

Press Release

26 January 2021

Manager of



Suntec REIT Announces Distributable Income of S\$209.2 million for FY 2020

Singapore, 26 January 2021 – Suntec REIT reports distributable income from operations of S\$209.2 million for the financial year ended 2020 (“FY 20”) which was 11.6% lower than the financial year ended 2019 (“FY 19”). Distribution per unit (“DPU”) to unitholders was 7.402 cents for FY 20.

For the period 1 July to 31 December 2020 (“2H 20”), distributable income from operations of S\$106.1 million was 11.0% lower than the half year ended 31 December 2019 (“2H 19”) as COVID-19 continued to affect both the retail and convention businesses. The rent assistance granted to retail tenants at Suntec City Mall, Marina Bay Link Mall and Southgate Complex, absence of income contribution from Suntec Convention and one-off compensation received at MBFC Properties in 2H 19 contributed to the decrease in distributable income from operations. This was mitigated by the better performance and contributions from the Australia office portfolio, stronger performance of Suntec City Office and One Raffles Quay as well as lower financing costs.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, “The second half and fourth quarter performance continue to be supported by the resilience of our office portfolio in Singapore and Australia. There are also encouraging signs of recovery in our retail business in 4Q 2020 as tenant sales recovery at Suntec City Mall has been stronger than improvement in footfall. As a result, there will be a full distribution of the 2H 20 distributable income. We will also distribute the full S\$10.3 million distributable income that was retained in 1H 20. Total DPU for 2H 20 will be 4.109 cents.”

On 4 December 2020, Suntec REIT unitholders approved the acquisition of a 50.0% interest in two Grade A office buildings with ancillary retail (the “Nova Properties”) in the heart of

Victoria, West End, London for an agreed value of £430.6 million¹. The acquisition was completed on 18 December 2020.

As at 31 December 2020, Suntec REIT's assets under management ("AUM") had grown 12.8% year-on-year to S\$11.5 billion driven mainly by the completed development, 477 Collins Street in Melbourne, as well as newly acquired properties at 21 Harris Street in Sydney and Nova Properties in West End, London. Suntec REIT continues to be Singapore-centric with 76% of the AUM in Singapore while the remaining 17% and 7% are in Australia and the United Kingdom respectively.

Mr. Chong Kee Hiong, commented, "On the sustainability front, we are pleased to have achieved the highest GRESB 5 Star rating in our inaugural submission. GRESB is one of the leading Environmental, Social and Governance benchmarks for real estate and infrastructure investments globally, the 5 Star rating is testament to Suntec REIT's commitment towards sustainability practices, making a positive impact to the community and the environment as well as our investment in people."

Outlook

Singapore Office Portfolio

The return of workforce to the offices is expected to be gradual with hybrid working arrangement likely to become prevalent. Companies are likely to remain cost conscious and renewals are expected to be predominant with some right sizing adding to vacancies and pressure on rents.

Revenue is expected to remain stable underpinned by strong rent reversions achieved in the past quarters. Looking ahead, rent reversion for the Singapore Office Portfolio is expected to be positive in 2021 with occupancy remaining healthy at the mid 90% range.

Suntec City Mall

In 2021, the Singapore retail market will be supported largely by domestic consumption. Barring any further tightening of existing Safe Management Measures ("SMM") , footfall at Suntec City Mall is expected to recover to approximately 80% of 2019 level, driven by the increase in the workforce returning to the offices and the rollout of Singapore's vaccination program. However, rent reversion is expected to remain weak due to cautious sentiments of retailers.

¹ Approximately S\$766.5 million based on the exchange rate of £1: S\$1.78.

Revenue is expected to improve towards 2019 level led by improved mall occupancy which will increase progressively to more than 95% by end 2021.

Suntec Convention

Recovery of the Meetings, Incentives, Conventions and Exhibitions (“MICE”) industry will be slow and uncertain due to weak international travel and SMM for large-scale events. Revenue contribution will largely come from long term licences and small-scale events. Although efforts had been made to reduce the fixed costs, the income contribution to Suntec REIT will continue to see downward pressure in 2021.

To support the recovery of the convention business, the Manager will continue to explore ways to diversify and attract new revenue streams. At the same time, we are working closely with authorities on ways to ease SMM without compromising health and safety priorities. Part of these efforts include investing in the necessary SMM infrastructure to better position Singapore and Suntec Convention as the MICE destination of choice post-COVID.

Australia Portfolio

The Australia Office portfolio will remain resilient underpinned by strong occupancy, long lease tenure with minimum lease expires in 2021 and annual rent escalations. In addition, vacant spaces at 55 Currie Street in Adelaide, 21 Harris Street in Sydney and 477 Collins Street in Melbourne are protected by rent guarantee.

United Kingdom – Nova Properties

Although concerns over a hard Brexit have been allayed, economic conditions remain challenging with a nationwide lockdown in place. Suntec REIT’s office revenue will remain resilient supported by full occupancy, long WALE with no lease expiry until 2027. Rent rebates and rent deferment will be granted to retail tenants who are unable to open for operations. However, the risk is mitigated as retail income is supported by 2-year guarantee.

Mr. Chong concluded, “We will continue our proactive lease management approach to enhance the resilience of our properties, undertake active capital management to strengthen the balance sheet and source for good quality assets that are accretive to deliver sustainable returns and long term value to unitholders .”

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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 66.3% 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. Suntec REIT holds a 100% interest in a commercial building located at 177 Pacific Highway, Sydney, a 100% interest in a commercial building located at 21 Harris Street, Pyrmont, Sydney, a 50.0% interest in Southgate Complex, Melbourne, a 50.0% interest in a commercial building located at Olderfleet 477 Collins Street, Melbourne and a 100% interest in a commercial building located at 55 Currie Street, Adelaide, Australia. Suntec REIT also holds a 50.0% interest in Nova Properties located in London, United Kingdom. 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" or the "Group").

ARA is a leading APAC real assets fund manager with a global reach. With S\$110 billion² in gross assets under management as at 30 June 2020, ARA manages listed and unlisted real estate investment trusts (REITs), private real estate equity and credit funds, and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA's multi-platform, multi-product global fund management business is supported by dedicated local teams with in-depth knowledge and expertise and empowered by a forward-looking real estate technology strategy. 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>.

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The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, 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 have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. 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.

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² Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 30 June 2020