% higher year-on-year

Singapore, 26 July 2019 – Suntec REIT delivers a distributable income of S\$65.2 million for the period 1 April to 30 June 2019 ("2Q 19") which was 1.3% lower compared to the quarter ended 30 June 2018 ("2Q 18"). This consisted of distributable income from operations of S\$58.7 million which was 4.7% higher than 2Q 18 and capital distribution of S\$6.5 million. The distribution per unit ("DPU") of 2.361 cents for 2Q 19 was 4.6% lower than 2Q 18 DPU of 2.474 cents mainly due to the enlarged unit base.

For the first half of 2019 ("1H 19"), the distributable income of S\$130.5 million was 0.2% lower year-on-year. This comprises distributable income from operations of S\$117.5 million which was 2.8% higher year-on-year ("y-o-y") and capital distribution of S\$13.0 million. The DPU of 4.795 cents for 1H 19 was 2.3% lower mainly due to the enlarged unit base.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, "We are pleased to have recorded a higher distributable income from operations for the second quarter of 2019. The improved results were mainly driven by the continued strong performance of Suntec City, higher contribution from MBFC Properties, better performance and additional 25% interest in Southgate Complex. This was partially offset by higher financing costs."

In July 2019, the Manager announced the acquisitions of 100% interests in 21 Harris Street, Pyrmont, Sydney for A\$297.0 million and 55 Currie Street, Adelaide for A\$148.3 million. These are high quality freehold Grade A office buildings strategically located in Sydney's fast growing office market, Pyrmont and Adelaide's central business district.

Commenting on the two acquisitions, Mr. Chong said, "We are pleased to increase our presence in Australia with the acquisitions of a second property in Sydney and expand our footprint to Adelaide. These accretive acquisitions will improve earnings and distributions to unitholders with initial net property income yields of 5.5% for 21 Harris Street and 8.0% for 55

Currie Street. Unitholders will also enjoy income stability with growth through the long lease terms and annual rental escalations ranging from 3.0% to 4.0%."

As at 30 June 2019, the overall committed occupancy for the Singapore office portfolio stood at 98.9%. The performance of the Singapore office portfolio will continue to perform well due to the positive rent reversions in earlier quarters.

Upgrading works for Suntec City Office Towers are ongoing and will fully complete in 2021. The improvement works will help to meet tenants' discerning needs and further strengthen Suntec City's competitiveness in the office market.

For projects under development in Singapore, 9 Penang Road is on track to complete construction works by 4Q 2019. The office component has been 100% pre-leased to UBS and leasing for 15,000 sq ft of retail NLA is on-going.

For Australia, the overall committed occupancy for the office portfolio improved to 99.8% as at 30 June 2019 driven by higher occupancy in Southgate Complex. Underpinned by the strong performance of the Sydney and Melbourne office markets and an improving Adelaide office market, the occupancy and rental levels for the Australian assets are expected to remain high for Suntec REIT's Australia office portfolio.

Construction works for Olderfleet, 477 Collins in Melbourne is on schedule to complete in mid 2020. Including the heads of agreement signed, the pre-committed occupancy for the development had increased to 90.9% to-date.

Following the completion of the existing projects under development and including the new acquisitions, approximately 17% of Suntec REIT's assets and approximately 23% of the income contribution will be from Australia.

On Suntec City's retail performance, Mr. Chong said, "We are pleased to report that revenue had increased 4.0% driven by positive rental reversion. The key operation indicators remained robust with footfall and tenants' sales growing 3.9% and 1.7% year-on-year respectively. The mall is expected to continue to perform well, notwithstanding the continuing challenges in the retail sector."

Mr. Chong added, "To enhance unitholders' value, we will continue to the improve underlying performance of our assets, source for accretive acquisitions and continue our prudent capital management strategy,

Summary of Suntec REIT's 2Q 19 & 1H 19 Results

| | 2Q 19 (S\$'000) | 2Q 18 (S\$'000) | % Change | 1H 19 (S\$'000) | 1H 18 (S\$'000) | % Change |
|---------------------------------|--------------------|--------------------|--------------|--------------------|--------------------|--------------|
| Gross revenue | 88,396 | 90,521 | -2.3% | 178,073 | 181,240 | -1.7% |
| Net property income | 56,363 | 60,719 | -7.2% | 114,561 | 123,707 | -7.4% |
| Income contribution from JVs | 25,729 | 22,616 | 13.8% | 49,749 | 45,337 | 9.7% |
| Distributable income | 65,155 | 66,009 | -1.3% | 130,508 | 130,823 | -0.2% |
| - from operations | 58,655 | 56,009 | 4.7% | 117,508 | 114,323 | 2.8% |
| - from capital | 6,500 | 10,000 | -35.0% | 13,000 | 16,500 | -21.2% |
| Distribution per unit | 2.361 | 2.474 | -4.6% | 4.795 | 4.907 | -2.3% |
| - from operations | 2.129 | 2.099 | 1.4% | 4.321 | 4.288 | 0.8% |
| - from capital | 0.232 | 0.375 | -38.1% | 0.474 | 0.619 | -23.4% |

For 2Q 19, Suntec REIT's gross revenue of S\$88.4 million was a decline of 2.3% year-on-year. This was mainly due to lower revenue from Suntec Convention which was partially offset by an increase in retail and office revenue from Suntec City.

For 1H 19, Suntec REIT attained gross revenue of S\$178.1 million which was 1.7% lower year-on-year, due to lower revenue from Suntec Convention and 177 Pacific Highway as a result of the weakened Australia dollar, partially offset by higher revenue from Suntec City office and retail.

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ABOUT SUNTEC REIT

Listed on 9 December 2004, Suntec REIT holds properties in Suntec City, Singapore's largest integrated commercial development (including one of Singapore's largest shopping Mall), a 60.8% interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, and a 30.0% interest in 9 Penang Road which is under construction. Suntec REIT holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 50.0% interest in Southgate Complex, Melbourne, and a 50.0% interest in a commercial building under development which is located at Olderfleet 477 Collins Street, Melbourne, Australia. Its aim is to invest in income-producing real estate which is primarily used for office and/or retail purposes. Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited. For more details, please visit www.suntecreit.com.

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA"). ARA is a premier global integrated real assets fund manager. Gross Assets Managed by ARA Group and its Associates is more than S\$80 billion¹ across over 100 cities in 23 countries.

Driven by a vision to be the best-in-class real assets fund management company, ARA Group and its Associates' businesses include:

- (a) **REITs** – ARA is one of the largest REIT managers in Asia Pacific. The Group directly manages Fortune REIT, dual-listed in Singapore and Hong Kong; Suntec REIT, Cache Logistics Trust and ARA US Hospitality Trust, listed in Singapore; and Hui Xian REIT and Prosperity REIT, listed in Hong Kong. It also indirectly manages REITs in Japan, Australia, Singapore and Malaysia through its associate companies.
- (b) **Private real estate funds** – The Group manages private funds providing investment opportunities in diverse real estate sectors and geographies that cater to different investor risk appetites.
- (c) **Country desks** – ARA operates country desks in China, Korea, Japan, Malaysia, Australia, Europe and the United States. The country desks employ a strong understanding of each local market to facilitate the flow of inbound and outbound capital and cross-country collaborations. ARA has an expanded presence in Japan via its strategic stake in Kenedix, Inc. and in Europe via its strategic stake in Cromwell Property Group.
- (d) **Infrastructure** – ARA Infrastructure was established in 2018 to cater to strong investor demand for global infrastructure investment.
- (e) **Real estate management services** – As part of the Group's investor-operator philosophy, its dedicated property management teams actively work the ground to manage its assets globally.

ARA's multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge, enables the Group to offer enduring value to investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information, please visit <http://www.ara-group.com>.

¹ Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates

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