

SUNTEC REIT ANNUAL GENERAL MEETING

16 June 2020



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FY19 Highlights

Distributable Income: S\$262.7 million

Distributable income from operations:
S\$236.7 million, +3.9% YOY

Capital distribution:
S\$26.0 million

Distribution Per Unit (DPU): 9.507 cents

DPU from operations:
8.570 cents, +0.5% YOY

DPU from capital:
0.937 cents

Capital Management

Private placement:
Raised S\$200 million

All-in Financing Cost
3.05% p.a.

Assets Under Management: S\$10.4 billion

Singapore:
S\$9,057 million,
+2.2% YOY

Australia:
S\$1,350 million,
+30.7% YOY

Acquisitions: A\$443.3 million

55 Currie Street, Adelaide
completed in Sep '19

21 Harris Street, Pyrmont, Sydney
acquisition completed in April 2020

Project Under Development

9 Penang Road:
Obtained Temporary Permit in Oct '19



55 Currie Street, Adelaide



FIRST FORAY INTO ADELAIDE

Acquisition of 100% interest (NLA 282,000 sq ft) for
A\$148.3 mil
Completed in Sep'19



FREEHOLD GRADE A OFFICE BUILDING

91.7% committed occupancy
Key Tenants: Commonwealth Government, South Australian
Government, Allianz and Data Action



INITIAL 8.0% YIELD - DPU ACCRETIVE FURTHER STRENGTHEN INCOME STABILITY

27-months rent guarantee on vacant spaces
WALE of ~4.0 years with annual rent escalation of 3.50% - 3.75%



21 Harris Street, Pyrmont, Sydney



DEEPENED PRESENCE IN SYDNEY

Acquisition of 100% interest (NLA 203,000 sq ft) for
A\$295.0 mil

Completed in Apr '20



FREEHOLD GRADE A OFFICE BUILDING

66.2% committed occupancy and
2.3% with Heads of Agreement (as at 31 Mar 20)

Anchored by Publicis Groupe -
Global communications and marketing company



5.5% INITIAL YIELD – DPU ACCRETIVE FURTHER STRENGTHEN INCOME STABILITY

3 years rent guarantee on vacant spaces

Long WALE of ~10.0 years with annual rent escalation of 3.0% -4.0%



FINANCIAL HIGHLIGHTS



FY 19 Financial Performance



Gross Revenue 0.9% higher y-o-y

Mainly due to

- + Stronger performance of Suntec City and initial contribution by 55 Currie Street

Partially offset by

- Suntec Convention and 177 Pacific Highway

Net Property Income 2.0% lower y-o-y

Mainly due to

- Sinking fund contribution for full year

Excluding the sinking fund contribution of S\$19.3 mil (2018: S\$11.2 mil), NPI would be 1.3% higher y-o-y

Income Contribution from JV 8.1% higher y-o-y

Mainly due to

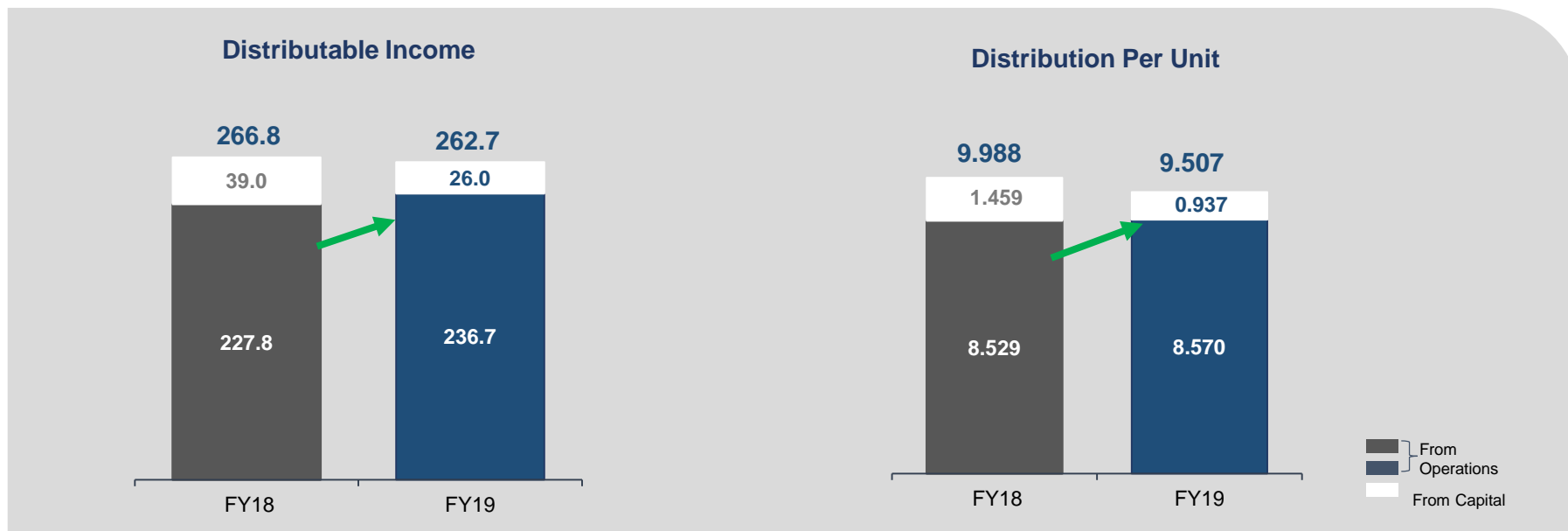
- + Stronger performance and additional 25% interest in Southgate Complex

- + One-off compensations from tenants for MBFC Properties

Partially offset by

- Lower occupancy in ORQ

Achieved FY19 Distributable Income of S\$262.7 mil



Distributable Income

S\$262.7 million, -1.5% y-o-y

+ Higher distributable income from operations:
Higher contribution from Suntec City, Southgate Complex, MBFC Properties and contribution from 55 Currie Street *partially offset by* lower contribution from 177 Pacific Highway and ORQ, and higher financing costs

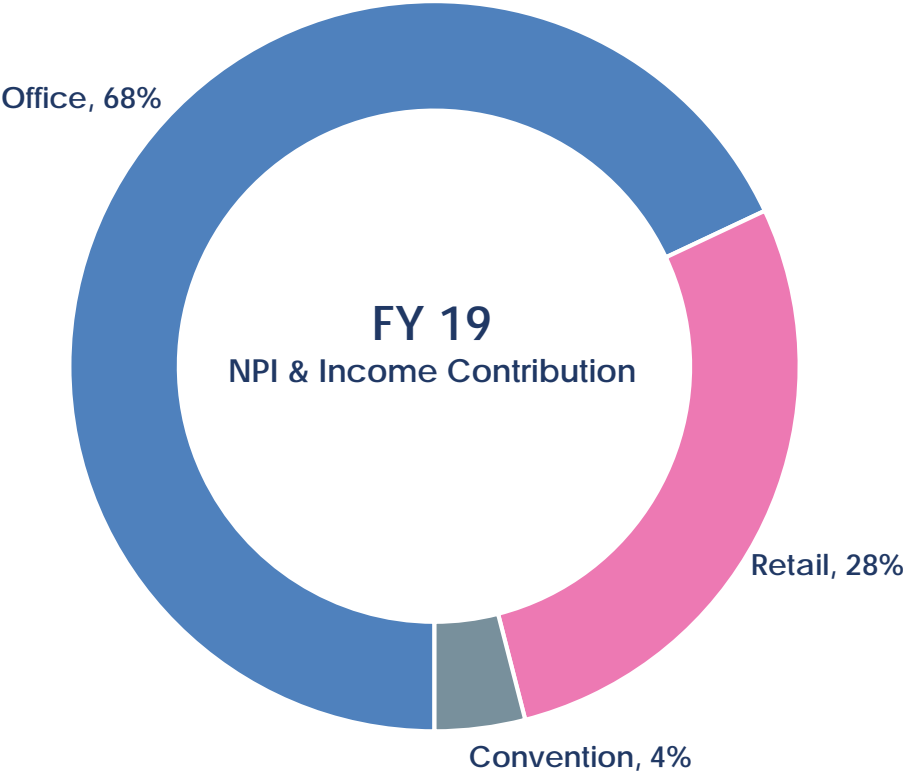
- Lower capital distribution

Distribution Per Unit

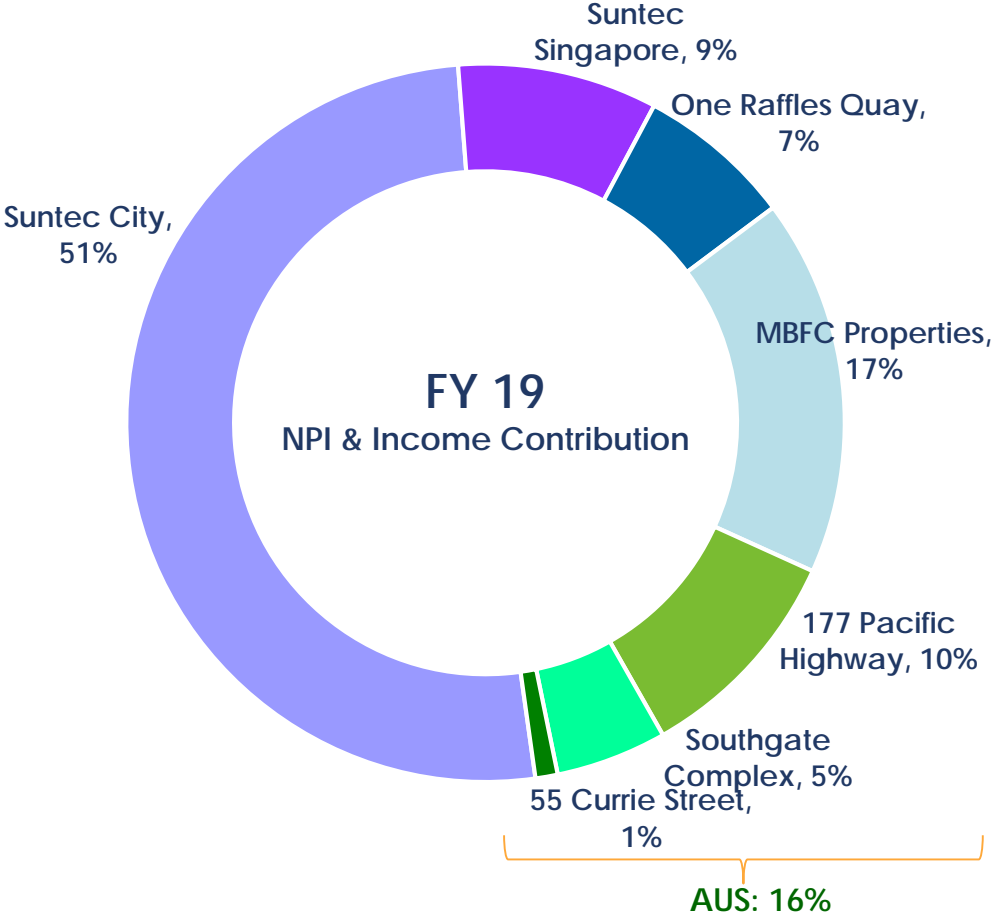
9.507 cents, -4.8% y-o-y

+ Higher distributable income from operations
- Enlarged unit base and lower capital distribution

Diversified Portfolio across Sector and Geography



Contribution by Segment



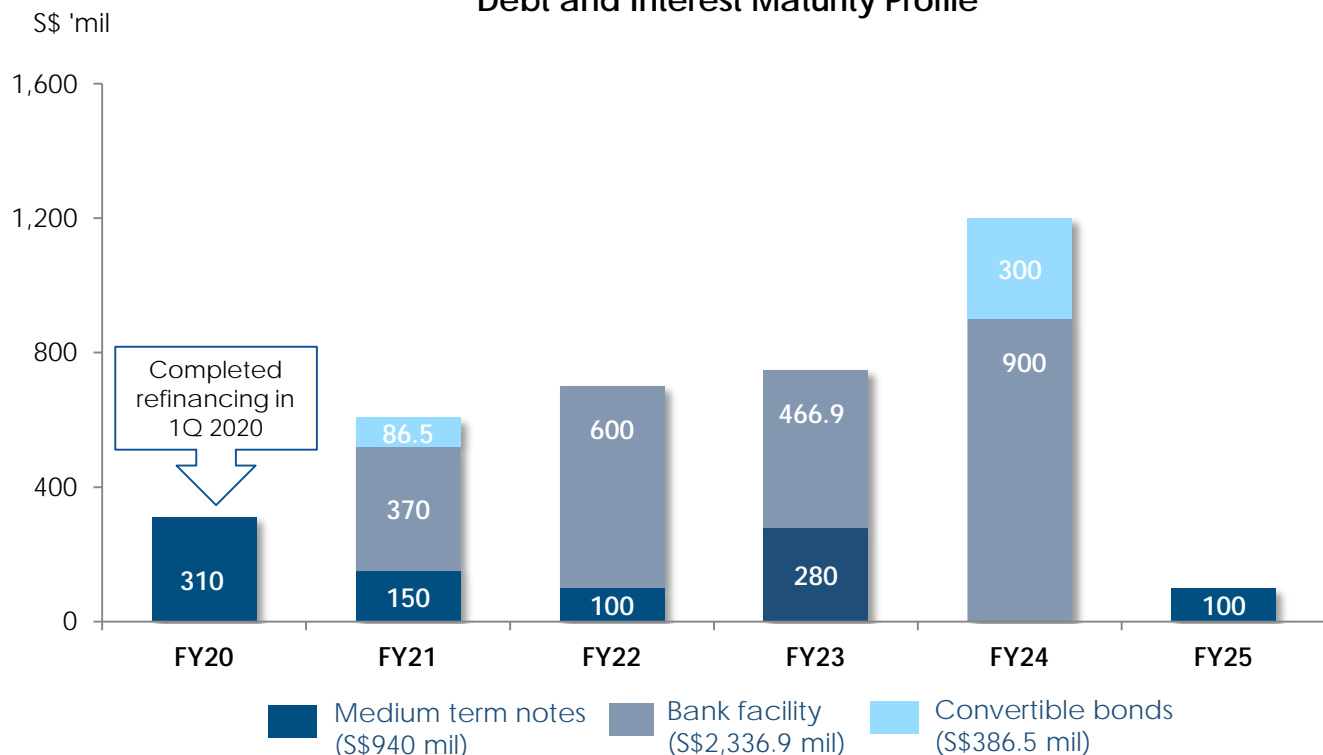
Contribution by Asset



CAPITAL MANAGEMENT

Proactive Capital Management

Debt and Interest Maturity Profile



Issued S\$200 mil 7-yr MTN and Secured A\$450 mil Green Loan Facility in 1Q 2020

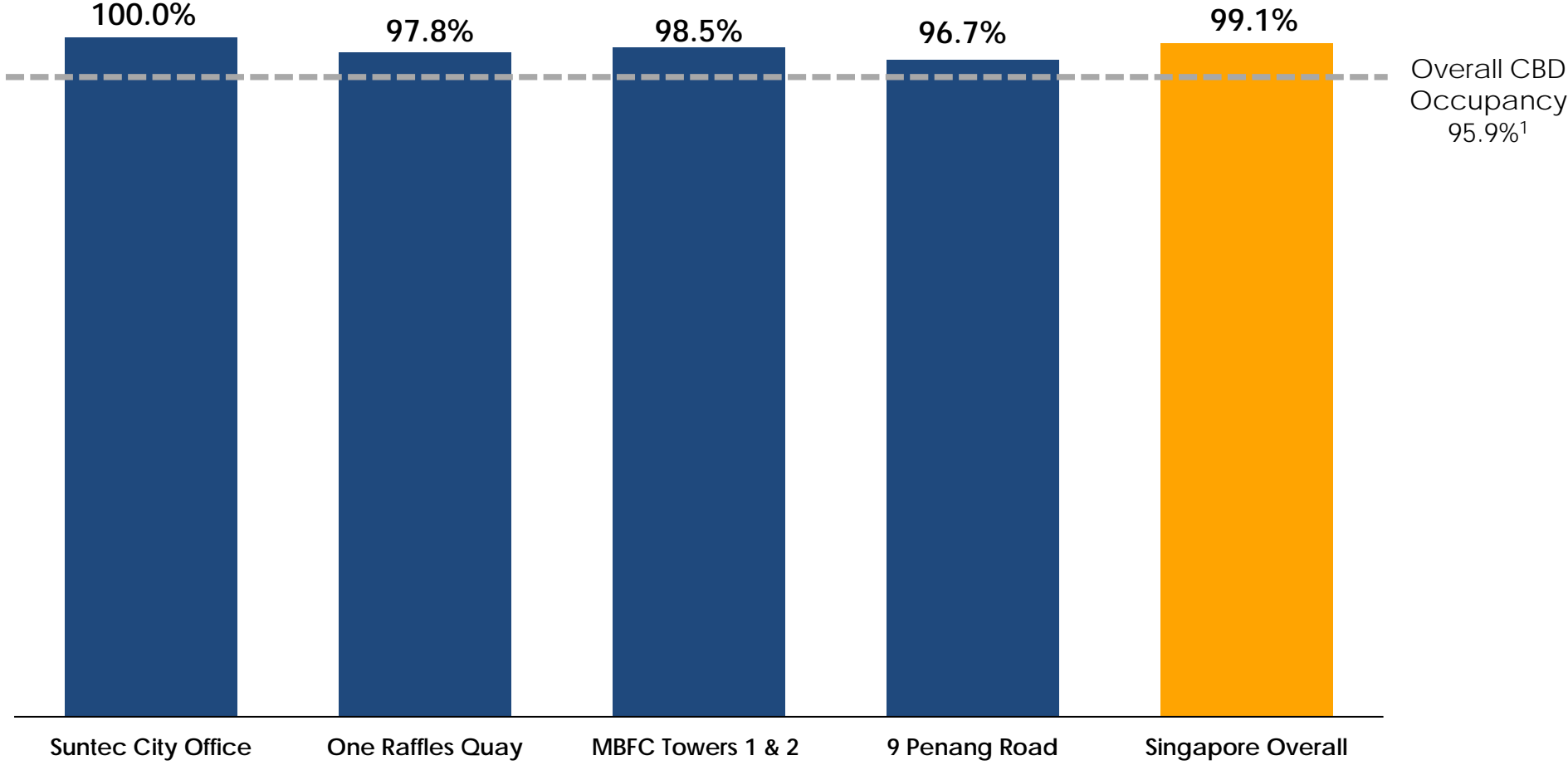
Key Financial Indicators	As at 31 Dec '19
Aggregate Leverage Ratio ¹	37.7%
Weighted Average Debt Maturity	3.06 years
All-in Financing Cost	3.05% p.a.
Interest Coverage Ratio	2.9X
Weighted average interest maturity	2.54 years
Interest Rate Borrowings (fixed)	75%
% of AUD income hedged for 2020	~30%

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.

SG OFFICE PORTFOLIO PERFORMANCE



Singapore Office Committed Occupancy



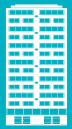
Committed Occupancy Outperformed Market

Note:
1. Source: JLL

Suntec City Office



Achieved 100% Committed Occupancy



<14% of Leases Due to Expire in 2020
(of which 43% has been completed as at
31 Mar 20)



7 Consecutive Quarters
of Positive Rent Reversion



Completed Asset Enhancement Works
for Tower 5



Suntec City Office Upgrading Works

Tower 5 revitalised and modernised



Works for Towers One to Four to Complete by 2021

One Raffles Quay & MBFC Properties



High Committed Occupancy

ORQ: 97.8%

MBFC Properties¹: 98.4%



Lease Expiries in FY 2020

ORQ: 25.0%

- Of which 15% is from space to be vacated by UBS in Dec 2020
- 18% of UBS's space has been pre-committed at ORQ

MBFC Properties¹: 5.6%



Strong Positive Rent Reversions Achieved in FY 2019

Note:

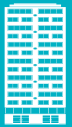
1. MBFC Properties refer to MBFC Towers 1 & 2 and the Marina Bay Link Mall



9 Penang Road



Office Component 100% leased to UBS
Occupy both office towers (NLA ~381,000 sq ft)



Obtained TOP in Oct '19



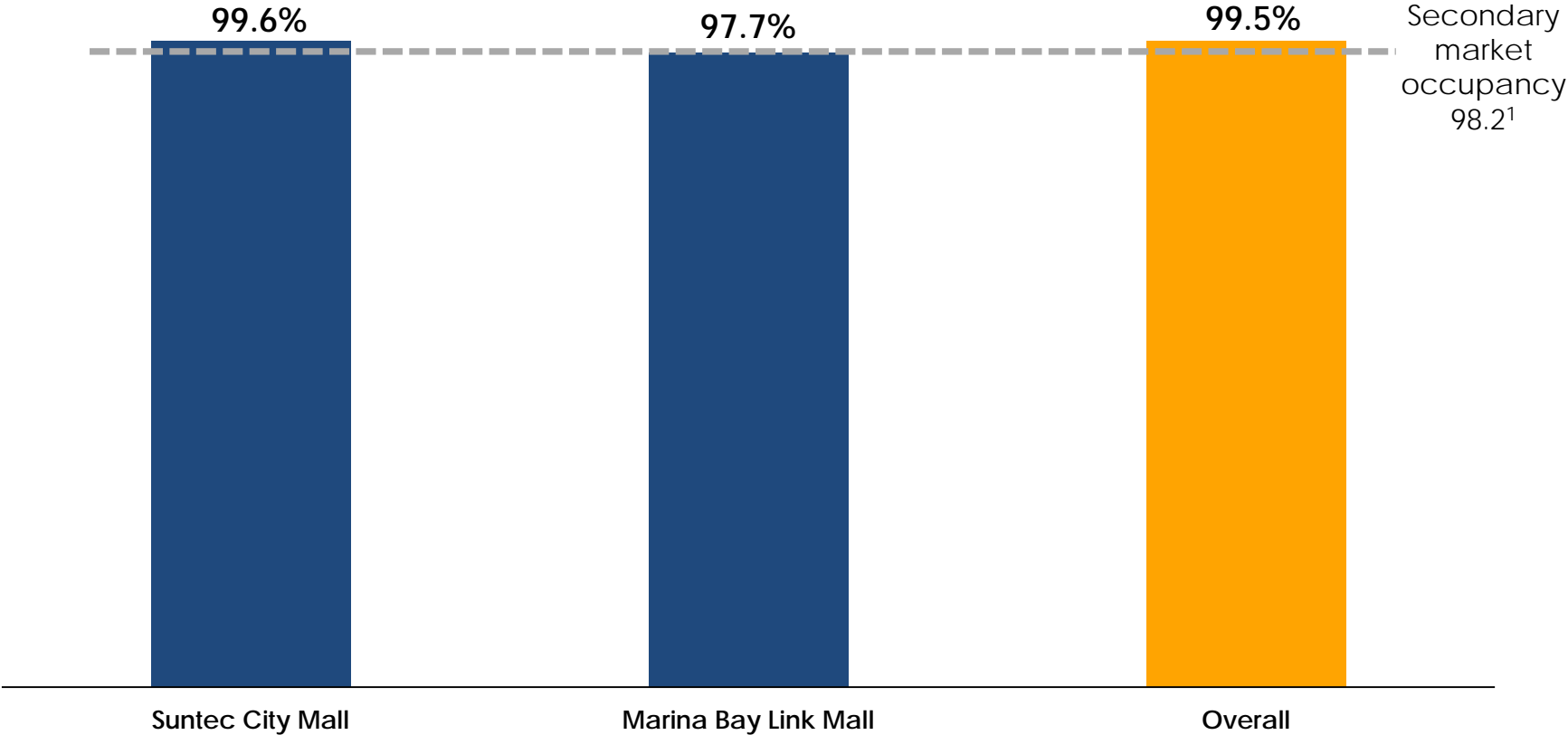
**Retail Trade Mix pre-dominantly
F&B**





SG RETAIL PORTFOLIO PERFORMANCE

Singapore Retail Portfolio Committed Occupancy



Committed Occupancy Outperformed Market

Note:
1. Source: JLL

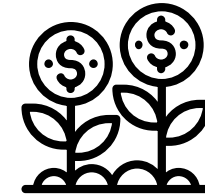
Suntec City Mall – Improved Operational Performance



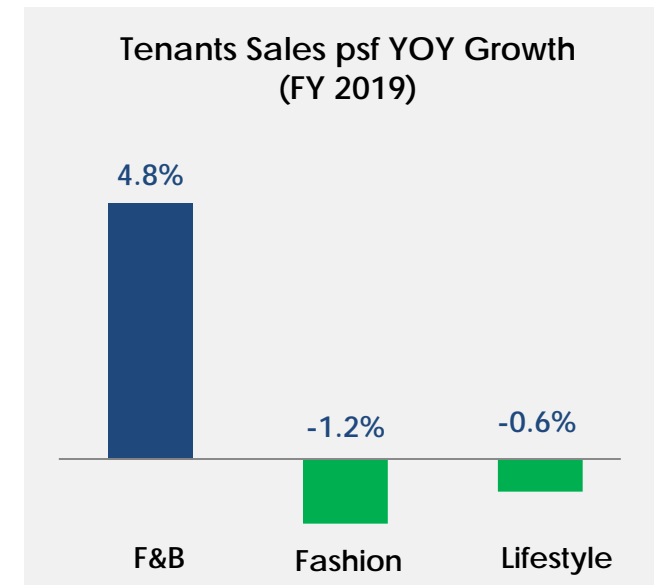
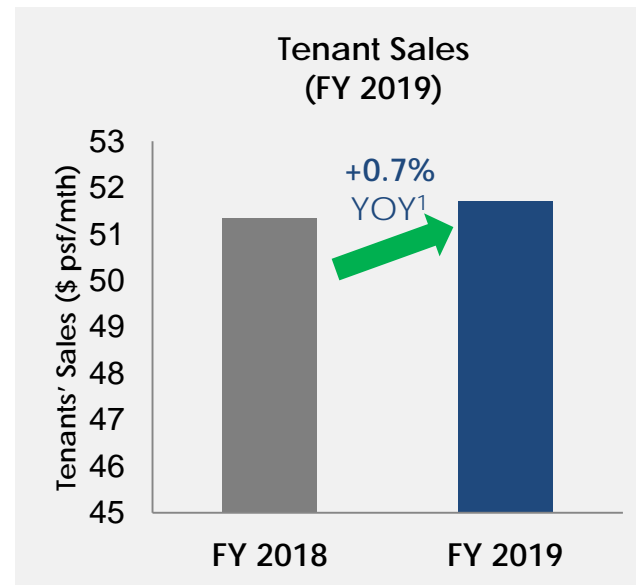
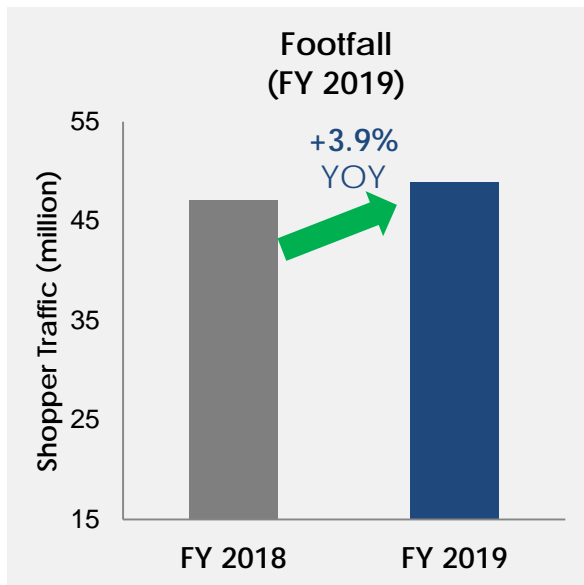
Committed Occupancy
(as at 31 Dec 2019)
99.6%



Rent Reversions
(FY 2019)
+5.1%



Positive Rent Reversions
10 consecutive quarters



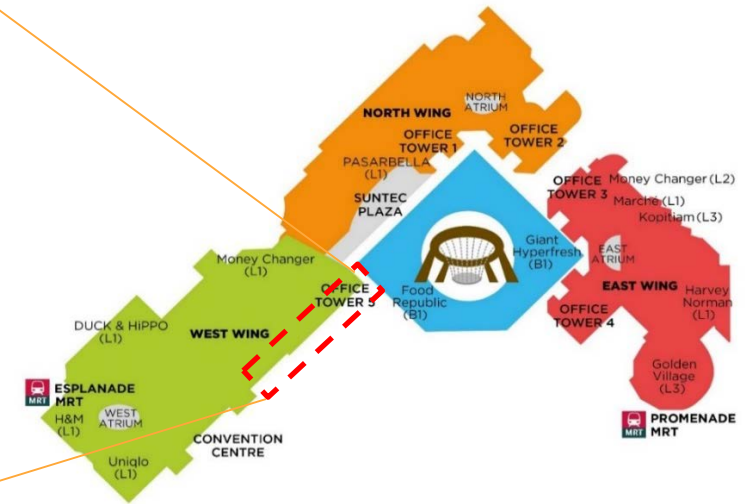
Note:
1. Excluding SuperPark, tenant sales per sq ft increased 3.2% y-o-y

Suntec City Mall Asset Enhancement

 Works at Basement 1 of approx. 15,000 sq ft Completed in June '19

 Return On Investment of approx. 50%

 Increased F&B Offerings from 5 to 16



New Tenants:



High Return On Investment

CONVENTION PERFORMANCE

LG

THE ARTS IS
A PART OF
YOUR *Life*

THE ARTS INSPIRES ME

THE ARTS FOR LIFE

Season's Greetings from Suntec City

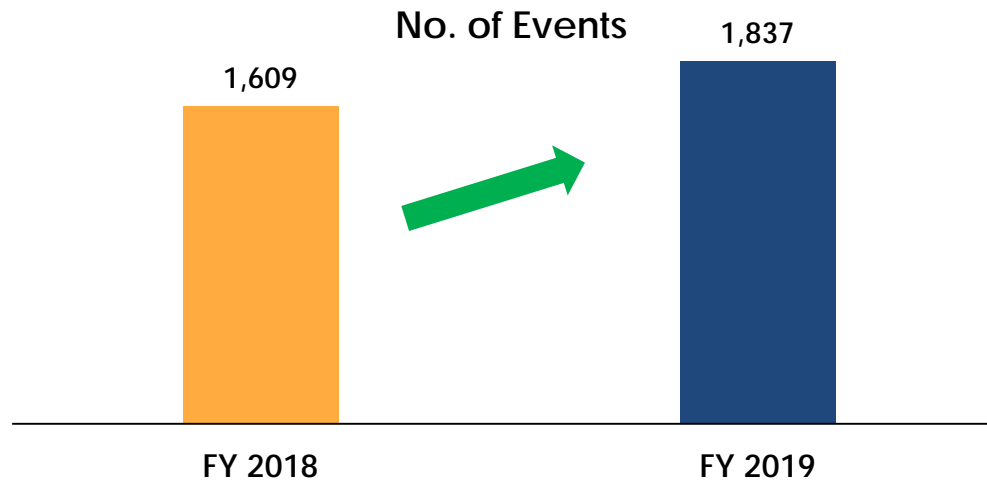
A doctor case - A Pakistani court hearing the ret



Suntec
SINGAPORE
Convention & Exhibition Centre



Suntec Convention Performance



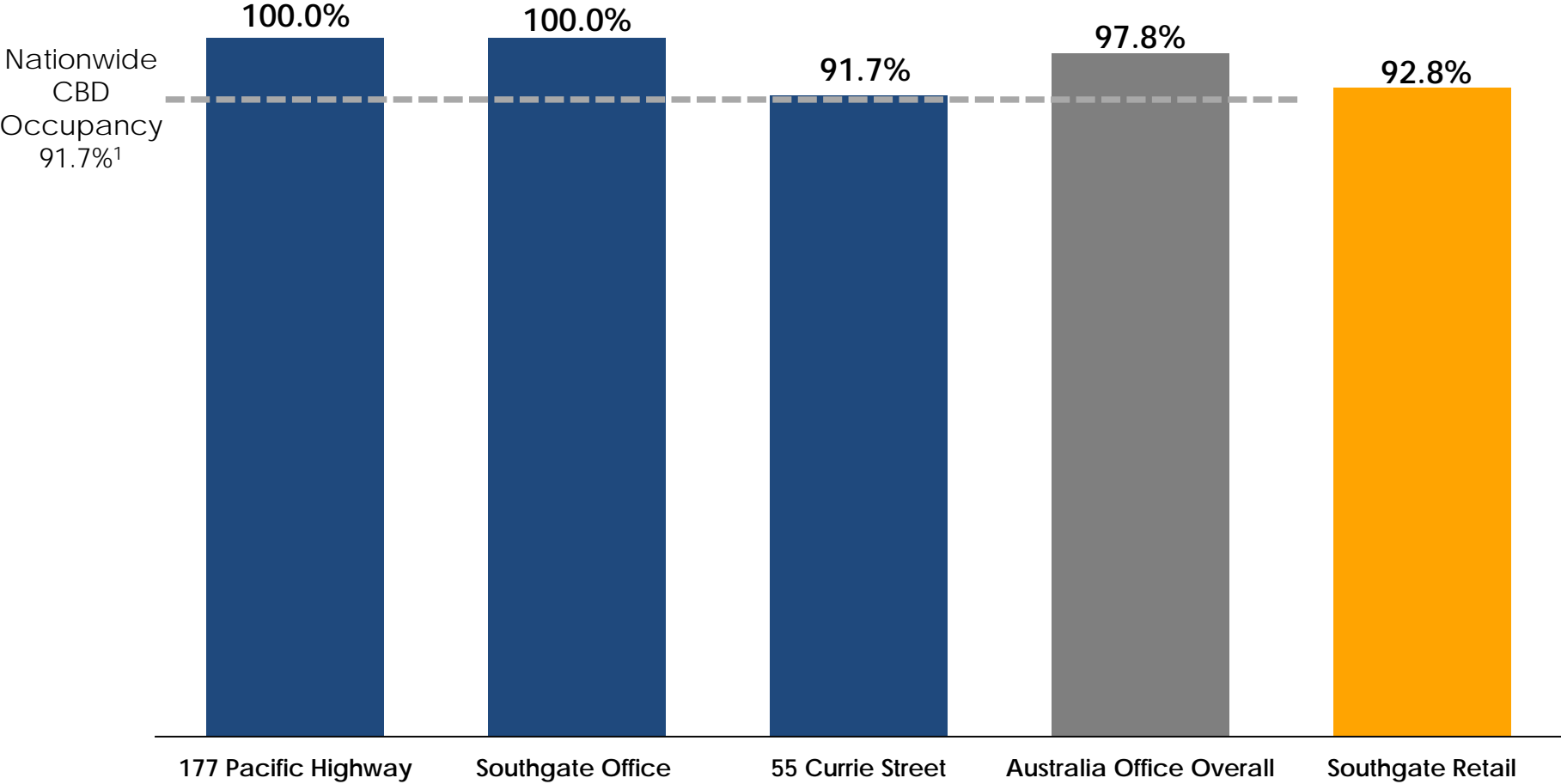
Strong Line-up of Trade Shows, Conferences and Consumer Shows



AUSTRALIA PORTFOLIO PERFORMANCE



Australia Committed Occupancy



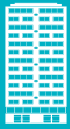
Strong Committed Occupancy

Note:
1. Source: JLL

177 Pacific Highway, Sydney



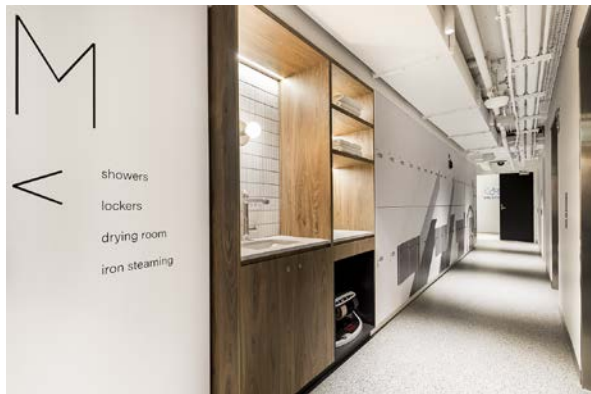
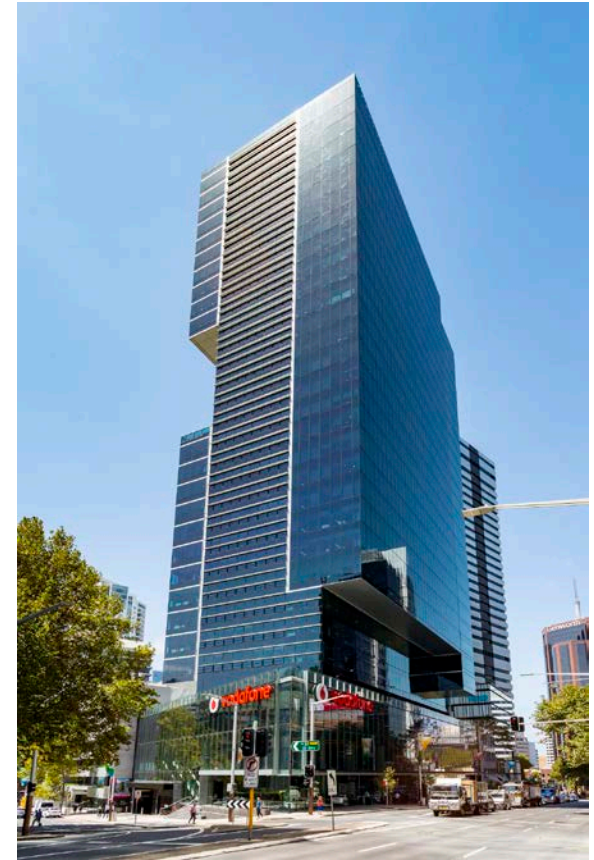
100% Committed Occupancy



No Leases Due to Expire Till 2023



New End-of-Trip Facility Completed



Southgate Complex, Melbourne



High Committed Occupancy

Office: 100%

Retail: 92.8%



7.2% of Leases Due to Expire in 2020



Strong Rent Reversions Achieved in FY 2019



Southgate Office Lobby Asset Enhancement

*IBM Tower:
Refurbishment of
lobbies and foyer*



Works for HWT Towers to Complete by 2020



PROJECT UNDER DEVELOPMENT

Artist's impression

Project Under Development



ADDITIONAL INCOME CONTRIBUTION IN 2H 2020

Base building has been completed
Integrated fit-out in progress
On schedule to complete by end June 2020



FREEHOLD PREMIUM GRADE OFFICE BUILDING

93.7% pre-committed occupancy and
3.5% with Heads of Agreement (as at 31 Mar 20)
Key Tenants: Deloitte, Lander & Rogers, Norton Rose Fulbright,
Urbis, Work Club



4.8% INITIAL YIELD – DPU ACCRETIVE FURTHER STRENGTHEN INCOME STABILITY

5 years rent guarantee on vacant spaces
Long WALE of ~11.0 years with annual rent escalation of 3.5% -4.0%

Olderfleet, 477 Collins Street, Australia



LOOKING AHEAD



Looking Ahead – Singapore Office Portfolio

Outlook

- Singapore office portfolio remains resilient because of the properties' diverse tenant bases
- Office demand will be impacted due to deferment of relocation and expansion plans by corporates
- Some companies may continue to adopt split-team operations
- Shifts in occupier demand towards remote working and space utilisation are anticipated

Tenants' Assistance

- Property tax rebates granted by government will be fully passed on to tenants
- Cash rebates granted by government will be fully passed on to qualifying SME tenants¹
- Qualifying SME tenants¹ will receive additional rent relief of 1 month base rent from landlord and eligible to defer rent for the period between 1 Feb to 19 Oct 2020

Rental Revenue

- Rental revenue is expected to remain robust due mainly to:
 - i. Completion of 52% of FY 20 renewals for the Singapore office portfolio
 - ii. Strong rent reversions achieved from previous quarters
- Underpinned by limited office supply, rent reversions will remain strong for FY 20
- Portfolio occupancy is expected to remain healthy, within market range of 95%²
- 43% of the space to be vacated by UBS has been pre-committed in ORQ and Suntec City Office. A longer time to backfill remaining space is expected.

Navigating Through Downturn

- Proactive management of leases amidst market slowdown
- Remain focused on tenant retention
- Leverage on technology to better facilitate office community needs and placemaking activities

Note:

1. New Rental Relief Framework for SMEs as announced by the Ministry of Law, Singapore on 3 June 2020
2. JLL as at 31 March 2020

Looking Ahead – Suntec City Mall

Outlook

- Strong headwinds for the rest of the year
- Significant drop in shopper traffic due to COVID-19
- Gradual recovery from 3Q 20 as COVID-19 situation improves and safe distancing measures are eased
- Weak tourist arrivals will continue to impact retail sales (Suntec City Mall partially shielded as primary catchment is predominantly office workers and local residents)

Tenants' Assistance

- 2 months rent waiver granted to all tenants in Apr and May 2020
- Tenants will receive up to 4 months of rent assistance in total¹
- Tenants who faced extended period of closure (e.g. entertainment segment) will be granted additional rent assistance
- Option to draw down one month of cash security deposit
- Access to 'SME Help Fund' by ARA, Straits Trading and JL Family Office
- Qualifying SME tenants¹ to be granted rent deferrals

Rental Revenue

- Rental revenue will be impacted by rental assistance measures
- Together with support measures by Singapore Government, majority of tenants should remain sustainable
- Achieved double-digit positive rent reversion in 1Q 20 from renewal of about 1/3 of expiring leases
- Rent reversion for remaining quarters likely in negative range due to weaker market demand
- Overall mall occupancy may trend closer to nation-wide average² of low 90% due to non-renewals

Navigating Through Downturn

- Strategic location, superior transport connectivity and aggressive marketing plans will allow Suntec City Mall to drive shopper traffic back to pre COVID-19 levels of more than 4 mil a month
- Use of technology to address changes in shopper behavior and spending habits

Note:

1. New Rental Relief Framework for SMEs as announced by the Ministry of Law, Singapore on 3 June 2020
2. URA Q4 19 data

Outlook

- Challenges faced by MICE industry in Singapore are unprecedented
- International and large-scale trade fairs impacted by travel restrictions
- Smaller-scale meetings and events affected by safe distancing measures
- Recovery likely led by smaller-scale events, meetings and consumer shows when current measures on safe distancing are eased
- International conventions and events will remain weak due to slower recovery in international travel
- Immediate focus on costs control, jobs protection and preparation for recovery
- Income contribution to Suntec REIT to be significantly affected for FY20

Navigating Through Downturn

- Reduced operating costs by closing the Centre till 2 Aug 2020
- Option of extending temporary closure of the Centre will be considered if mandated measures are prolonged
- Innovation and up-skilling of staff are key enablers to prepare for recovery
- Sales team continues to secure business opportunities for a healthy pipeline in 2021 and beyond
- All staff required to complete online training to position business for strong recovery
- Current situation presents opportunities to review existing products and develop new online services

Looking Ahead – Australia Portfolio

Outlook

- Occupancy in Sydney and Melbourne office markets are currently above 10-year averages
- New supply on stream in 2020 and weaker economic activity will weigh on occupancy
- Adelaide CBD office market expected to remain stable with limited new supply in 2020
- Leasing demand and rental growth subdued as businesses exercise caution
- Retail sector continue to face challenges with weak consumer spending and COVID-19 restrictions
- Mandatory by law¹ for landlords to grant rent reliefs to qualifying SME tenants

Tenants' Assistance

- 87% of Australia portfolio² is leased to large corporations, government tenants and businesses in TMT, financial services and consultancy sectors that are not expected to be negatively impacted
- Partial rent rebate and deferment will be granted to qualifying office and retail SME tenants

Rental Revenue

- Income supported by healthy occupancy and completion of development assets
- Office portfolio will remain resilient underpinned by strong occupancy, long WALE with minimal lease expiry in 2020
- On same-store basis, income expected to dip from 2019 due to rent assistance for qualifying SME tenants
- Overall income expected to increase over 2019 with contributions from 21 Harris Street and 477 Collins Street

Navigating Through Downturn

- Provide variety of collaborative workspaces and technology infrastructure to address continued trend towards remote and flexible workspaces
- Enhance amenities for office tenants (e.g. wellness amenities, fitness programme)
- Unlock greater value at Southgate Complex in the longer term with the potential redevelopment of the retail podium and construction of a new office tower

Note:

1. Mandatory Code of Conduct on SME Commercial Leasing Principles during COVID-19 by Australia National Cabinet with effect from 3 April 2020
2. Based on committed net lettable area for Suntec REIT's Australia portfolio.

- 1 Proactively Manage Risks to Strengthen Resiliency of Properties
- 2 Disciplined Approach in Reducing Costs and Discretionary Capital Expenditure
- 3 Prudent Capital Management
- 4 Achieve Balance between Reasonable Returns to Unitholders, Build Cash Reserve and Assisting Tenants

THANK YOU



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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.