

SUNTEC REIT - 3Q 2020 Update

22 October 2020



Agenda

03

3Q 20 Highlights

04

Financial Highlights

12

Acquisition of Nova Properties

15

Capital Management

18

Singapore Office Portfolio Performance

25

Singapore Retail Portfolio Performance

30

Australia Portfolio Performance

33

Looking Ahead

Distribution to Unitholders : S\$52.2 million, -12.6% YOY

Distribution Per Unit to Unitholders: 1.848 cents, -21.9% YOY

Capital Management

All-in
Financing Cost
2.5% p.a.

Acquisition: £430.6 million (\$766.5 mil)

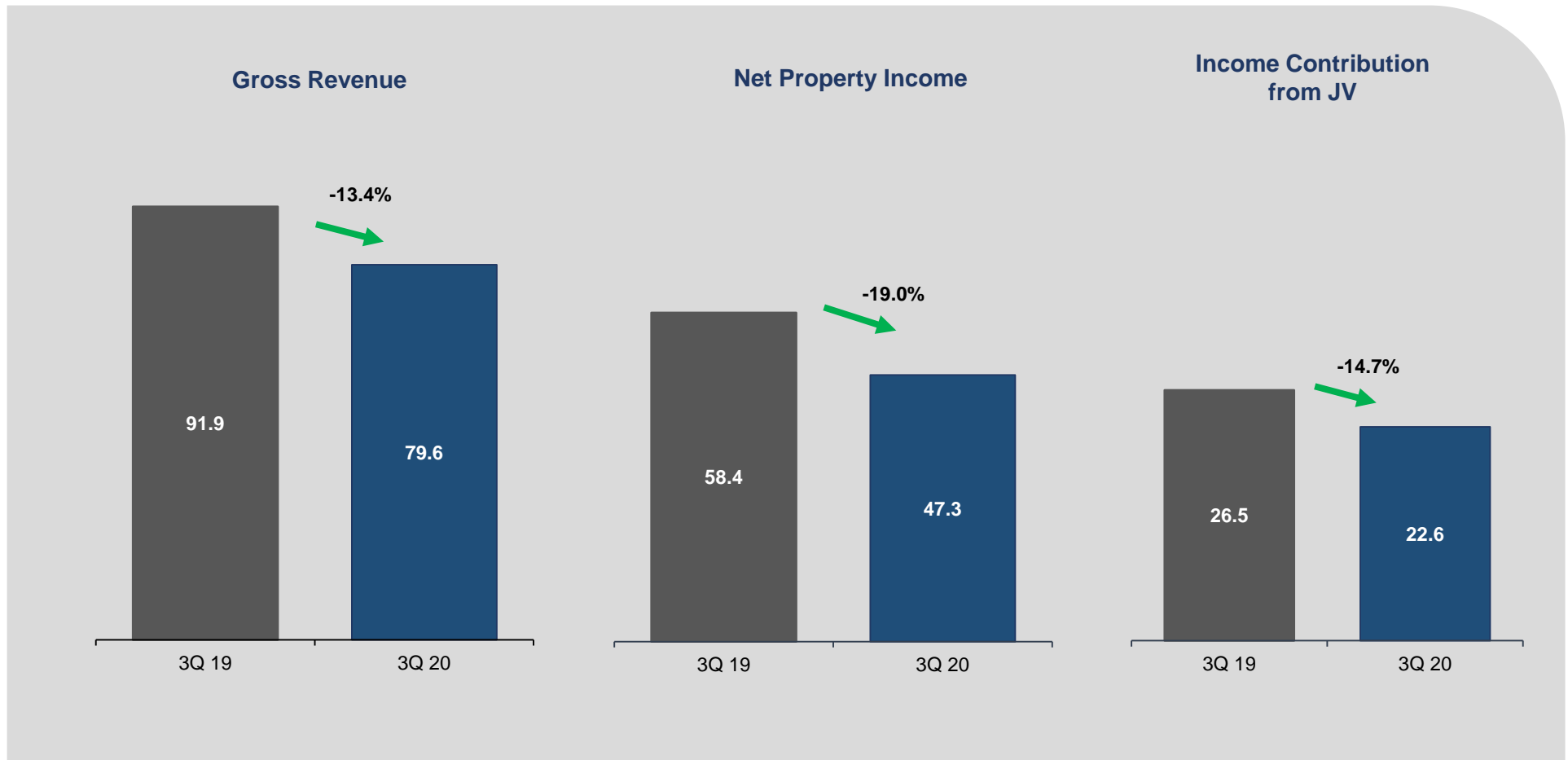
Acquisition of Nova Properties in London
announced on 8 Oct '20
To be completed by Dec 2020



FINANCIAL HIGHLIGHTS

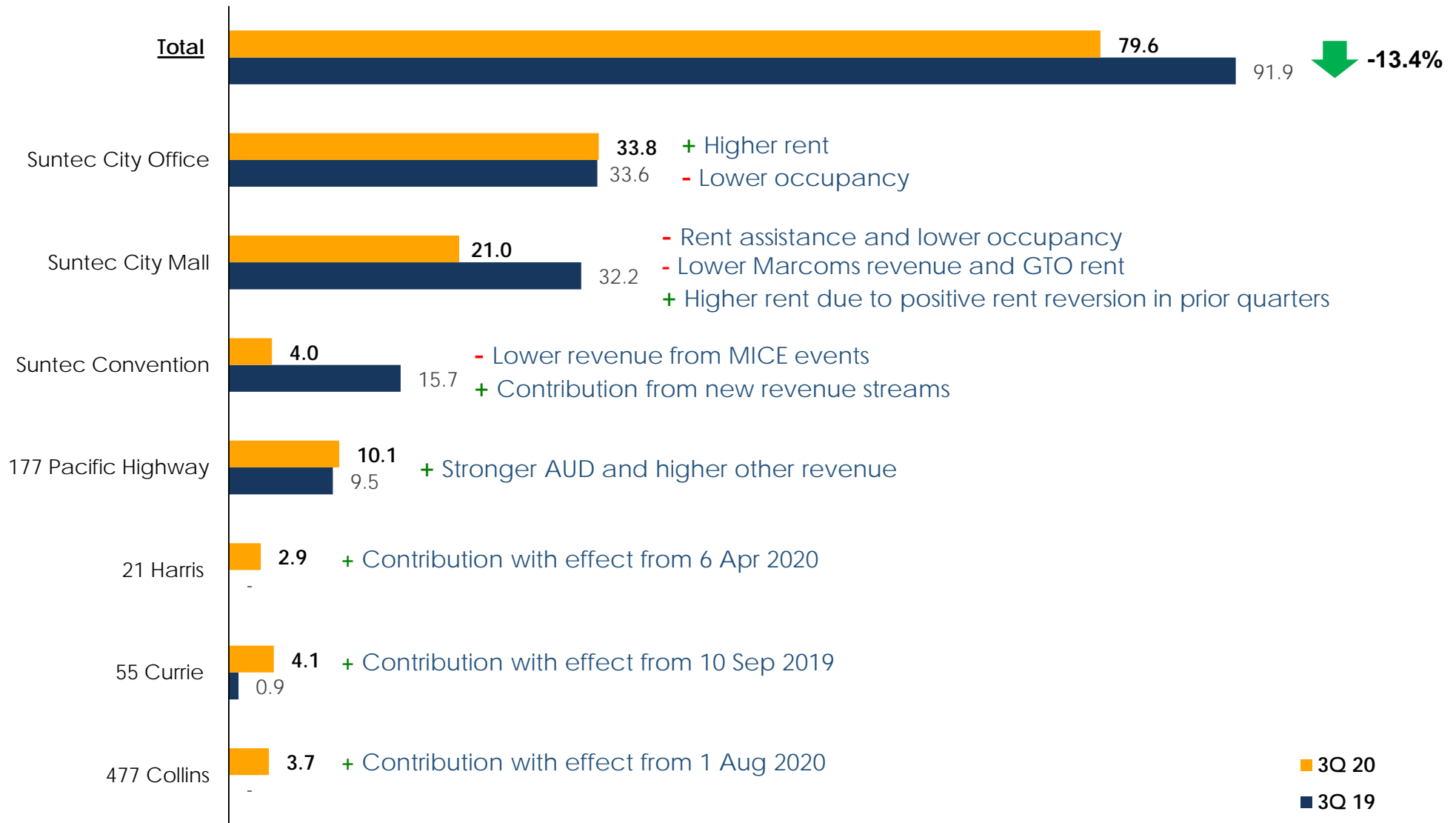


3Q 20 Financial Performance

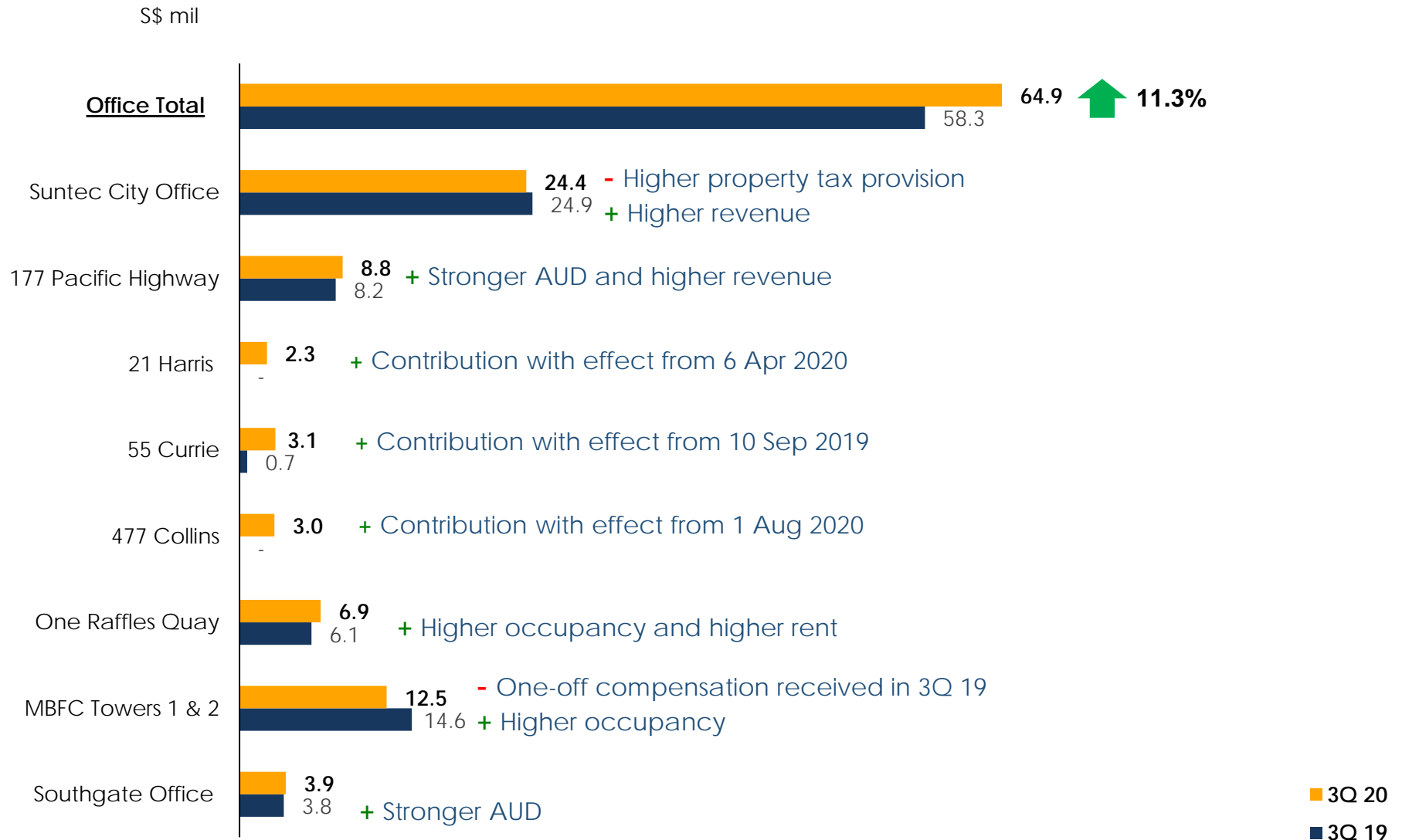


3Q 20 Gross Revenue decreased 13.4% y-o-y

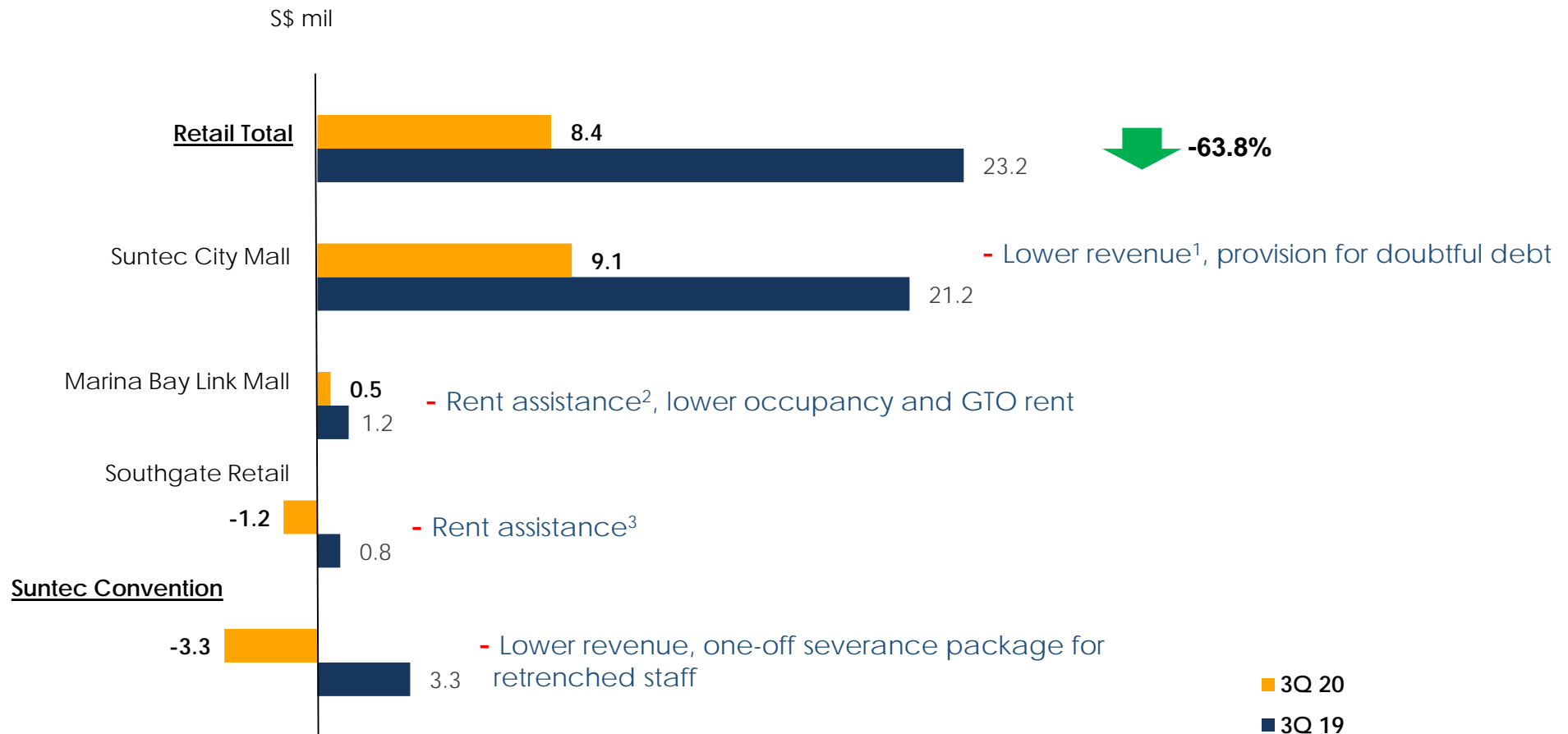
S\$ mil



3Q 20 NPI & JV Income Contribution - Office



3Q 20 NPI & JV Income Contribution – Retail & Convention

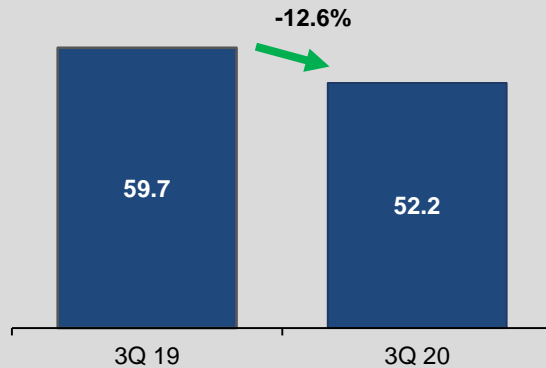


Note:

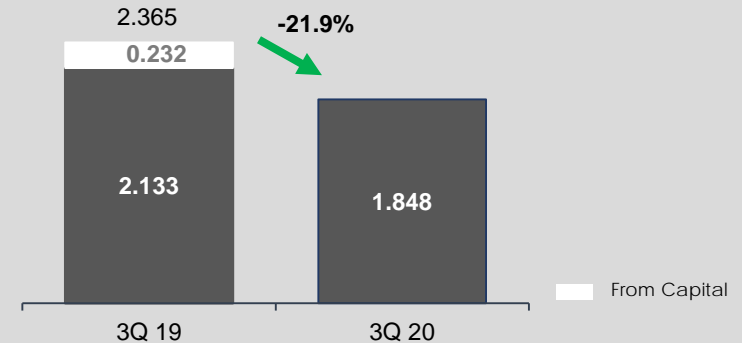
1. Up to 0.75 months of rent assistance funded by landlord was granted to tenants most affected by COVID-19
2. Vast majority of tenants received approx. 0.8 months of rent assistance
3. Provision of rent assistance for vast majority of retail tenants

Distribution Income to Unitholders

Distributable Income from Operations
(\$ mil)



DPU to Unitholders
(SG cents)



Distributable Income from Operations

\$52.2 million, -12.6% y-o-y

- Rent assistance for Suntec City Mall, Marina Bay Link Mall and Southgate Complex Retail
- Absence of contribution from Suntec Singapore
- One-off compensation received in 3Q 19 at MBFC Properties

Partially offset by

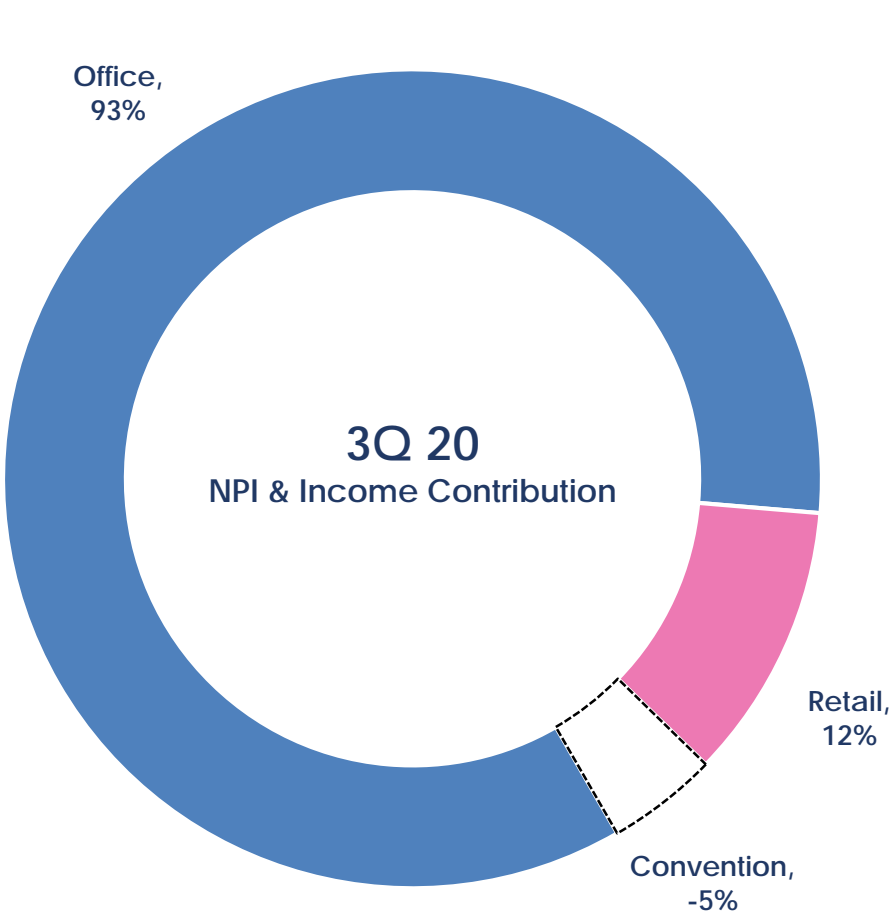
- + Better performance and contributions from the Australia Office Portfolio
- + Better performance of One Raffles Quay
- + Lower financing cost

DPU to Unitholders

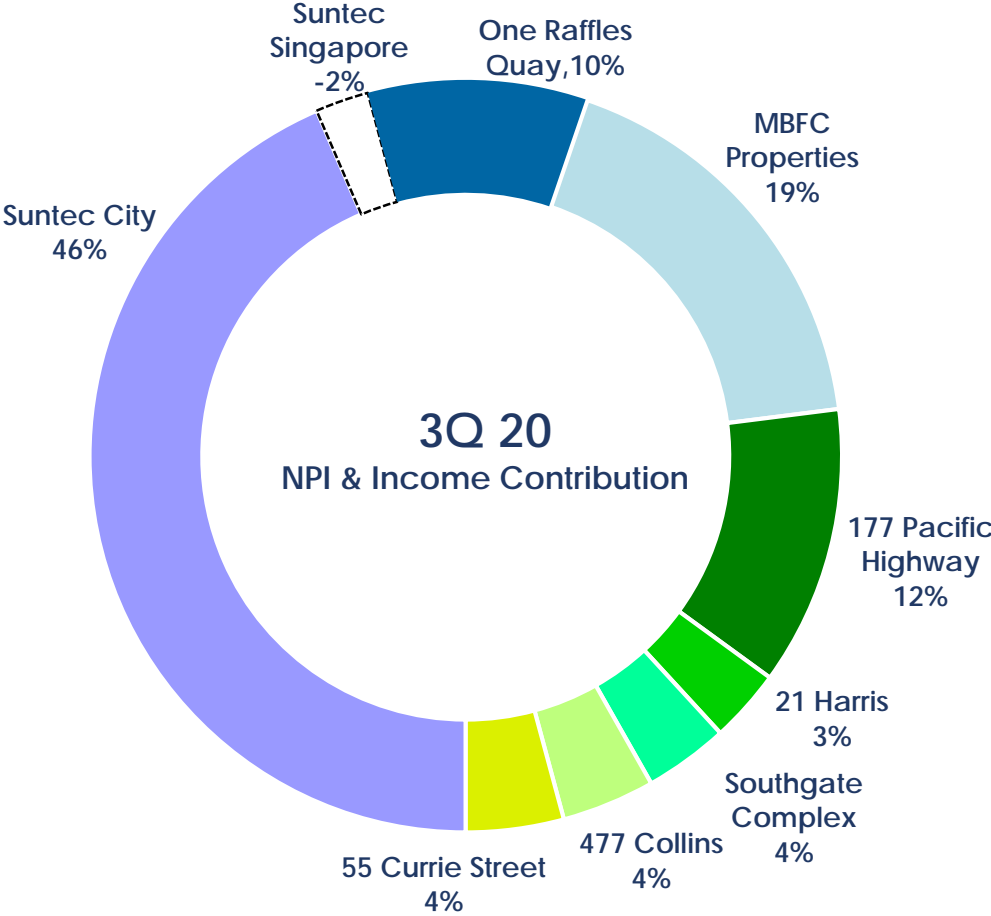
1.848 cents, -21.9% y-o-y

- Lower distributable income from operations
- Absence of capital distribution (\$6.5 mil)

Diversified Portfolio across Sector and Geography



Contribution by Segment



AUS: 27%

Contribution by Asset

Distribution Timetable

Distribution Payment	
Distribution Period	1 July – 30 September 2020
Amount (cents/unit)	1.848

Ex-date	29 Oct 2020
Record date	30 Oct 2020
Payment date	25 Nov 2020



Acquisition of Nova Properties

Acquisition of Nova Properties

- Proposed acquisition of 50.0% interest in Nova North, Nova South and The Nova Building, comprising two high quality multi-tenanted office buildings with ancillary retail development
- Strategically located in Victoria, West End
- Agreed property value of £430.6 mil (~\$766.5 mil)¹
- NPI yield of 4.6%²
- DPU accretion: 3.4%³
- 100% committed occupancy with long weighted average lease expiry of 11.1 years⁴
- 2-year guarantee on retail income
- Expected completion in December 2020 subject to Suntec REIT's Unitholders' approval



Notes:

¹ Based on 50.0% interest and exchange rate of £1 : S\$1.78

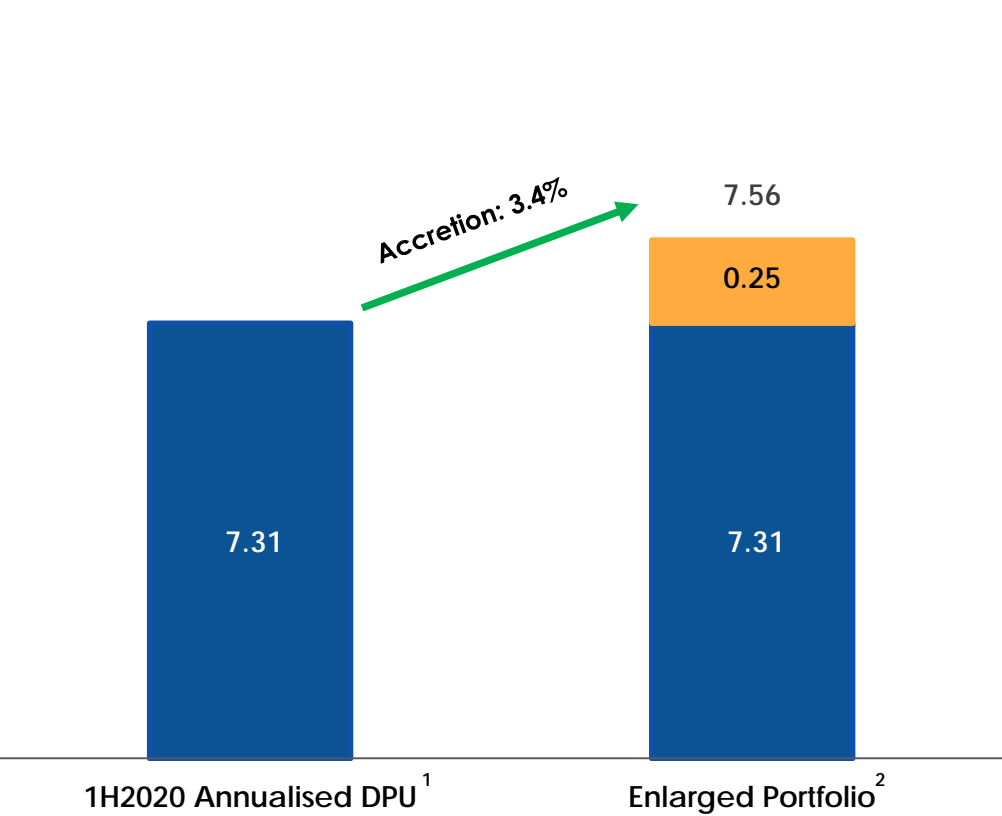
² Based on passing income as at 30 June 2020 divided by total acquisition cost of £439.4 million (approximately S\$782.1 million).

³ Illustrative DPU accretion based on passing income as at 30 June 2020 compared with actual annualised 1H2020 DPU (before retention of 10.0% distribution)

⁴ Based on net lettable area as at 30 June 2020

DPU Accretive to Unitholders

DPU from Operations (cents)



Key Drivers

- NPI yield of 4.6%³
- 100% occupied with possible upside through rent review⁴
- 2-year guarantee on retail income

Capital Management

- Up to £200.0 mil loans in GBP to achieve natural hedge
- S\$200 mil in perpetual securities
- Up to S\$217.9 mil loans in SGD
- To hedge at least 50% of recurring GBP income

DPU Accretion of 3.4%

Notes:
¹ Before retention of 10.0% distribution
² Illustrative DPU accretion based on passing income as at 30 June 2020 compared with actual annualised 1H2020 DPU (before retention of 10.0% distribution)
³ Based on passing income as at 30 June 2020 divided by total acquisition cost
⁴ Generally every five years at market or existing rent, whichever is the higher



CAPITAL MANAGEMENT

Key Financial Indicators

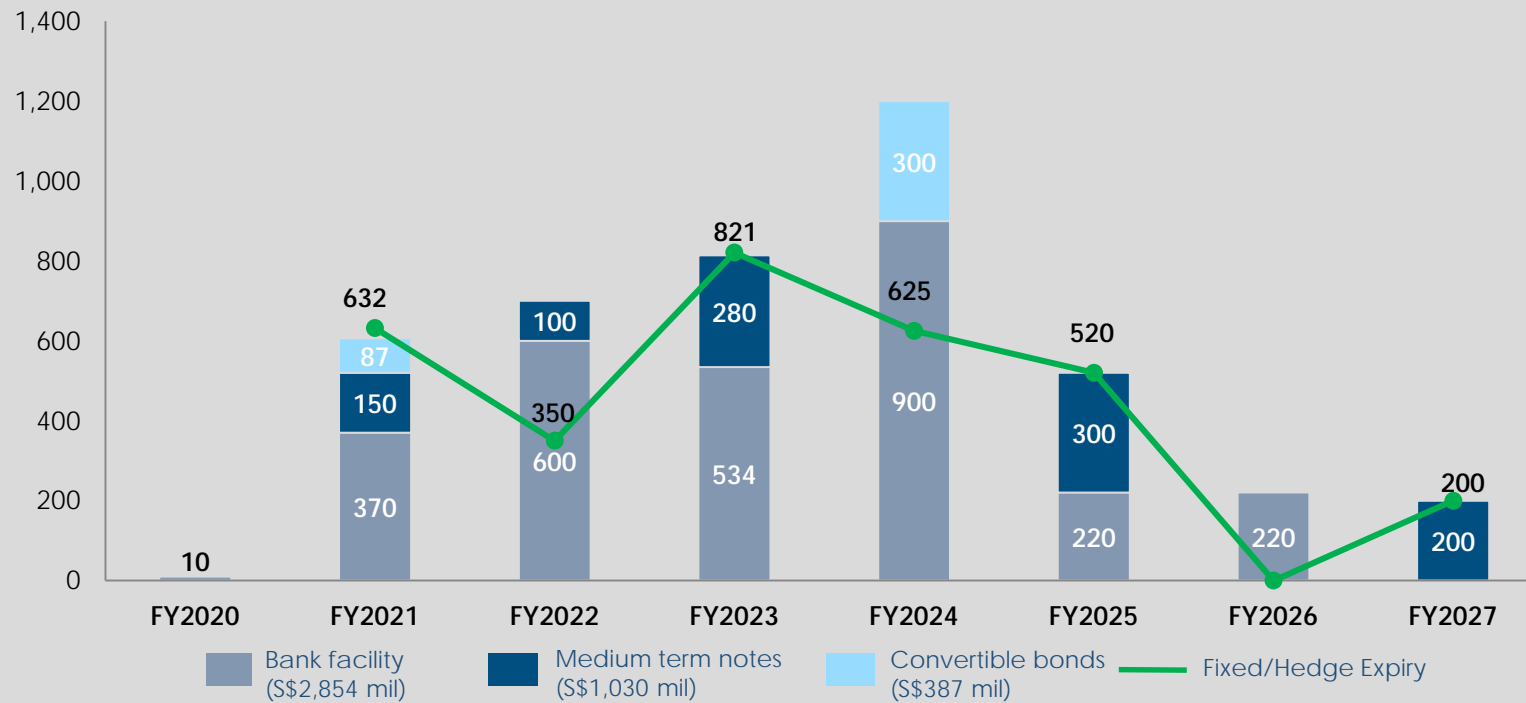
	As at 30 Sep '20	As at 30 Jun '20
NAV Per Unit	S\$2.092	S\$2.089
Total Debt Outstanding	S\$4,271 mil	S\$4,253 mil
Aggregate Leverage Ratio ¹	41.5%	41.3%
Weighted Average Debt Maturity	3.09 years	3.35 years
All-in Financing Cost (YTD)	2.6% p.a.	2.6% p.a.
Adjusted ICR ²	2.6X	2.7X
Weighted average interest maturity	3.08 years	3.20 years
Interest Rate Borrowings (fixed)	~74%	~68%
% of AUD income hedged	>60% ³	>75% ⁴

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.
2. Adjusted interest cover ratio ("Adjusted-ICR") means the ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, sinking fund contribution, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities (if any).
3. Refers to income hedged for 3Q FY20 to 2Q FY 21.
4. Refers to income hedged for 2Q FY20 to 4Q FY 20.

Proactive Capital Management

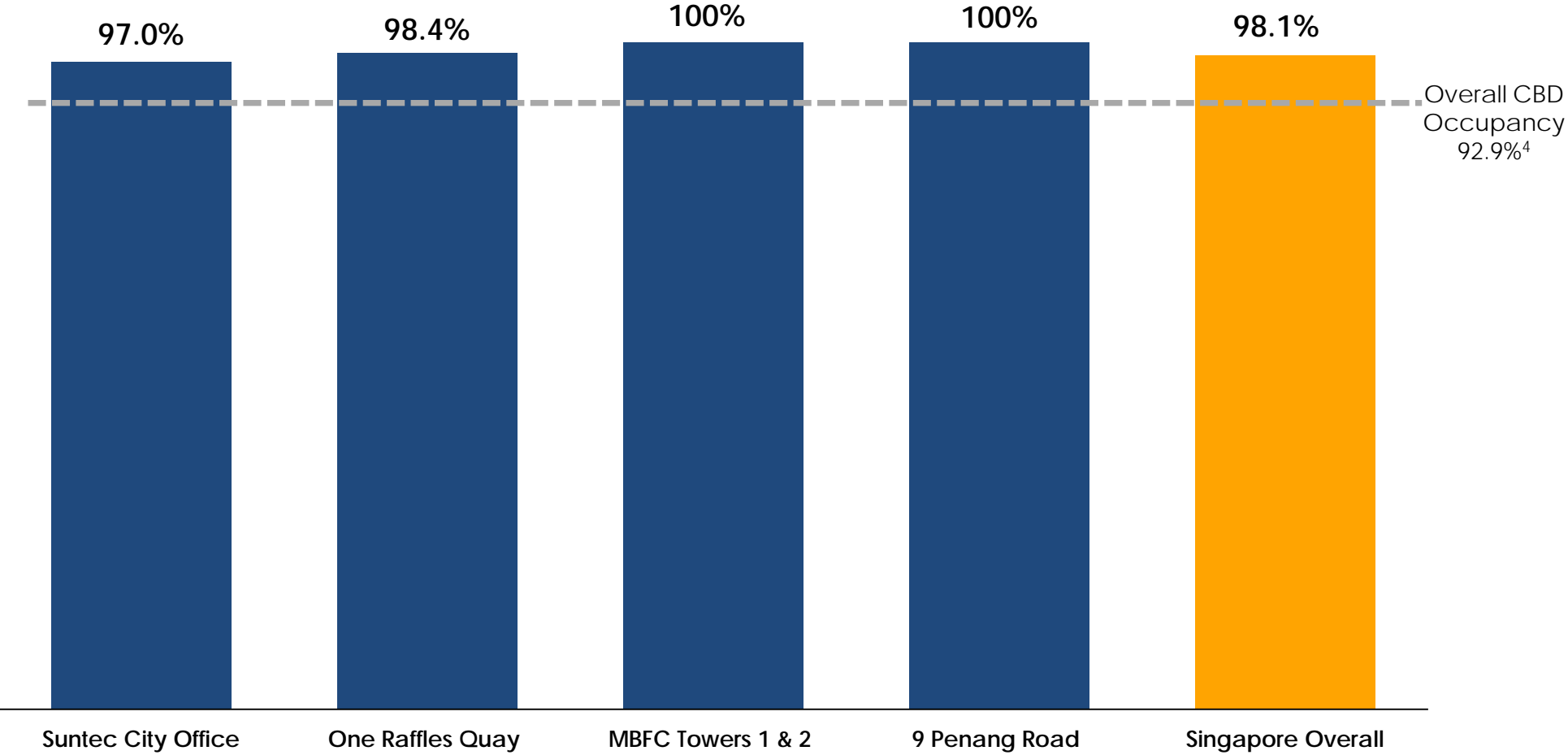
Debt and Interest Maturity Profile



SG OFFICE PORTFOLIO PERFORMANCE



Singapore Office Committed Occupancy

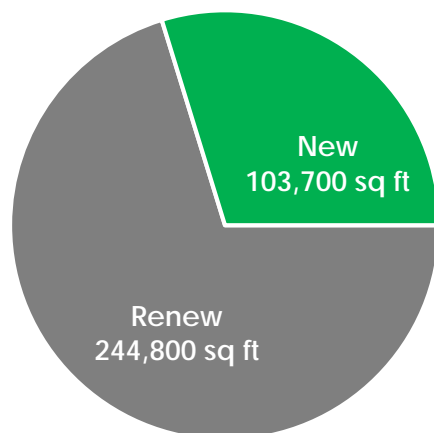


Committed Occupancy Outperformed Market

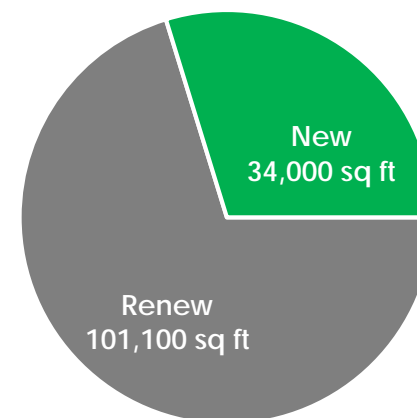
- Note:
- 1. Combined occupancy for One Raffles Quay office and ancillary retail was 98.4%
 - 2. Combined occupancy for 9 Penang Road office and ancillary retail was 98.2%
 - 3. Committed occupancy for Singapore Overall (including ancillary retail) was 98.0%
 - 4. Source: JLL

Singapore Office Leasing Activity

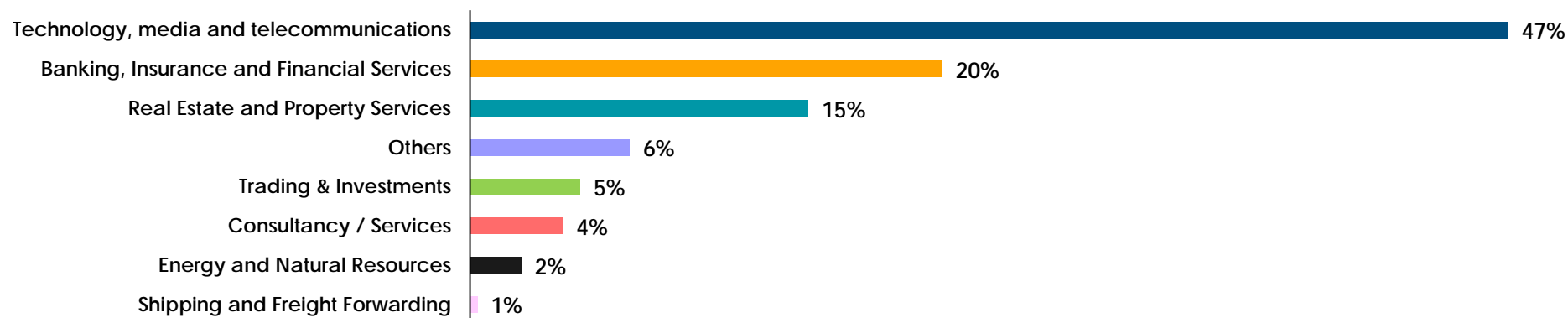
Portfolio Work Done¹ in YTD 20: 348,500 sq ft
(30% are new leases)



Portfolio Work Done¹ in 3Q 20: 135,100 sq ft
(25% are new leases)



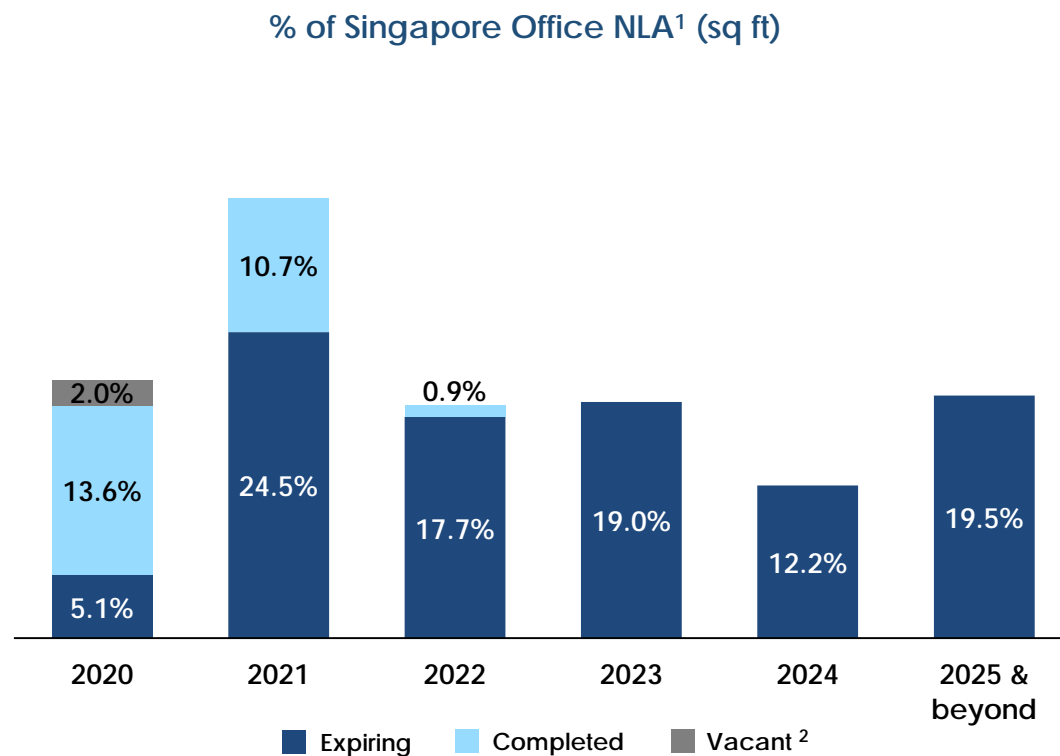
New Tenants by Sector in YTD 20 (sq ft)



Notes:
1. Reflects net lettable area of new leases and renewals committed based on Suntec REIT's interests in Suntec City Office, One Raffles Quay, Marina Bay Financial Centre Office Towers 1 and 2, and 9 Penang Road.

Singapore Office Lease Expiry

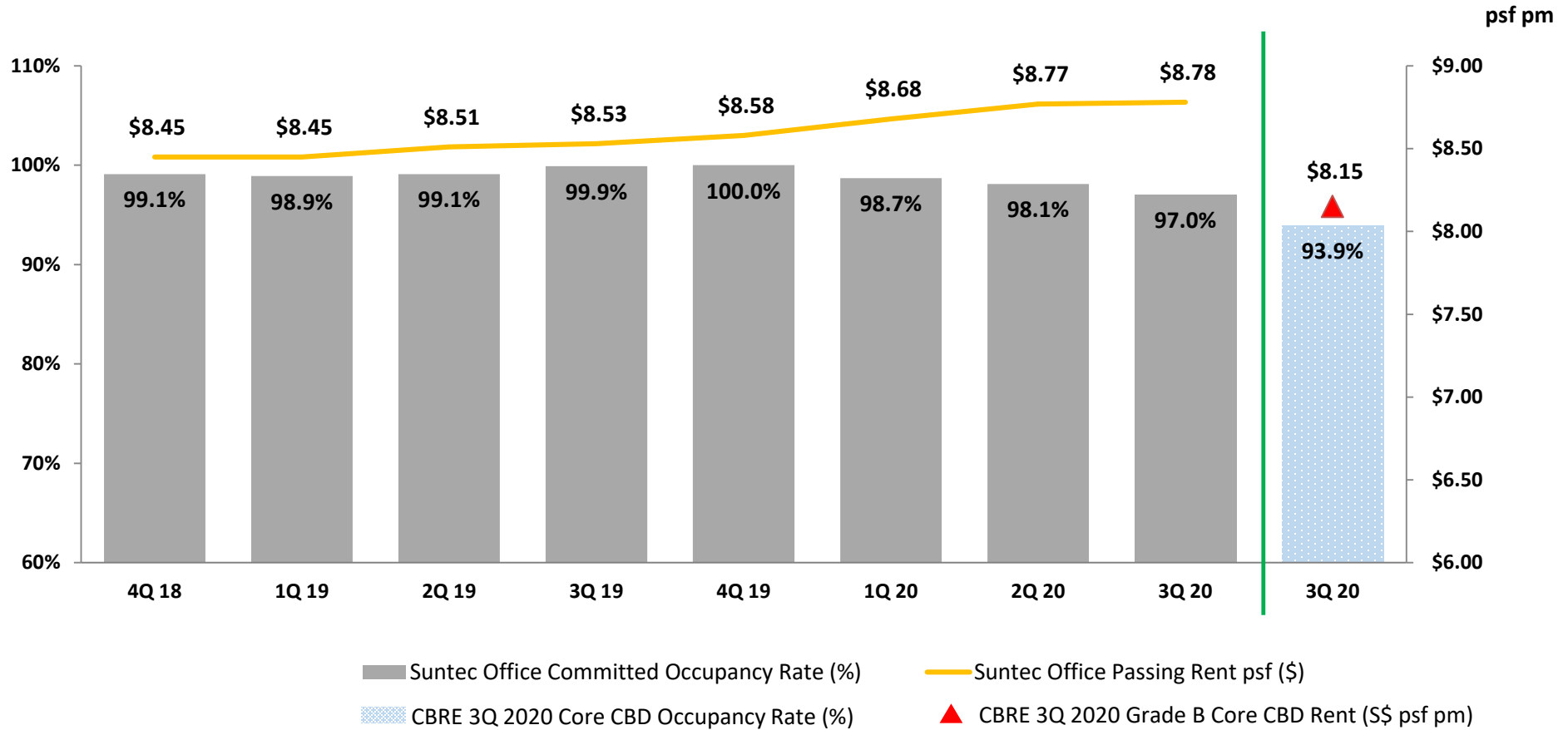
	Net Lettable Area ¹	
	Sq ft	% of Total
FY 2020	123,504	5.1%
FY 2021	598,619	24.5%
FY 2022	432,770	17.7%
FY 2023	462,453	19.0%
FY 2024	298,577	12.2%
FY 2025 & Beyond	474,453	19.5%



Weighted Average Lease Expiry: 3.01 Years

- Note:
1. Based on Suntec REIT's interests in Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Office Towers 1 and 2, and 9 Penang Road.
 2. 49,143 sq ft of NLA was vacant as at 30 September 2020.

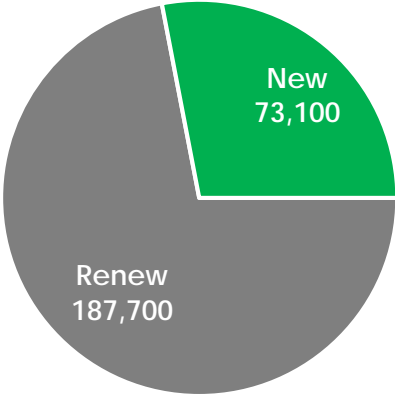
Suntec City Office - Committed Occupancy and Average Gross Rent



Committed Occupancy and Average Gross Rent Outperformed Market

Suntec City Office – Leasing Activity

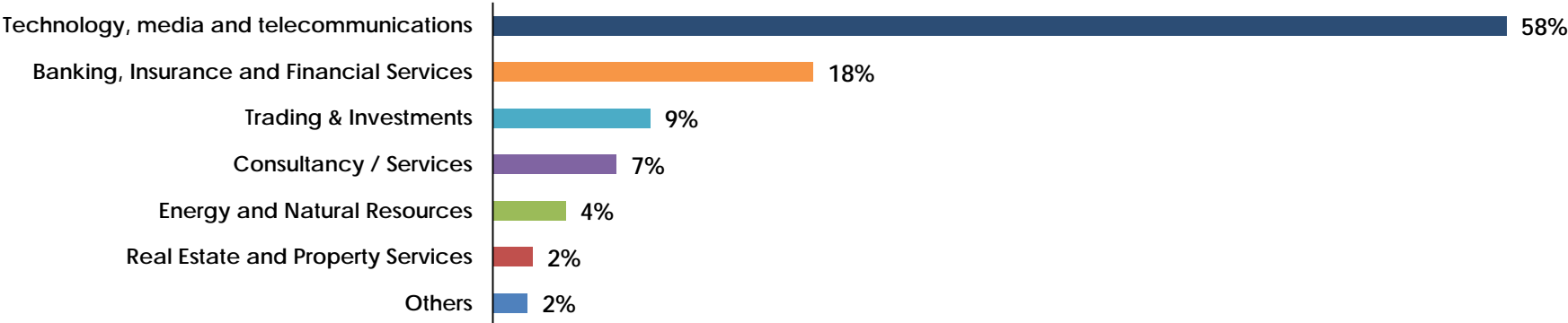
Work Done¹ in YTD 20: 260,800 sq ft
(28% are new leases)



Rent Reversion YTD 20 +9.0%		
1Q 20	2Q 20	3Q 20
+13.1%	+9.1%	+4.6%

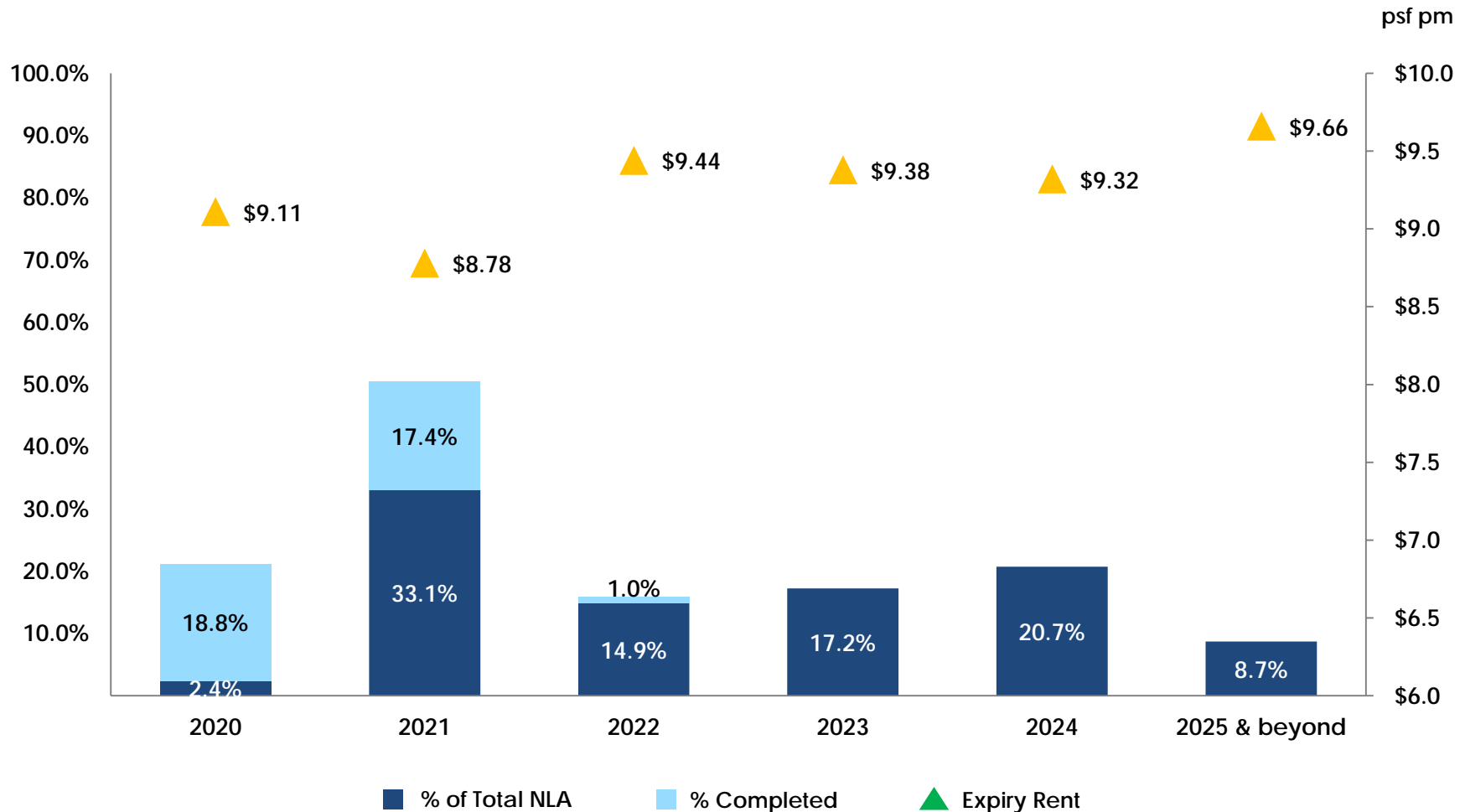
Ten Consecutive Quarters of Positive Rent Reversion

New Tenants by Sector in YTD 20 (sq ft)



Note:
1. Reflects net lettable area of new leases and renewals committed.

Suntec City Office - Lease Expiry Profile & Expiry Rent



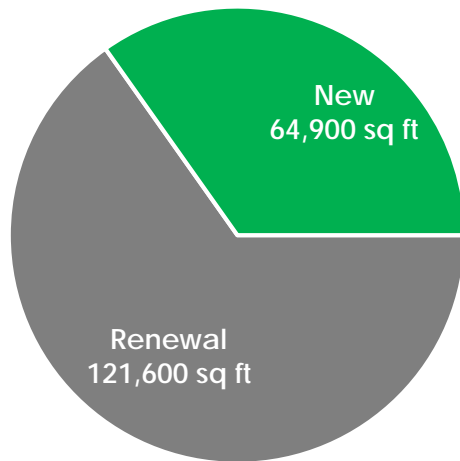
Proactive Management of Lease Expiries



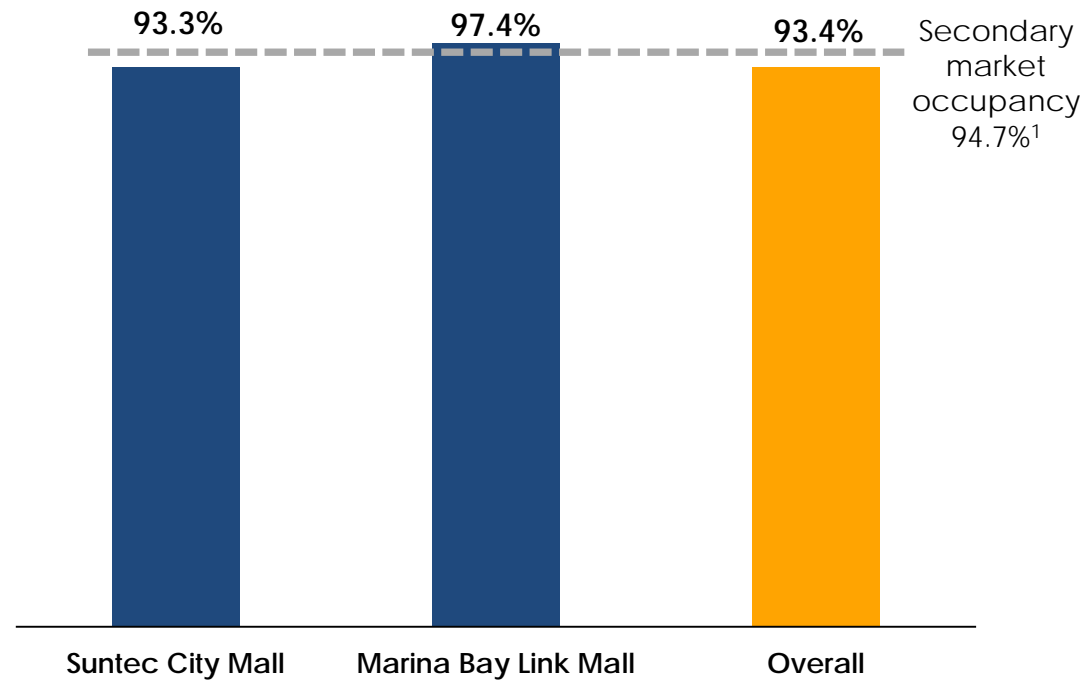
SG RETAIL PORTFOLIO
PERFORMANCE

Singapore Retail Portfolio

Portfolio Work Done² in YTD 20: 186,500 sq ft
(35% are new leases)



Committed Occupancy



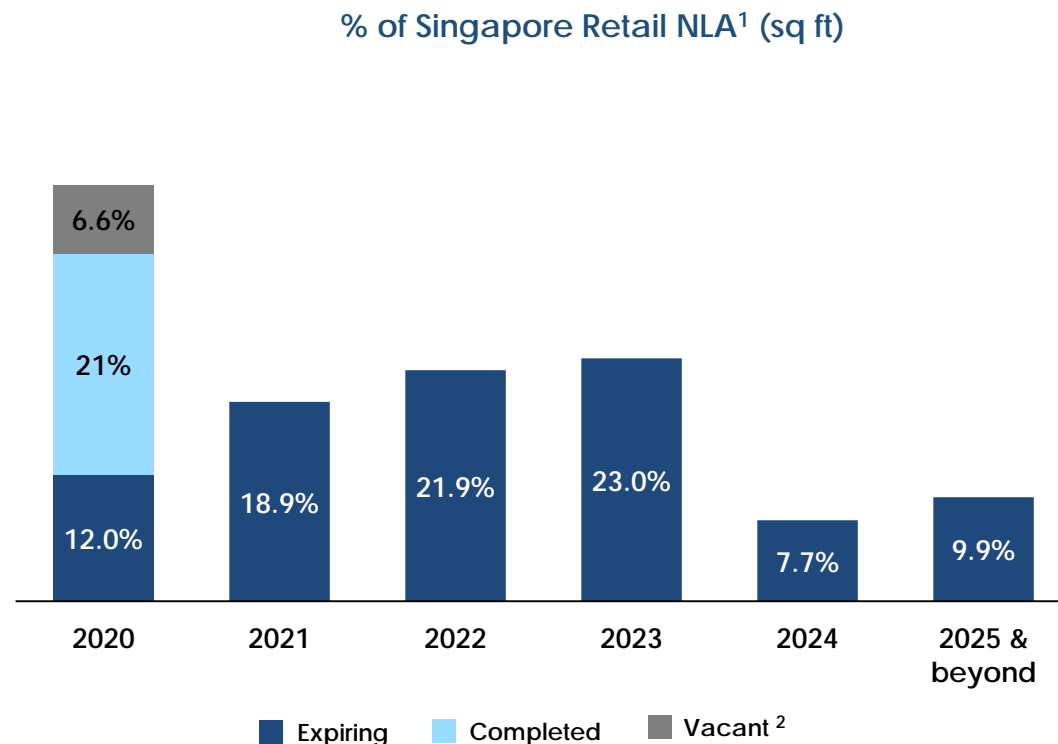
Note:

1. Source: JLL

2. Reflects net lettable area of new leases and renewals committed based on Suntec REIT's interests in Suntec City Mall, Suntec Singapore (Retail) and Marina Bay Link Mall

Singapore Retail Lease Expiry

	Net Lettable Area ¹	
	Sq ft	% of Total
FY 2020	109,072	12.0%
FY 2021	172,247	18.9%
FY 2022	199,765	21.9%
FY 2023	209,959	23.0%
FY 2024	69,888	7.7%
FY 2025 & Beyond	89,942	9.9%



Weighted Average Lease Expiry: 2.21 Years

Note:

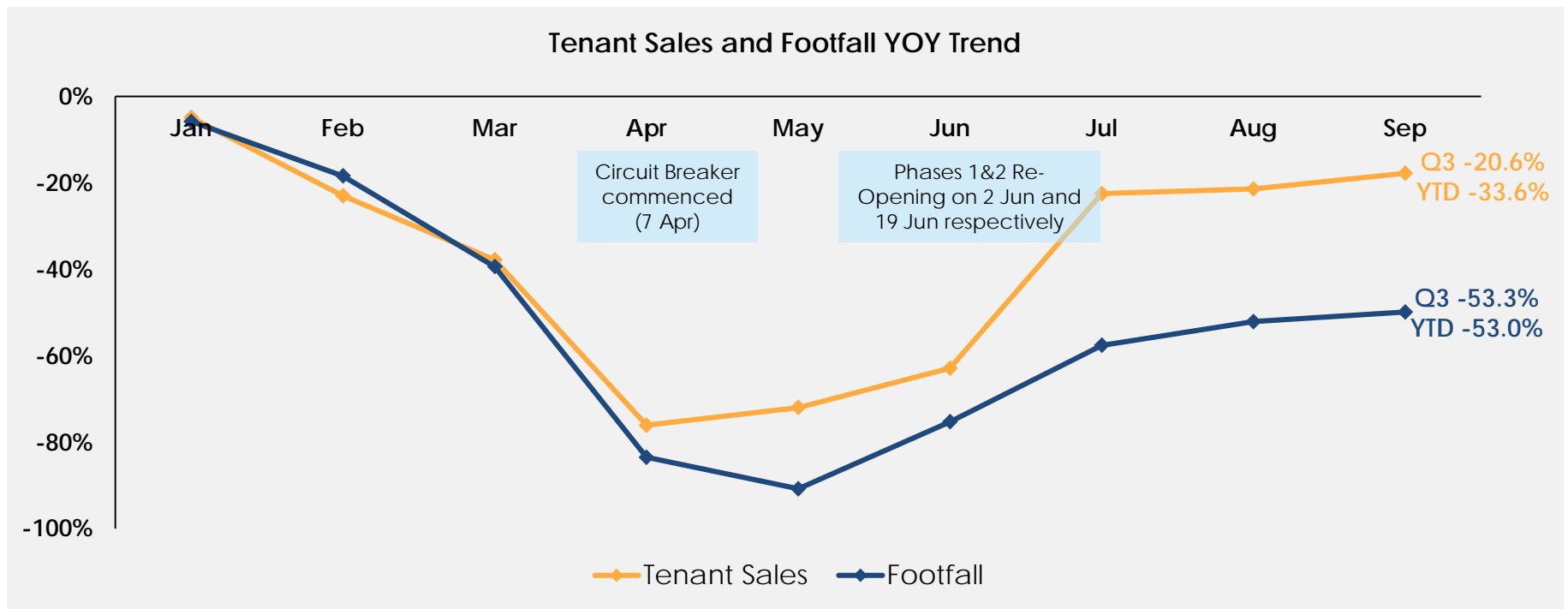
1. Based on Suntec REIT's interests in Suntec City Mall, Suntec Singapore (Retail) and Marina Bay Link Mall.
2. 59,739 sq ft of NLA was vacant as at 30 September 2020.

Suntec City Mall – Operational Performance



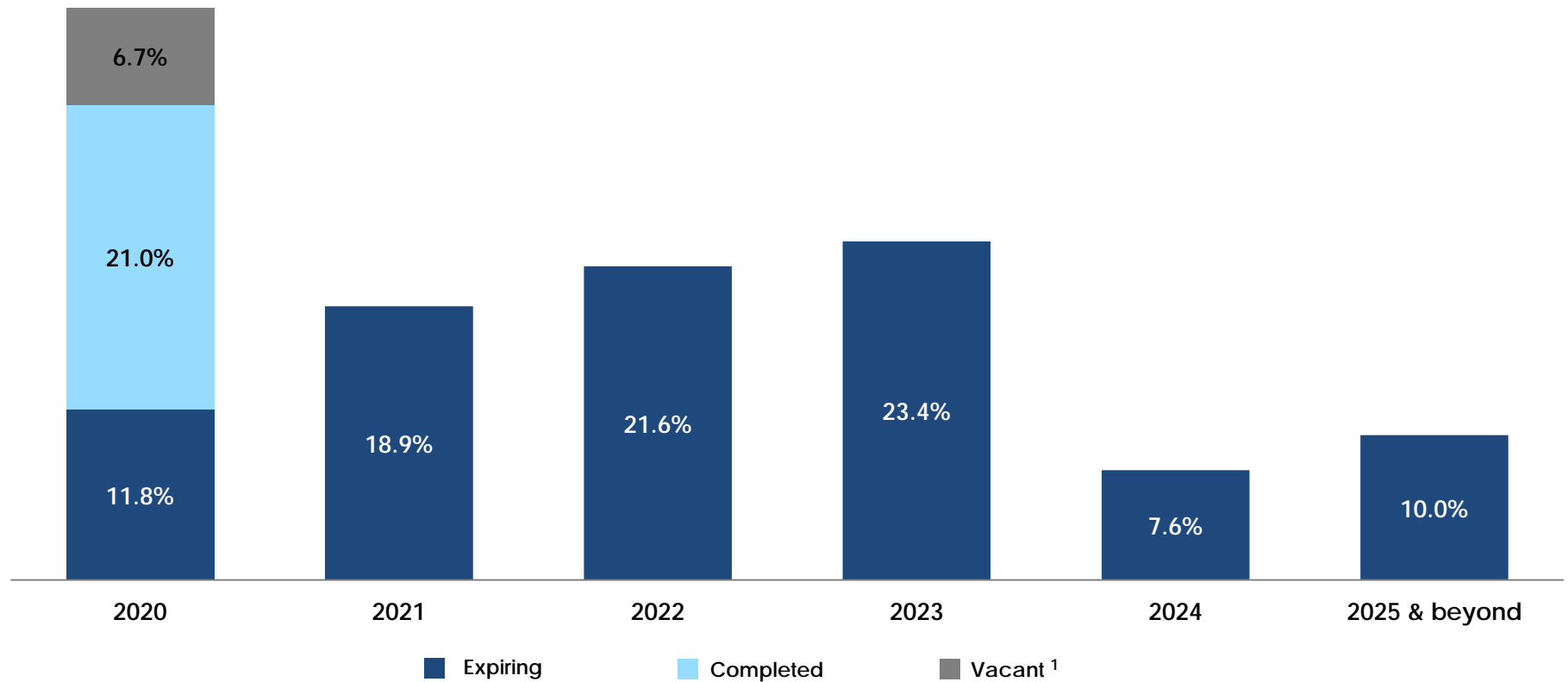
Committed Occupancy
(as at 30 Sep 2020)
93.3%

Rent Reversion YTD 20 +2.7%		
1Q 20	2Q 20	3Q 20
+16.1%	-2.4%	-9.4%



Recovery in Tenant Sales Stronger than Footfall Improvement

Suntec City Mall - Lease Expiry Profile



Proactive Management of Lease Expiries

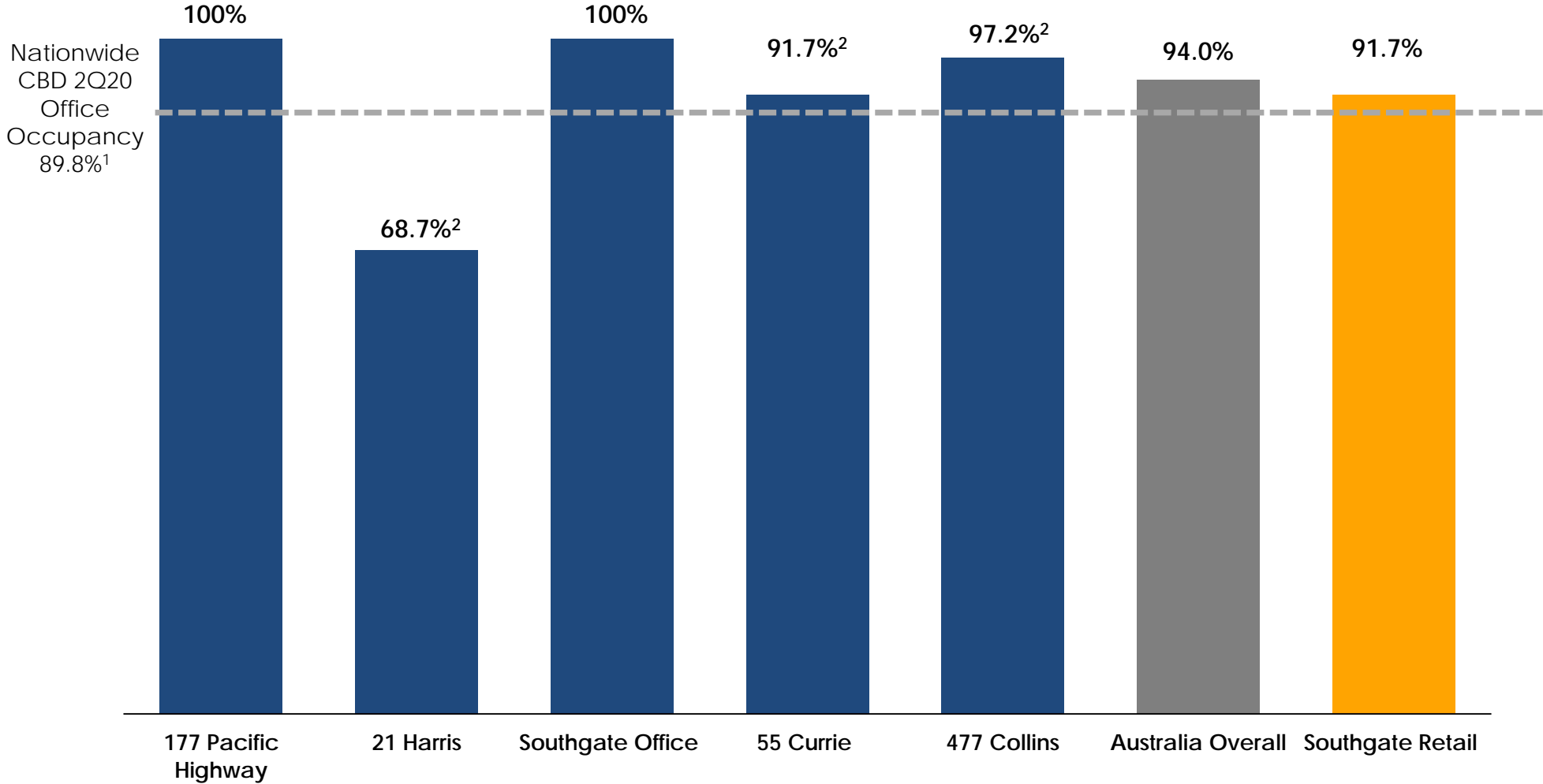
Note:

1. 58,916 sq ft of NLA was vacant as at 30 September 2020.

AUSTRALIA PORTFOLIO PERFORMANCE



Australia Committed Occupancy

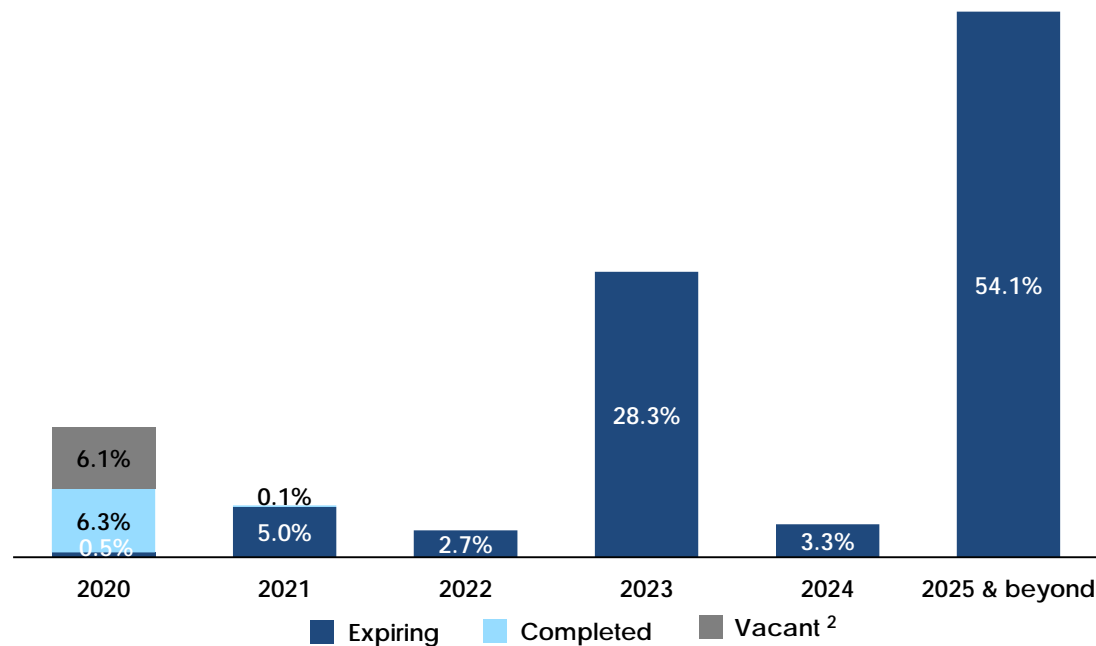


Note:
1. Source: JLL
2. Rent guarantee on vacant spaces

Australia Lease Expiry

	Net Lettable Area ¹	
	Sq ft	% of Total
FY 2020	7,695	0.5%
FY 2021	81,973	5.0%
FY 2022	43,840	2.7%
FY 2023	464,031	28.3%
FY 2024	53,835	3.3%
FY 2025 & Beyond	886,562	54.1%

% of Australia Lease Expiry NLA¹ (sq ft)



Weighted Average Lease Expiry: 6.40 Years

Note:

1. Based on Suntec REIT's interests in 177 Pacific Highway, 21 Harris, Southgate Complex (Office and Retail), 477 Collins and 55 Currie.
2. 100,280 sq ft (6.1%) of NLA was vacant as at 30 September 2020. This includes 5.9% of NLA which is covered by rent guarantees (477 Collins, 21 Harris and 55 Currie).



**LOOKING
AHEAD**

Outlook

- Demand expected to remain subdued in the face of economic uncertainties
- TMT, Insurance and Pharmaceutical sectors expected to be key demand drivers
- Cost containment continue with renewals to be mainstay as companies cut back on capital expenditure
- Renewal of leases based on smaller areas envisaged
- Downward pressure on rents continues
- Gradual return of workforce from current 20% in 4Q 20

Tenants' Assistance

- Government rental relief will be fully passed on to tenants by 4Q 20
- SME tenants¹ accounted for 21% of Singapore office portfolio NLA
- Only 2.3% qualified for landlord's additional rent relief as at 3Q 20
- No further rent relief from landlord is expected in 4Q 20

Rental Revenue

- Positive rent reversions from previous 10 quarters provide stability to rental revenue
- Rental reversions likely to be moderate in 4Q 20
- Portfolio occupancy expected to remain above market range of 93%² despite moderate increase in vacancy
- Early termination by tenants in vulnerable sectors was 0.9% of NLA as at 3Q 20 but 0.3% has been backfilled
- Rent deferment remain at 3.0% of NLA as at 3Q 20. Repayments have been on schedule.

Key Strategies

- Tenant retention remains as key focus
- Close monitoring of arrears and proactive lease management to defend rental revenue
- Deferment of non-essential expenditure and prudent cost management across properties

Note:
1. New Rental Relief Framework for SMEs as announced by the Ministry of Law, Singapore on 3 June 2020
2. JLL as at 30 September 2020

Looking Ahead – Suntec City Mall

Outlook

- Recovery in tenant sales stronger than recovery in shopper traffic
- Both indicators are expected to further improve when more office workers return to work and safe distancing measures are relaxed
- Rent reversion expected to remain weak

Tenants' Assistance

- Vast majority of tenants granted rent assistance of at least 4 months' base rent
- Landlord's contributions exceeded Government's rent assistance
- Further rental rebates to be granted only for exceptional cases

Rental Revenue

- Together with support measures from the Government, majority of tenants should remain sustainable
- Early termination of leases is 6.4% of NLA to date; this is not expected to increase significantly for the rest of the year
- Rent deferment is 10% of NLA to date
- Overall mall occupancy will trend closer to nation-wide average² of ~88%

Key Strategies

- Adopt pro-active approach to lease management, including short-term restructuring of rents, to provide calibrated assistance to sustainable tenants
- Continue targeted marketing efforts to capture incremental sales from returning office workers and shoppers
- Capitalise on vacancy rate to improve trade mix by attracting new and inviting retail concepts

Note:

1. New Rental Relief Framework for SMEs as announced by the Ministry of Law, Singapore on 3 June 2020
2. URA Q2 20 data

Looking Ahead – Suntec Convention

Outlook

- Singapore's MICE industry continue to be challenging
- MICE events of up to 250 attendees allowed with effect from 1 Oct 20
- Church services of up to 100 attendees have resumed
- Revenue from small-scale events will not make up for the loss in revenue from international and large-scale consumer events
- Income contribution to Suntec REIT to be significantly affected for FY20

Key Strategies

- Fixed costs have been significantly reduced
- Captured new revenue stream with entire Level 3 leased out to North London Collegiate School of Singapore
- Hybrid broadcast studio launched on 1 Oct 20 to capitalise on live streaming demand. Outlook is promising with close to 10 confirmed bookings and ongoing inquiries
- Short term focus on – “Think Local, Sell Local” to target domestic market with interesting activities
- Undertaking a comprehensive business review to identify medium and long term opportunities to pivot Suntec Convention's core business

Looking Ahead – Australia Portfolio

Outlook

- Return to office – Sydney on split team arrangements. Adelaide – more than half has returned. Melbourne – majority not expected to return until till end of the year.
- Leasing demand remain subdued as businesses actively looking to reduce expenses
- Nationwide CBD office vacancy rate rose from 8.4% (1Q 20) to 10.2% (2Q 20) with increased supply
- Mandatory by law¹ for landlords to grant rent reliefs to qualifying SME tenants

Tenants' Assistance

- 93% of Australia portfolio² is leased to large corporations, government tenants and businesses which do not qualify for rent reliefs.
- Partial rent rebates and deferrals will be granted to qualifying office and retail SME tenants (7% of NLA)

Rental Revenue

- Office portfolio will remain resilient underpinned by strong occupancy, long WALE with minimal lease expiry in 2020 / 2021
- Looking ahead, income from Australia continue to be underpinned by contributions from 21 Harris Street and 477 Collins, which are protected by rent guarantees, and annual rent escalations from office leases.

Key Strategies

- Provide fully-fitted office suites to create “plug and play” solutions as occupiers look to save on fitting out capital expenditure.
- Enhance amenities for office tenants (e.g. wellness amenities, fitness programme)
- Submitted development application to relevant authorities in Melbourne for potential redevelopment of Southgate's 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 Enhance Resilience of Properties**
- 2 Strengthen Balance Sheet through Active Capital Management**
- 3 Achieve Balance between Reasonable Returns to Unitholders, Build Cash Reserve and Assisting Tenants**
- 4 Source for Good Quality Assets that are Accretive and Further Enhance the REIT's Income Stability**

THANK YOU



Melissa Chow
Manager, Investor Relations
melissachow@ara-group.com

5 Temasek Boulevard,
#12-01, Suntec Tower 5
Singapore 038985

Tel: +65 6835 9232
Fax: +65 6835 9672

www.suntecreit.com
www.ara-group.com



About Suntec REIT

Singapore's first and largest composite REIT



S\$4.0 Billion¹

Market Capitalisation

S\$11.0 Billion²

Assets Under Management

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

Notes:

1. Based on 30/9/20 closing price of \$1.45
2. Based on exchange rate of A\$1.00=S\$0.9787 as at 30 Sep 2020

Portfolio Snapshot

	Suntec City		One Raffles Quay	MBFC Properties	9 Penang Road
	Suntec City – Office & Retail	Suntec Singapore			
Description	Integrated commercial development comprising five office towers and one of Singapore largest retail mall	World-class convention and exhibition centre	Two premium Grade A office towers	Two premium Grade A office towers and a subterranean mall	New Grade A commercial building
Ownership	100%	66.3%	33.33%	33.33%	30%
City / Country	Singapore	Singapore	Singapore	Singapore	Singapore
Segment	Office Retail	Convention	Office	Office Retail	Office
NLA (sq ft)	Office: ~1.3 mil Retail: ~0.9 mil	~275,000	~442,000	Office: ~547,000 Retail: ~32,000	~119,000



Suntec City

One Raffles Quay

MBFC Properties

9 Penang Road

Portfolio Snapshot

	177 Pacific Highway	Southgate Complex	Olderfleet 477 Collins Street	55 Currie	21 Harris
Description	31-storey Grade A office building	Integrated waterfront development comprising two A-Grade office towers and a retail podium	Premium Grade, 40-level state-of-the-art building	Twelve-storey, Grade A office building	Nine-storey, Grade A office building
Ownership	100%	50%	50%	100%	100%
City / Country	Sydney, Australia	Melbourne, Australia	Melbourne, Australia	Adelaide, Australia	Sydney, Australia
Segment	Office	Office Retail	Office	Office	Office
NLA (sq ft)	~431,000	Office: ~355,000 Retail: ~53,000	~312,000	~282,000	~203,000



177 Pacific Highway



Southgate Complex



Olderfleet, 477 Collins Street



55 Currie Street



21 Harris Street

This presentation is focused on the comparison of actual results for the quarter ended 30 September 2020 versus results achieved for the quarter ended 30 September 2019.

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.