

# SUNTEC REIT 1Q 2021 UPDATE

Citi Asia Pacific Property Conference 2021  
24 June 2021



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Divestment of 30.0% Interest in 9 Penang Road



DISTRIBUTABLE INCOME FROM OPERATIONS  
**\$58.1 million, +5.4% y-o-y**



DISTRIBUTION PER UNIT TO UNITHOLDERS  
**2.045 cents, +16.2% y-o-y**



CAPITAL MANAGEMENT  
Adequate Facilities of \$630 million for  
FY 2021 Refinancing



# FINANCIAL HIGHLIGHTS

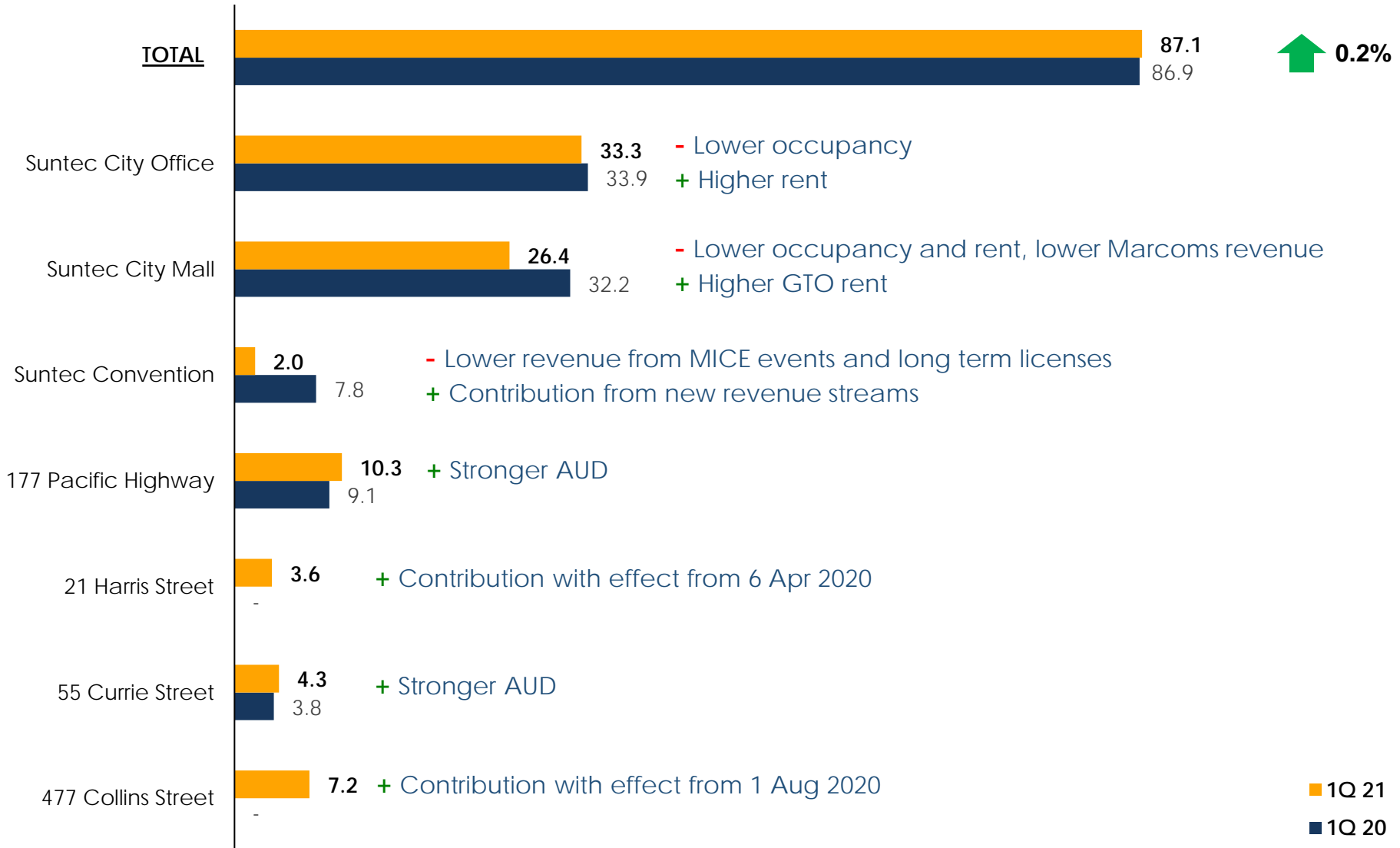


# 1Q 21 Financial Performance



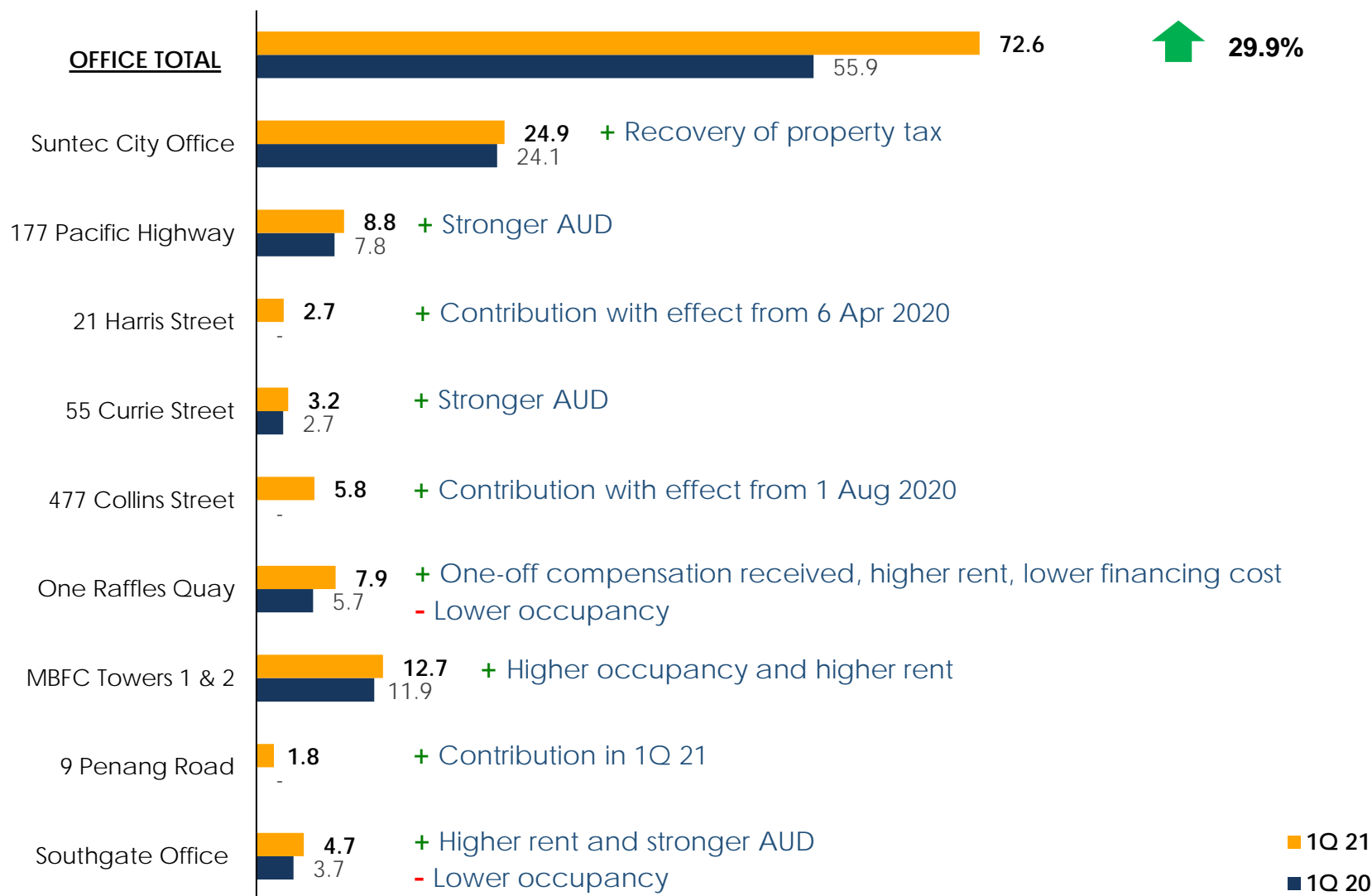
# 1Q 21 Gross Revenue increased 0.2% y-o-y

S\$ mil

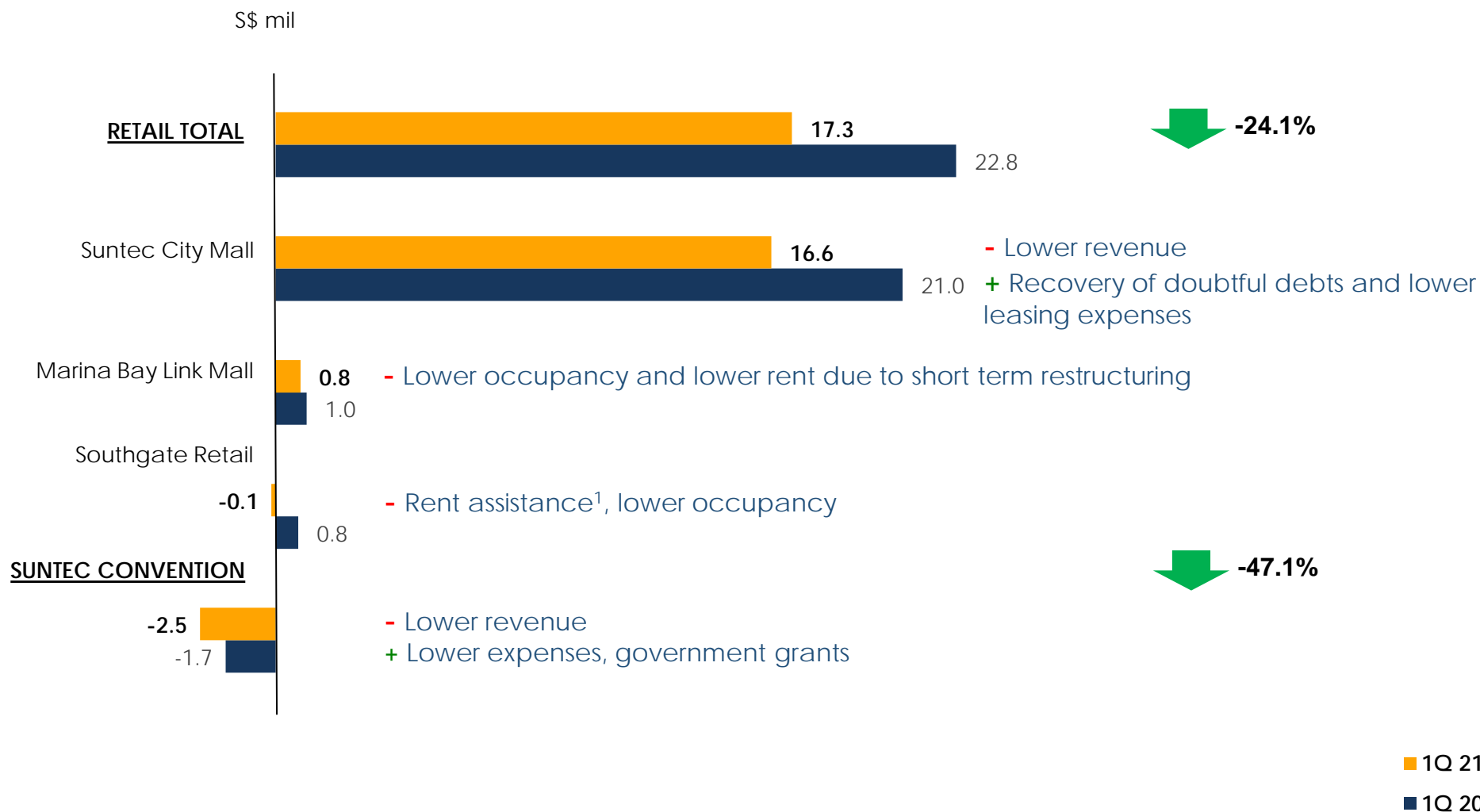


# 1Q 21 NPI & JV Income (Office) increased 29.9% y-o-y

S\$ mil



# 1Q 21 NPI & JV Income (Retail & Convention) decreased 24.1% and 47.1% respectively



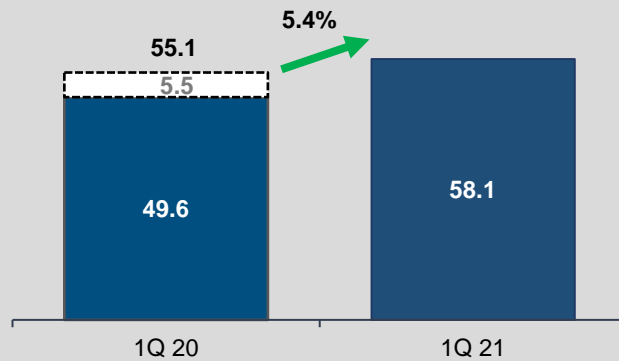
Note:

1. Provision of rent assistance of approximately 2.4 months for vast majority of tenants in 1Q 21

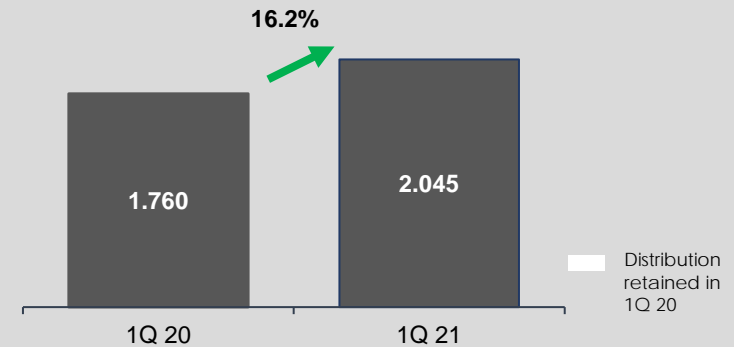


# Distribution Income to Unitholders

Distributable Income from Operations  
(S\$ mil)



DPU to Unitholders  
(SG cents)



## Distributable Income from Operations

**S\$58.1** million, +5.4% y-o-y

- + Contribution from 9 Penang Road, 21 Harris Street, 477 Collins Street
- + One-off compensation received from ORQ
- + Better performance of MBFC Properties
- + Stronger AUD
- + Lower financing cost

### *Partially offset by*

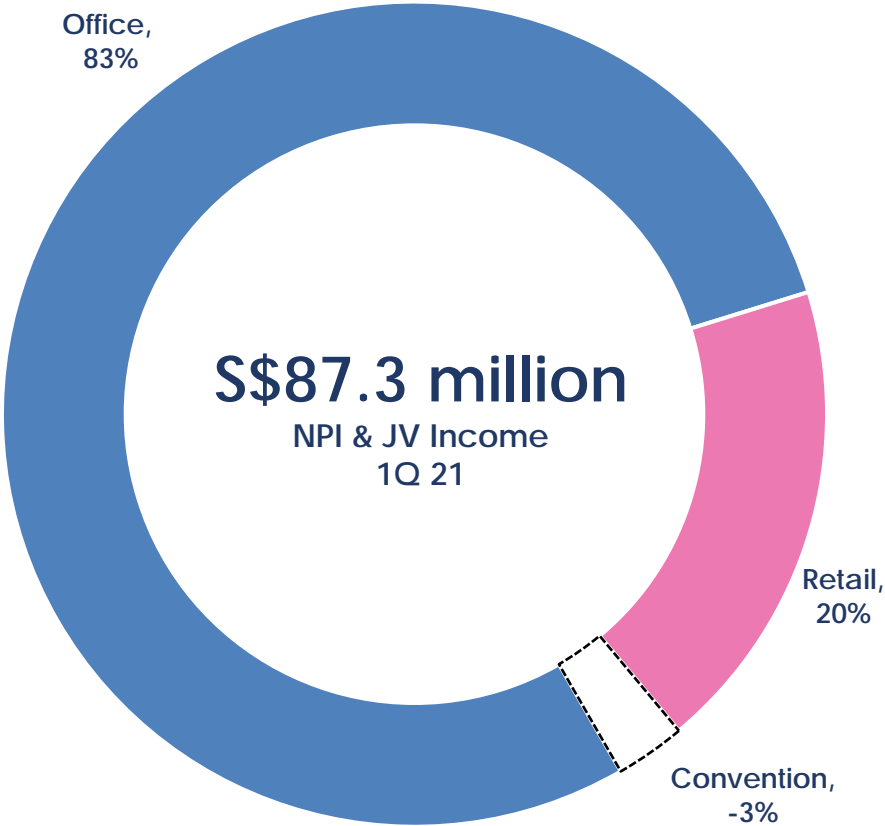
- Lower contribution from Suntec City Mall
- Rent assistance for Southgate Complex Retail

## DPU to Unitholders

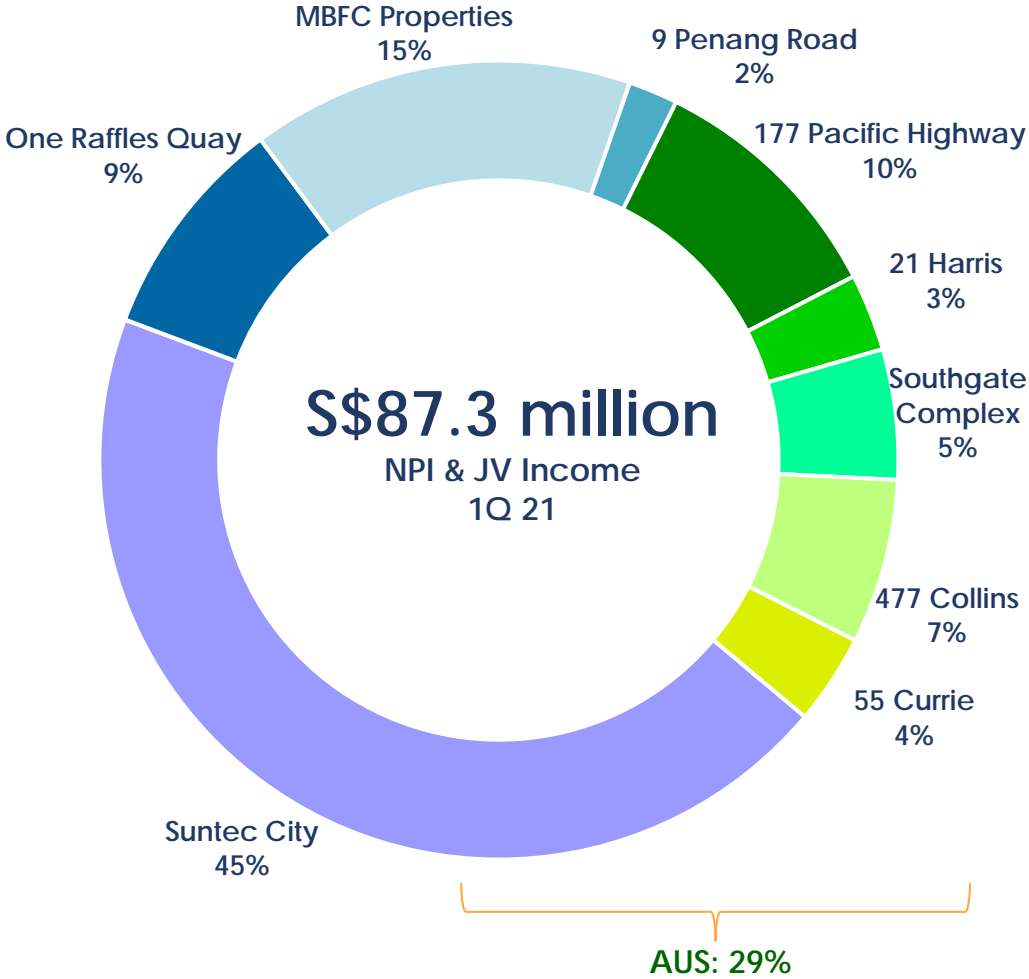
**2.045** cents, +16.2% y-o-y

- + Higher distributable income from operations
- + Absence of distribution retained (\$5.5 mil)

# Diversified Portfolio across Sector and Geography



Contribution by Segment



Contribution by Asset

# Distribution Timetable

Distribution Payment	
Distribution Period	1 January – 31 March 2021
Amount (cents/unit)	2.045

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Ex-date	30 April 2021
Record date	3 May 2021
Payment date	28 May 2021

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# CAPITAL MANAGEMENT

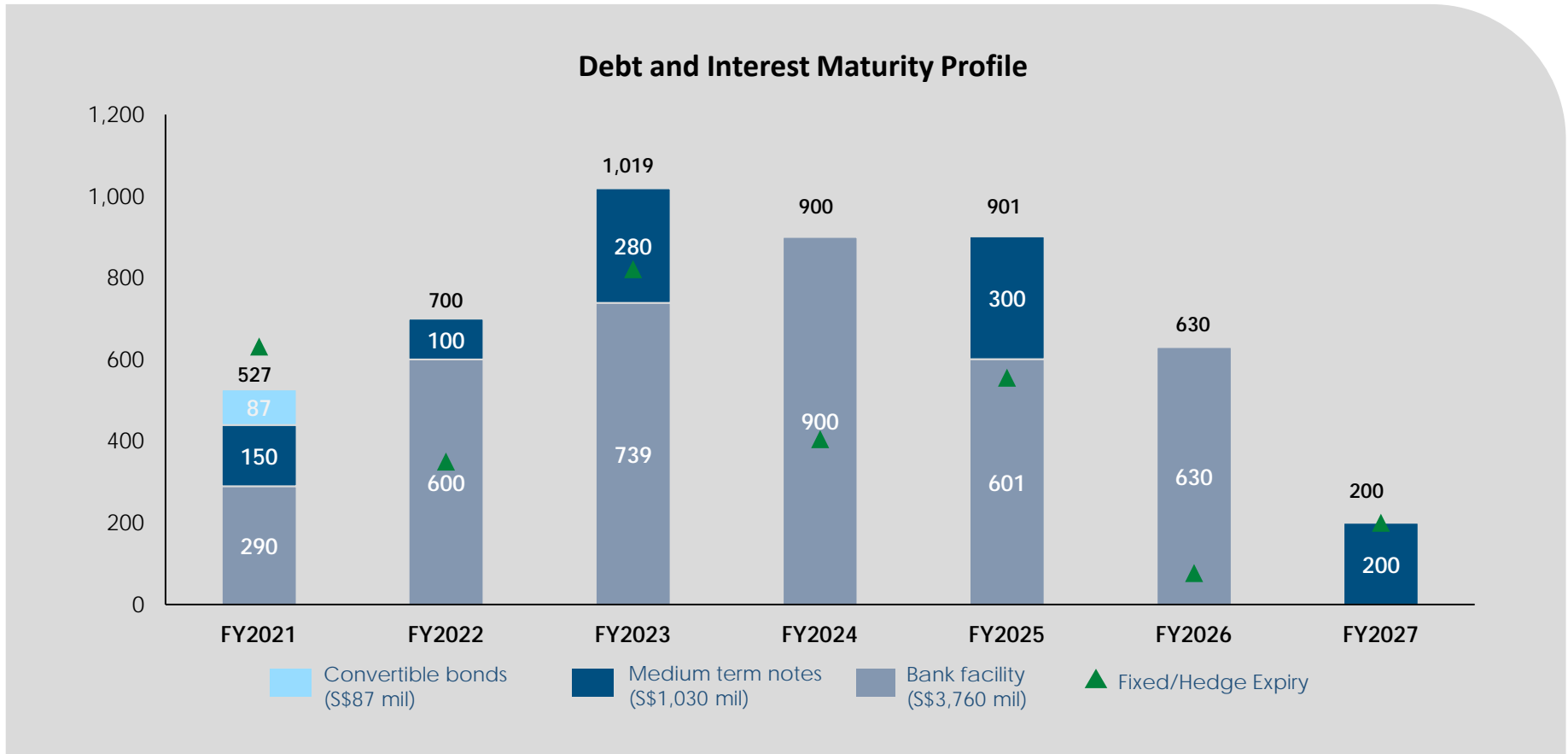
# Key Financial Indicators

	As at 31 Mar '21	As at 31 Dec '20
NAV Per Unit <sup>1</sup>	S\$2.063	S\$2.055
Total Debt Outstanding	S\$4,877 mil	S\$4,855 mil
Aggregate Leverage Ratio <sup>2</sup>	44.4%	44.3%
Weighted Average Debt Maturity	2.94 years	3.01 years
All-in Financing Cost	2.40% p.a.	2.53% p.a.
Adjusted ICR <sup>3</sup>	2.7X	2.6X
Weighted average interest maturity	2.51 years	2.74 years
Interest Rate Borrowings (fixed)	~62%	~61%
% of AUD income hedged <sup>4</sup>	>75%	>75%

Notes:

1. Excludes perpetual securities
2. "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.
3. Adjusted interest cover ratio ("Adjusted-ICR") refers to 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).
4. Refers to income hedged for FY 21.

# Proactive Capital Management

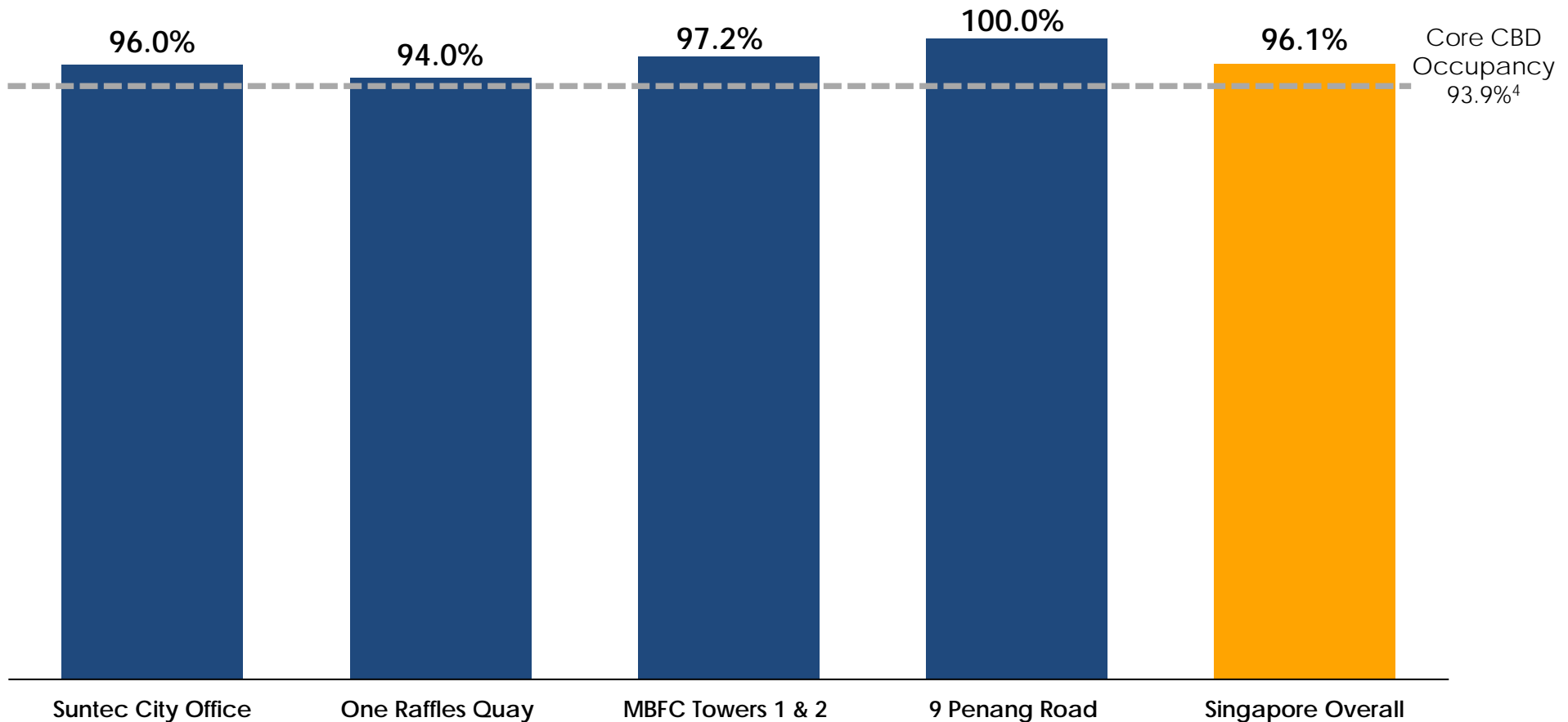


**Adequate Facilities of \$630 million for FY 2021 Refinancing**

# SG OFFICE PORTFOLIO PERFORMANCE



# Singapore Office Committed Occupancy



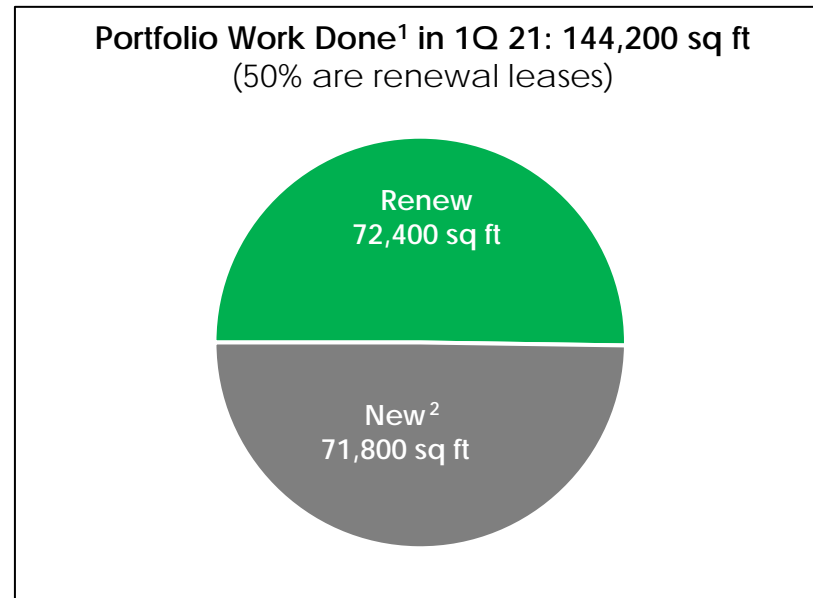
**Committed Occupancy Outperformed Market**

Notes:

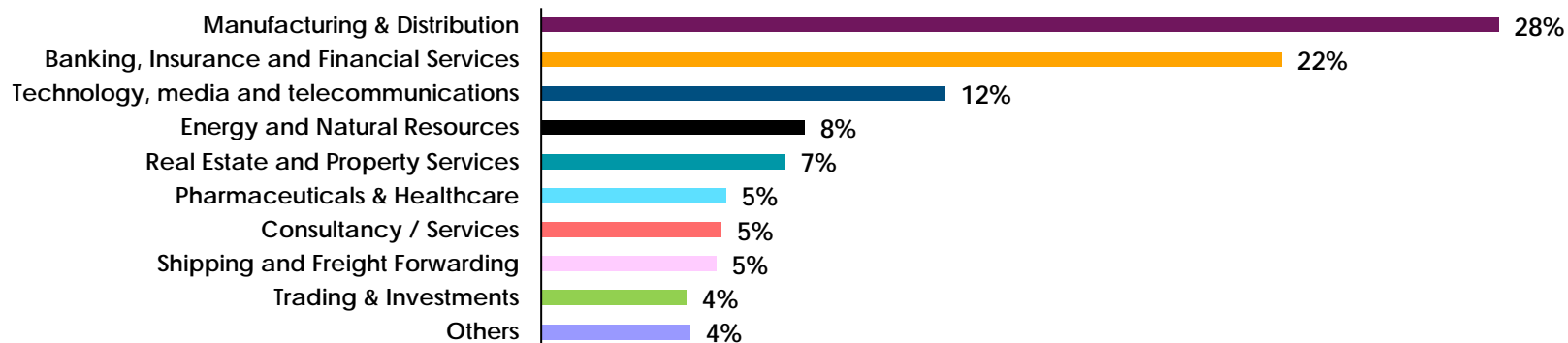
1. Combined occupancy for One Raffles Quay office and ancillary retail was 94.0%
2. Combined occupancy for 9 Penang Road office and ancillary retail was 98.7%
3. Committed occupancy for Singapore Overall (including ancillary retail) was 96.0%
4. Source: CBRE as at 1Q 2021



# Singapore Office Leasing Activity



New Tenants by Sector in 1Q 21 (sq ft)

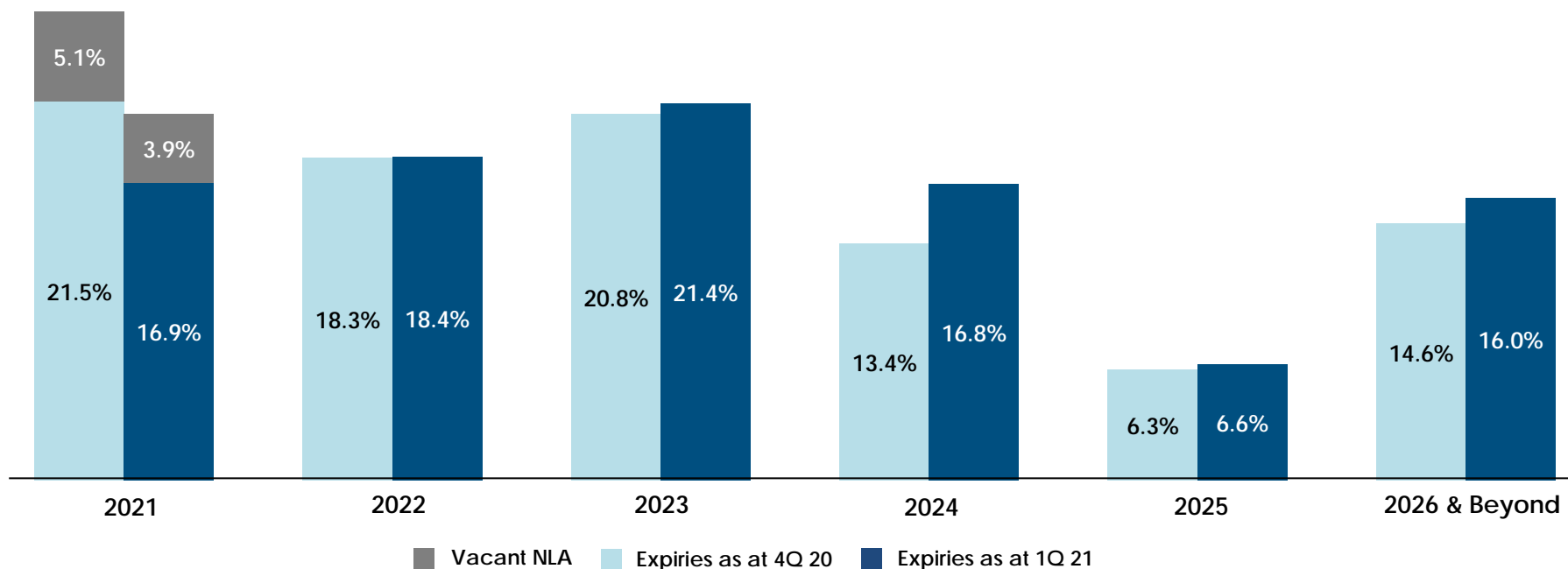


Notes:

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.
2. Excludes new leases (about 10,000 sq ft) committed for units that were vacant for more than 1 year.

# Singapore Office Lease Expiry

% of Total NLA<sup>1</sup> Q-o-Q Comparison



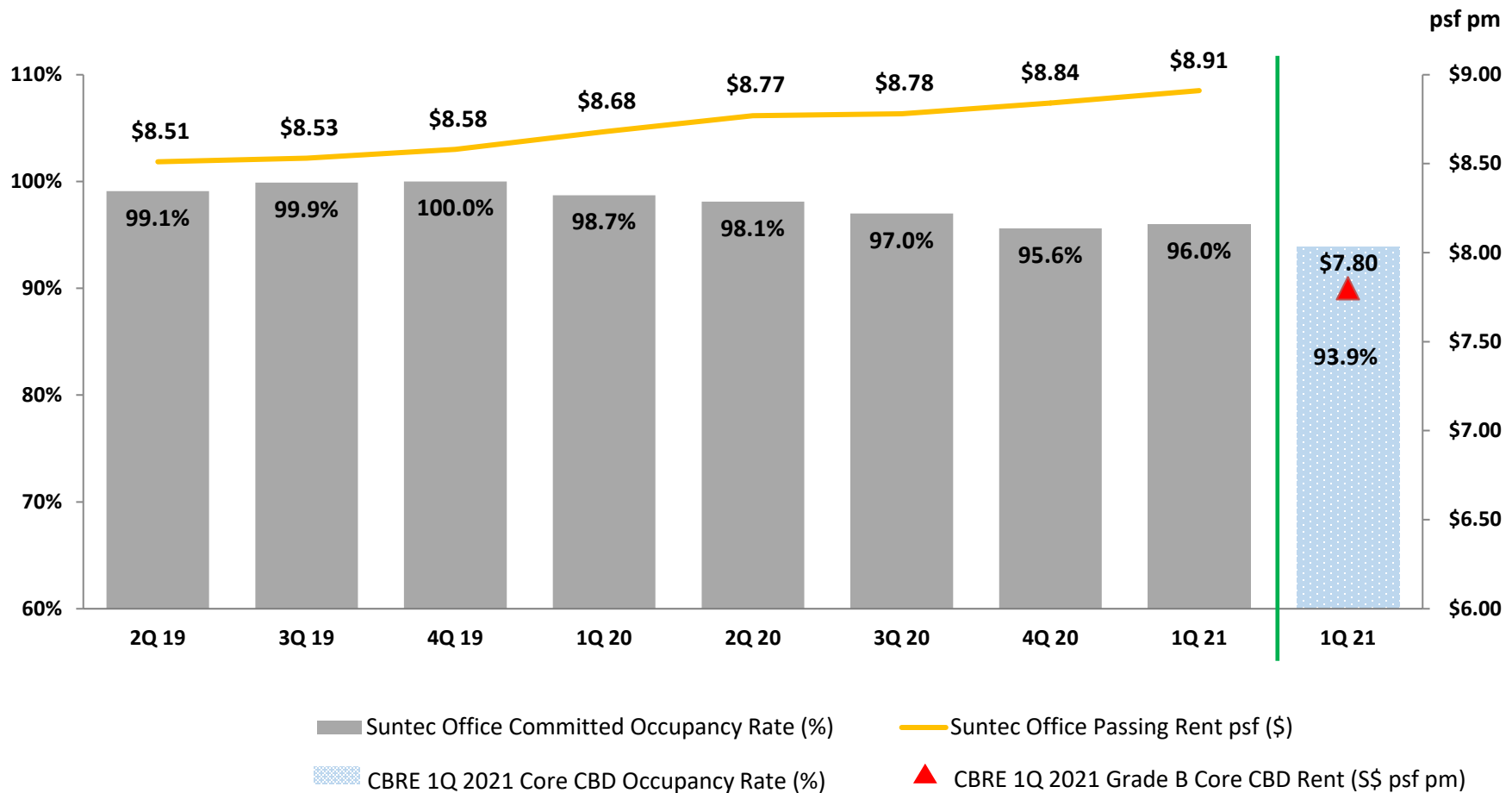
	FY2021	FY2022	FY2023	FY2024	FY2025	FY 2026 & Beyond
Sq ft	412,265	448,518	522,091	410,046	160,455	390,468
%	16.9%	18.4%	21.4%	16.8%	6.6%	16.0%

**Weighted Average Lease Expiry: 2.96 Years**

Note:

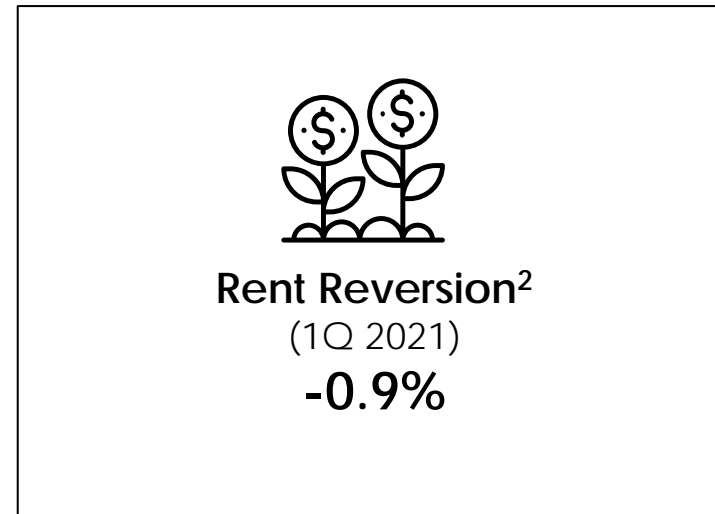
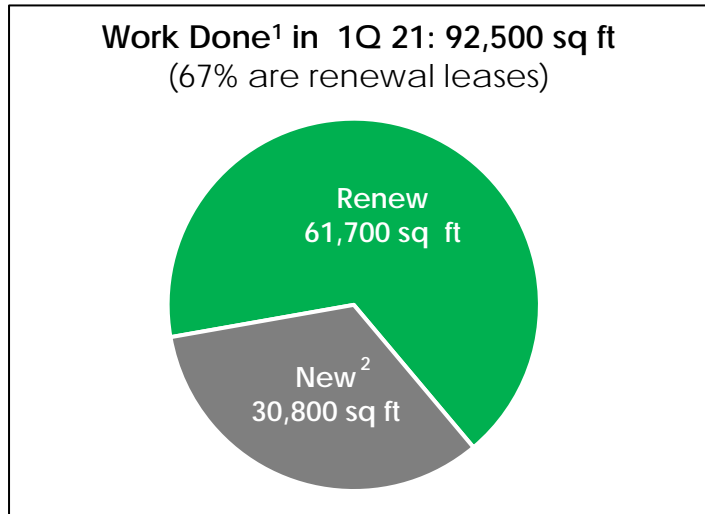
1. Based on Suntec REIT's interests in Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Office Towers 1 and 2, and 9 Penang Road.

# Suntec City Office - Committed Occupancy and Average Gross Rent

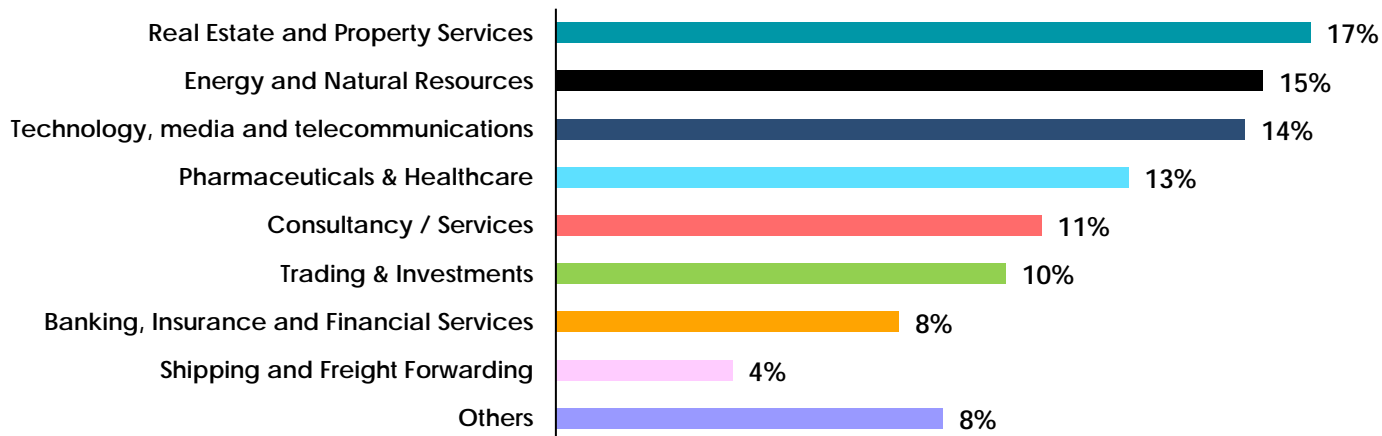


**Committed Occupancy and Average Gross Rent Outperformed Market**

# Suntec City Office – Leasing Activity



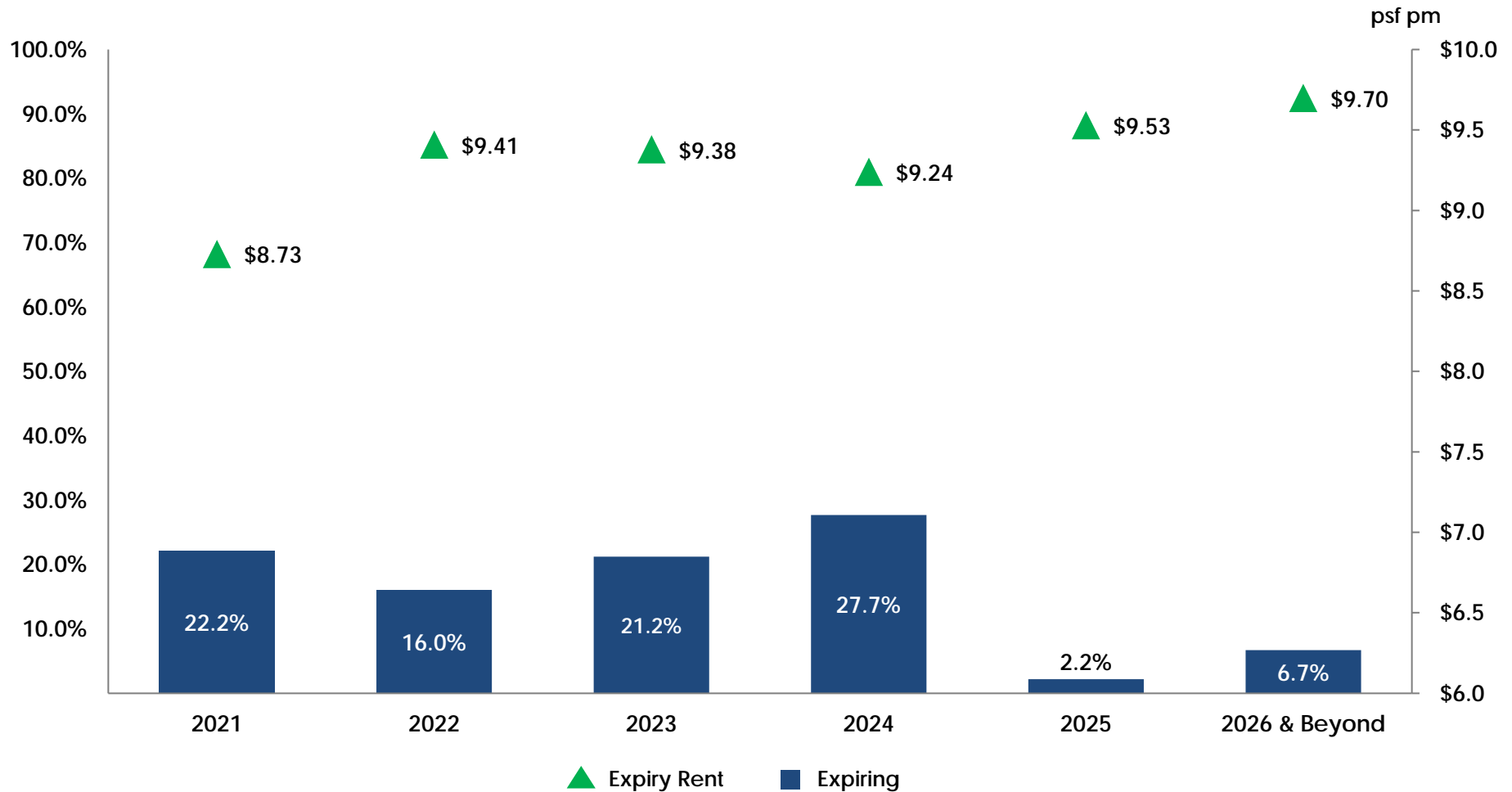
New Tenants by Sector in 1Q 21 (sq ft)



Notes:

1. Reflects net lettable area of new leases and renewals committed
2. Excludes new leases (about 5,700 sq ft) committed for units that were vacant for more than 1 year

# Suntec City Office - Lease Expiry Profile & Expiry Rent

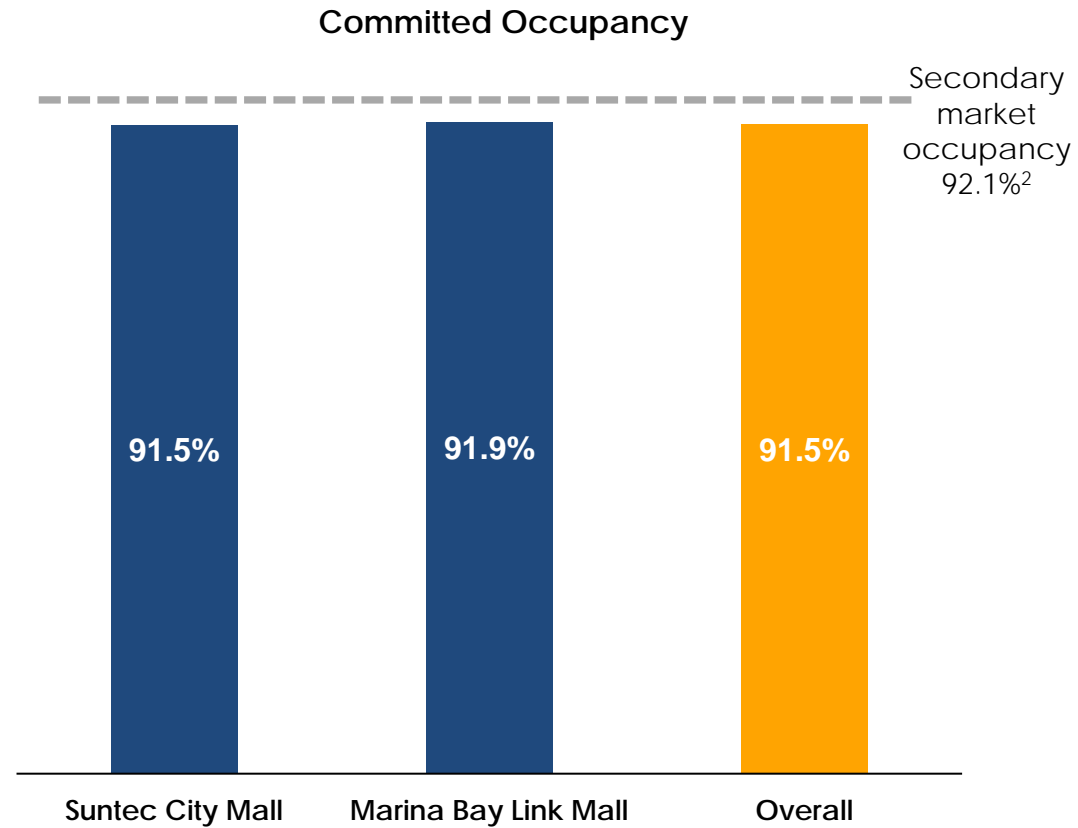
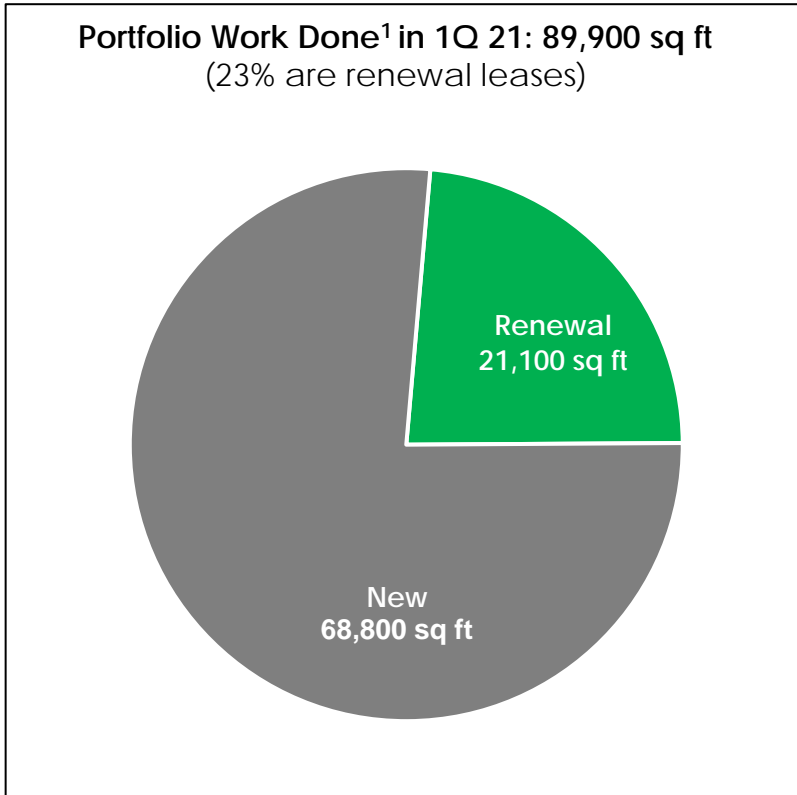


Proactive Management of Lease Expiries



SG RETAIL PORTFOLIO  
PERFORMANCE

# Singapore Retail Portfolio

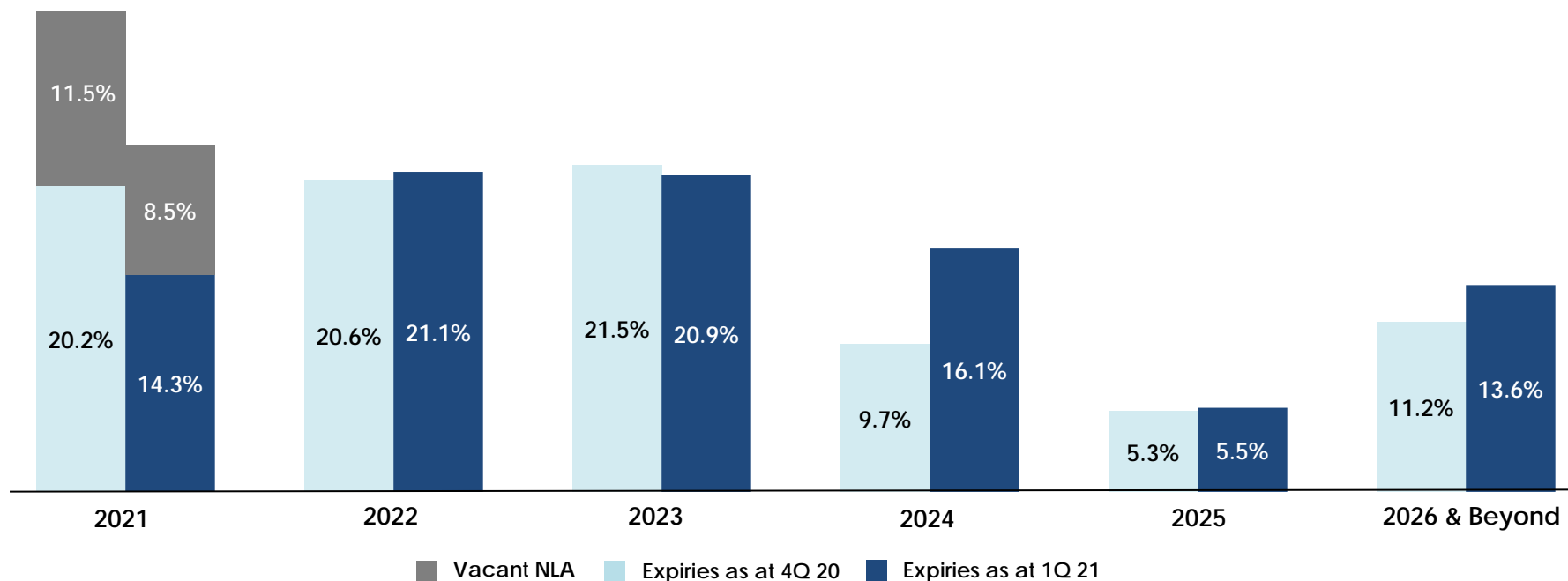


Notes:

1. 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
2. Source: JLL as at 1Q 2021

# Singapore Retail Lease Expiry

% of Total NLA<sup>1</sup> Q-o-Q Comparison



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 & Beyond
Sq ft	130,521	191,950	190,241	146,499	50,148	124,139
%	14.3%	21.1%	20.9%	16.1%	5.5%	13.6%

**Weighted Average Lease Expiry: 2.56 Years**

Note:

1. Based on Suntec REIT's interests in Suntec City Mall, Suntec Singapore (Retail) and Marina Bay Link Mall.



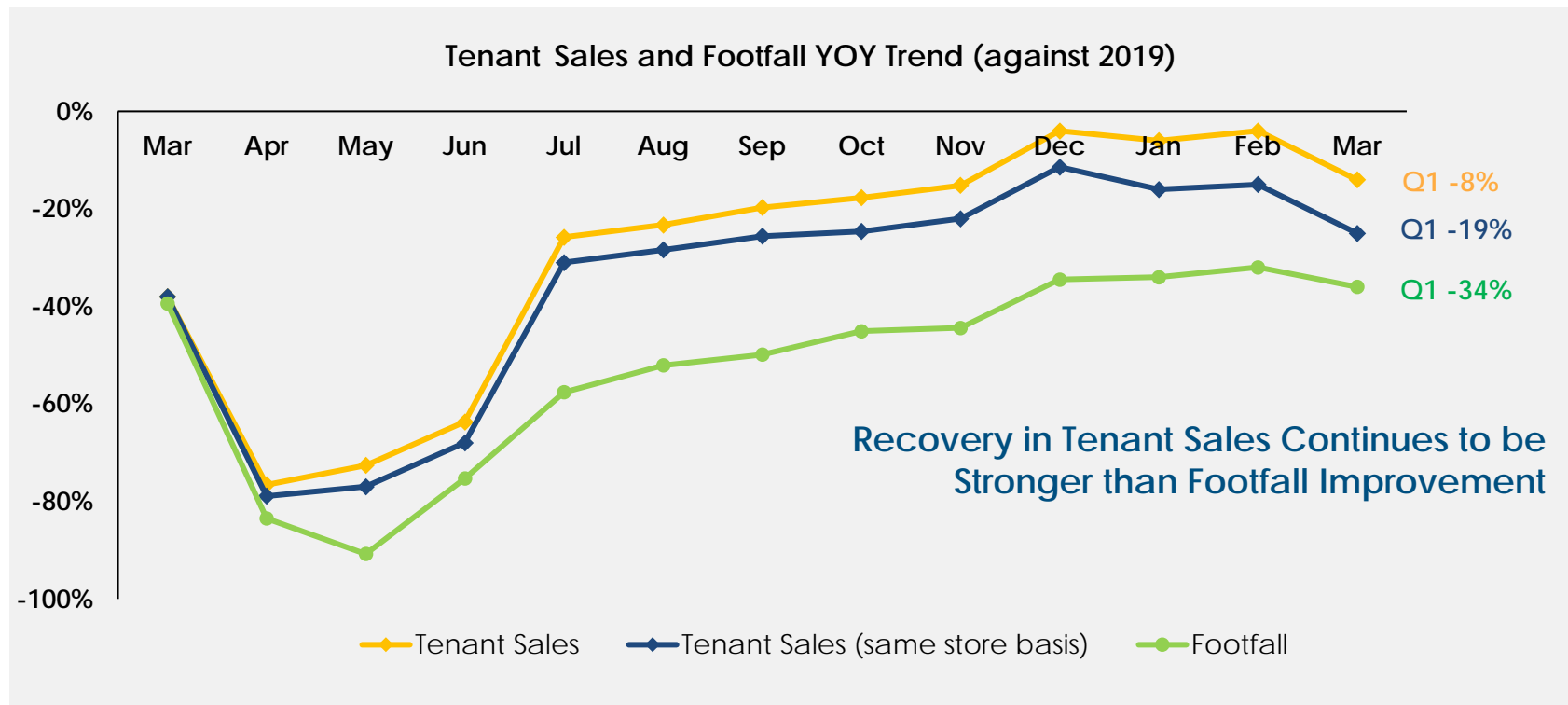


**91.5%**  
Committed Occupancy (as end 1Q 2021)



**-26.2%<sup>1</sup>**  
Rent Reversion (1Q 2021)

- Introduced anchor tenants with strong growth potential post-COVID
- Renewal of tenants in growth categories at lower base rent and higher GTO rent to share risk and reward

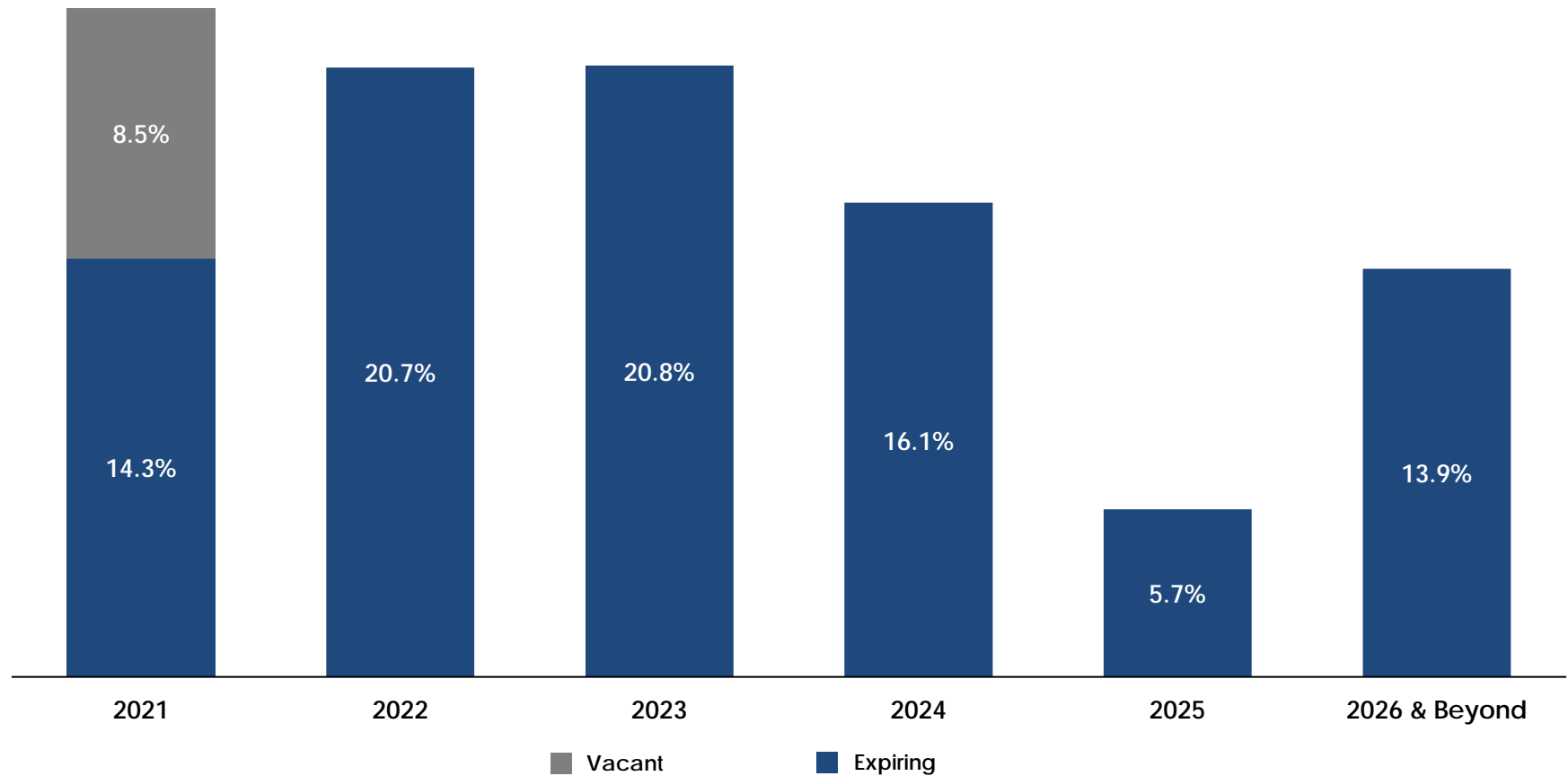


**New Anchor Tenants to Further Strengthen Footfall and Sales Recovery**

Note:

1. Excluding the anchor leases signed, the rent reversion for 1Q 2021 would be -16%

# Suntec City Mall - Lease Expiry Profile

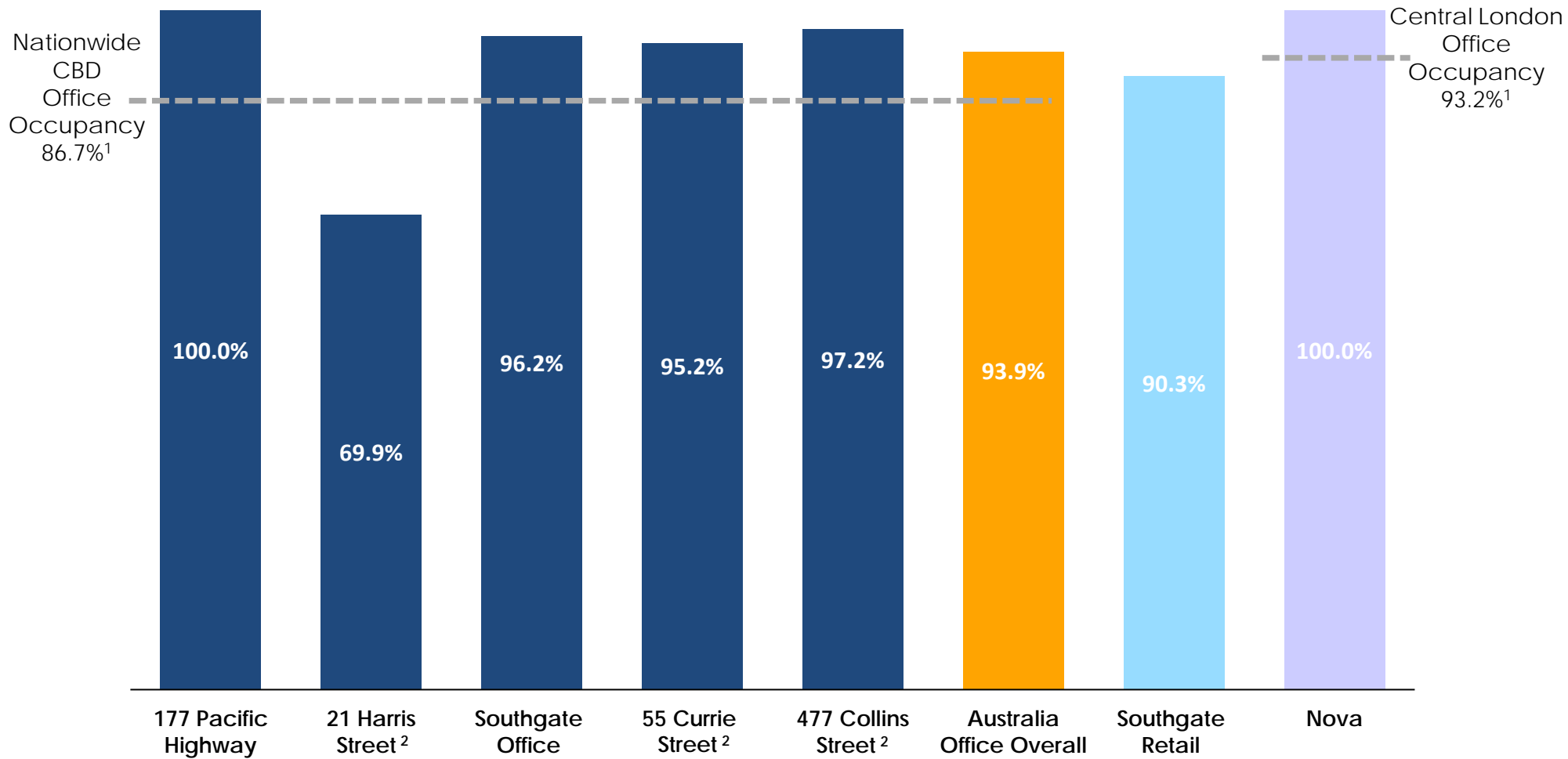


Proactive Management of Lease Expiries



# AUSTRALIA & UK PORTFOLIO PERFORMANCE

# Australia & UK Committed Occupancy

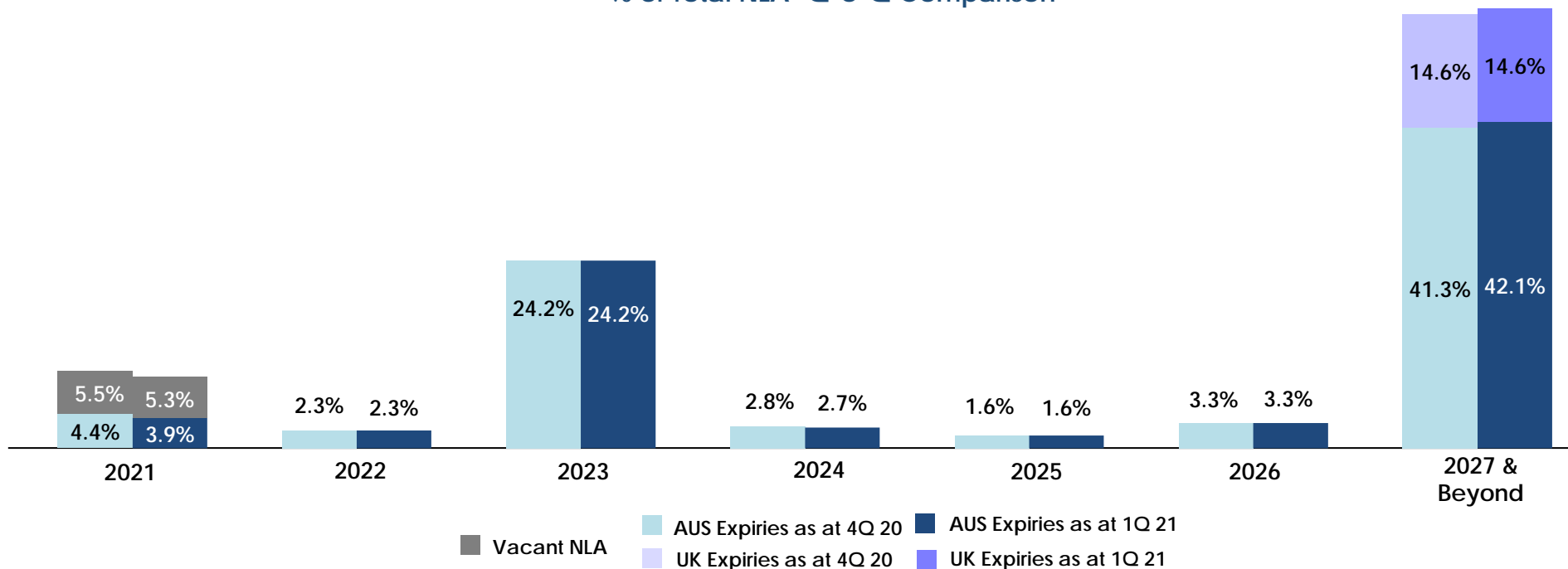


Notes:

- 1. Source: JLL as at 4Q 2020
- 2. Rent guarantee on vacant spaces

# Australia & UK Portfolio Lease Expiry

% of Total NLA<sup>1</sup> Q-o-Q Comparison



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027 & Beyond
<b>Sq ft</b>	75,474	43,840	464,031	51,497	31,369	62,344	1,087,313
<b>%</b>	3.9%	2.3%	24.2%	2.7%	1.6%	3.3%	56.7%

**Weighted Average Lease Expiry: 6.54 Years**

Notes:

1. Based on Suntec REIT's interests in 177 Pacific Highway, 21 Harris, Southgate Complex (Office and Retail), 477 Collins, 55 Currie and Nova Properties.
2. 4.4% of NLA is covered by rent guarantees (55 Currie, 21 Harris and 477 Collins).



**LOOKING  
AHEAD**

## Outlook

- Return of workforce expected to increase from current levels of 30% in Suntec City Office and 45% in One Raffles Quay & MBFC Towers 1 and 2
- Hybrid working arrangement likely to continue but physical office will remain relevant as companies value the need to build corporate culture and foster employee collaboration
- Leasing demand gaining momentum with key demand drivers from TMT, Pharmaceutical and Financial Services
- Companies remain cost conscious and continue to be prudent on rent and capital expenditure
- Potential space rationalisation by financial institutions
- Rent reversion will be moderated but expected to remain positive
- Occupancy anticipated to be in the mid 90% range
- Revenue expected to be stable underpinned by strong rent reversions in the past 11 quarters

## Outlook

- Easing of Safe Management Measures (SMM) at workplaces will boost recovery of mall traffic and tenant sales
- Mall traffic expected to recover to about 80% of 2019 level by year-end
- Tenant sales expected to recover close to 2019 level
- Retail recovery uneven, led by categories such as F&B, wellness, supermarket, homeware, kids' fashion and toys
- Rent reversion to remain weak due to cautious sentiments of retailers
- Short-term rent restructuring for most leases will end by Q2 2021
- New-to-Suntec and new-to-market brands commencing operations throughout the year
- Mall occupancy on track to reach around 95% by end 2021
- New Code of Conduct not expected to have significant impact on rental revenue
- Revenue expected to improve towards 2019 level, supported by higher occupancy and higher GTO rent



## Outlook

- Latest easing of SMM for events will help sales efforts
- However, recovery slow and uncertain due to weak international travel and restrictions on consumer events
- Domestic market remains key priority and focus in the short term
- Demand for physical-virtual hybrid events has been growing
- Additional 'Hybrid Experience' hall with larger capacity to be set up to capture this demand
- Comprehensive review underway to identify and assess opportunities to pivot Suntec Convention's core business
- Investment in SMM infrastructure to better position Suntec Convention as the MICE destination of choice, post-COVID
- Income contribution remains significantly impacted

## Outlook

- Return of workforce approx. 40% to 50% in Sydney/ Melbourne and above 70% in Adelaide
- Flexible remote working arrangement likely to continue as companies redesign offices to create collaborative team workspaces
- Early signs of leasing demand recovery as business sentiment turn positive
- Nationwide CBD vacancy of 13.3% (as at 4Q20)<sup>1</sup> expected to rise from additional supply coming onstream
- Retail tenants that continue to be adversely impacted from the pandemic will be granted rent rebates and rent deferment
- Vacant spaces at 55 Currie Street, 21 Harris Street and 477 Collins Street are protected by rent guarantee
- Revenue remain resilient underpinned by strong occupancy, annual rent escalations and long WALE with minimal lease expiry in 2021

Note:

1. Source: JLL as at 4Q 2021

## Outlook

- Reopening of retail trades including food and beverage (outdoor dining only) since 12 April 2021
- Flexible remote working arrangement likely to remain
- Leasing demand remains subdued as companies rationalise space requirements in the near term
- High quality office buildings located near London's key transport hubs remain sought after
- Retail tenants that continue to be adversely impacted from the pandemic will be granted rent rebates and rent deferment
- Retail income is supported by 2-year guarantee
- Revenue remain resilient underpinned by full occupancy, long WALE and no lease expiry until 2027

# Divestment of 30% Interest in 9 Penang Road



# Overview

- Sale of 30% interest in 9 Penang Road for S\$295.5 million (S\$2,468 psf) to existing JV partner, Haiyi Holdings Pte Ltd
- 5.7% above valuation<sup>1</sup>
- 30.3% above total development cost<sup>2</sup>
- Resilient Office Segment Continue to Anchor Suntec REIT

Building Completion	2019
Total NLA	399,044 sq ft
Committed Occupancy (as at 31 Mar 2021)	98.7%
Valuation <sup>1</sup>	S\$931.8 million
Total Development Cost <sup>2</sup>	S\$756.0 million

Notes:

<sup>1</sup> Based on the average of independent valuations by Knight Frank Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd as at 1 May 2021.

<sup>2</sup> Includes land and construction costs.



1

Active Portfolio Management to Enhance Unitholder Value

2

Strengthen Balance Sheet

3

Realise Value of Capital Appreciation



## Enhance Resilience and Diversification of Suntec REIT's Portfolio

- Acquisition of Nova Properties, London in Dec 2020 (NPI yield of 4.6%)



## Portfolio Optimisation: Divestment of 9 Penang Road

- Asset Value Maximised through Redevelopment
- NPI yield of 3.3%<sup>1</sup>
- Office Component 100% Leased on Long Tenure



Former Park Mall Building



Maximised Asset Value through Redevelopment

Note:

<sup>1</sup> On stabilised basis.

# Strengthen Balance Sheet

## Net Divestment Proceeds

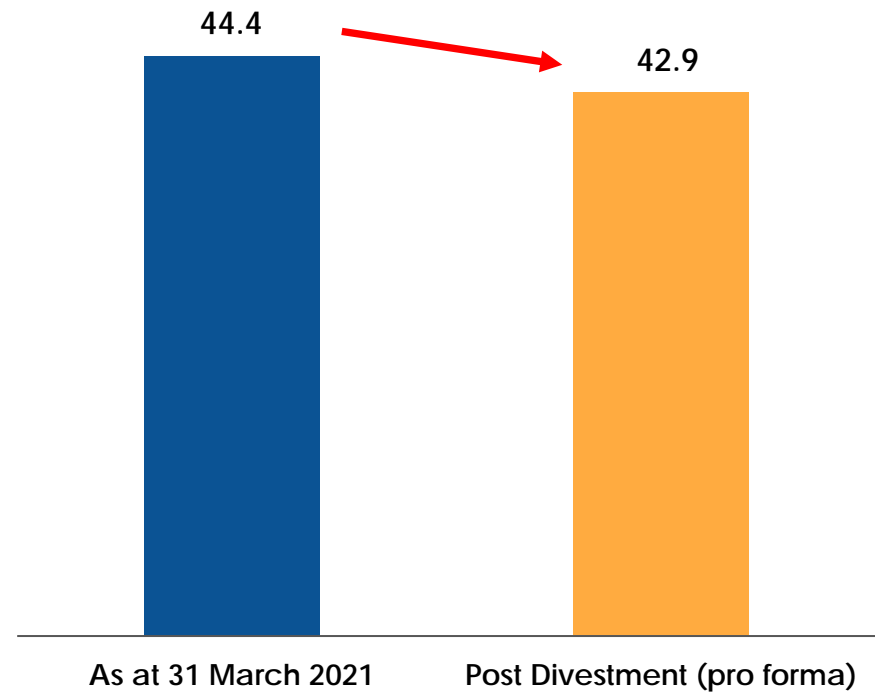


Pare Down Debt



Redeploy Funds to Higher  
Yielding Assets

Aggregate Leverage Ratio  
Reduced by 1.5 percentage points



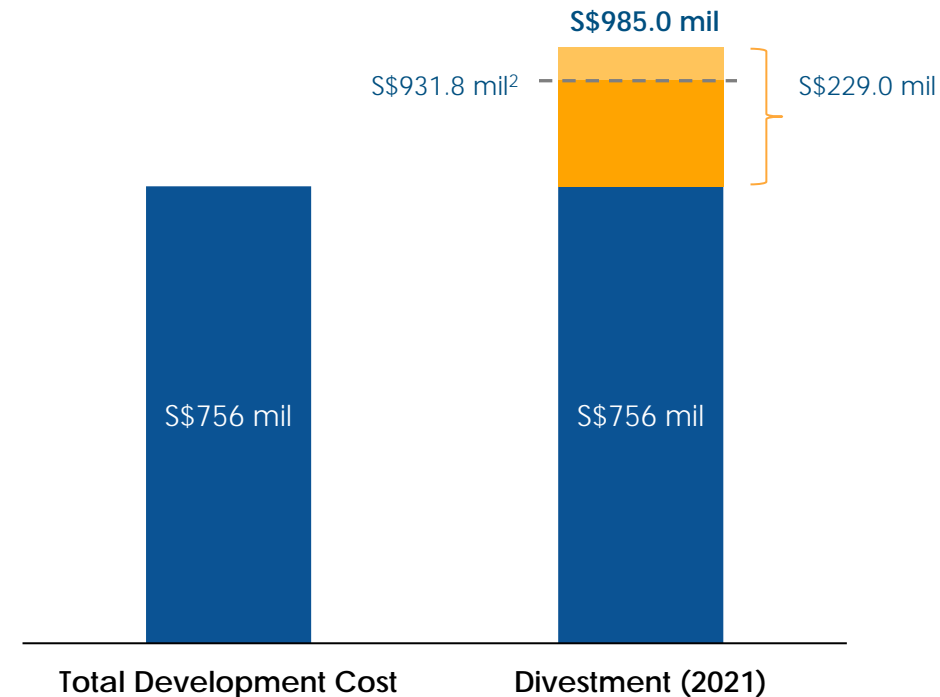


# Realised Value of Capital Appreciation

Agreed Value of S\$985.0 million

Realised Asset Value Upside of S\$229.0 million

- NPI yield of 3.3%<sup>1</sup>
- 5.7% above latest valuation of S\$931.8 million<sup>2</sup> (S\$2,335 psf)
- 30.3% higher than total development cost<sup>3</sup> of S\$756.0 million (S\$1,895 psf)
- Capital gains equivalent to approx. 2.27 cents per unit



Returns on Investment of 305%<sup>4</sup>

Notes:

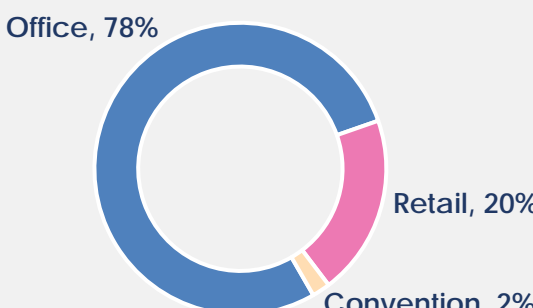
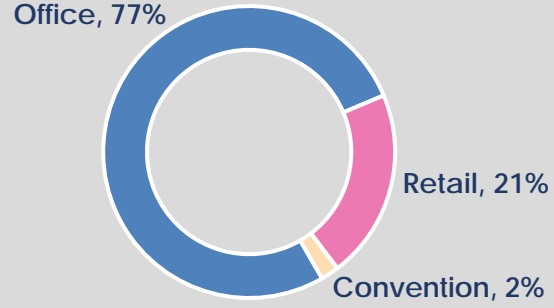
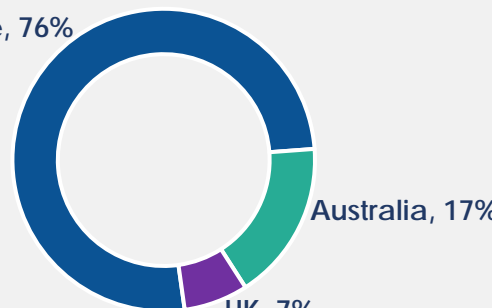
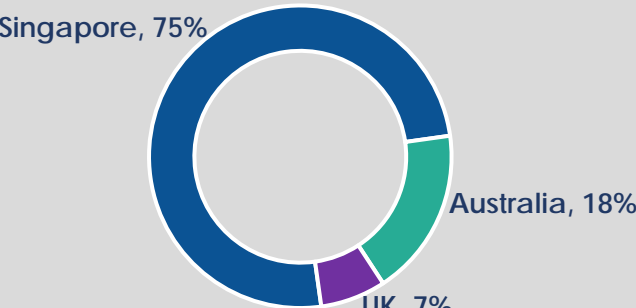
<sup>1</sup> On stabilised basis.

<sup>2</sup> Based on the average of independent valuations by Knight Frank Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd as at 1 May 2021.

<sup>3</sup> Includes land and construction costs.

<sup>4</sup> Net divestment profit as percentage of cost of investment.

# Pro Forma Impact

For Illustrative Purpose	Before	After
DPU	7.402 cents	7.402 cents <sup>1</sup>
NAV per Unit	S\$2.054 <sup>2</sup>	S\$2.057 <sup>3</sup>
Assets Under Management	S\$11.7 billion	S\$11.5 billion <sup>4</sup>
Deposited Property (by Segment)	 <p>Office, 78% Retail, 20% Convention, 2%</p>	 <p>Office, 77% Retail, 21% Convention, 2%</p>
Deposited Property (by Country)	 <p>Singapore, 76% Australia, 17% UK, 7%</p>	 <p>Singapore, 75% Australia, 18% UK, 7%</p>

**Notes:**

<sup>1</sup> Based on pro forma financial effects of the divestment for FY 2020, assuming the divestment was completed on 1 January 2020. DPU remains unchanged as no income contribution from 9 Penang Road was declared in FY 2020.

<sup>2</sup> Based on number of units issued and to be issued as at 31 December 2020.

<sup>3</sup> Based on number of units issued and to be issued as at 31 December 2020, inclusive of divestment fee.

<sup>4</sup> Assuming net proceeds is utilised to pare down debt.

**Resilient Office Segment Continue to Anchor Suntec REIT**

- 1 Proactive Lease Management to Enhance Resilience of Properties
- 2 Strengthen Balance Sheet through Active Capital Management
- 3 Further Enhance Suntec REIT's Income Stability by Sourcing for Good Quality Assets that are Accretive
- 4 Deliver Sustainable Returns and Long Term Value to Unitholders

*THANK YOU*

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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.