

**Suntec Real Estate Investment Trust
and its Subsidiaries**

Interim Financial Information
Six-month period ended 30 June 2021

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Introduction

Suntec Real Estate Investment Trust (“Suntec REIT”) is a real estate investment trust constituted by the Trust Deed entered into on 1 November 2004 (as amended) between ARA Trust Management (Suntec) Limited as the Manager of Suntec REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of Suntec REIT.

Suntec REIT owns Suntec City Mall which comprises approximately 815,000 sq ft of net lettable area and certain office units in Suntec Towers One, Two and Three and the whole of Suntec Towers Four and Five, which form part of the integrated commercial development known as “Suntec City”. The property portfolio also comprises 66.3 per cent effective interest in Suntec Singapore Convention & Exhibition Centre and approximately 143,000 sq ft of net lettable area of Suntec City Mall (“Suntec Singapore”), a one-third interest in One Raffles Quay (“ORQ”) and a one-third interest in Marina Bay Financial Centre Towers 1 and 2, and the Marina Bay Link Mall (collectively known as “MBFC Properties”). Suntec REIT also holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, Sydney, Australia (“177 Pacific Highway”), a 100 per cent interest in the commercial building located at 21 Harris Street, Pyrmont, Sydney, Australia (“21 Harris Street”), a 50.0 per cent interest in Southgate Complex, Melbourne, Australia (“Southgate Complex”), a 50.0 per cent interest in a commercial building, Olderfleet, at 477 Collins Street, Melbourne, Australia (“Olderfleet, 477 Collins Street”), a 100 per cent interest in a freehold office building at 55 Currie Street, Adelaide, Australia (“55 Currie Street”) and a 50.0 per cent interest in two grade A office buildings with ancillary retail in Victoria, West End, London, United Kingdom (“Nova Properties”).

On 16 June 2021, Suntec REIT completed the sale of its 30.0 per cent interest in 9 Penang Road to an interested party, Haiyi Holdings Pte. Ltd for an aggregate consideration of approximately S\$89.9 million.

On 29 June 2021, Suntec REIT announced the proposed divestment of a portfolio of Suntec City Office strata units for S\$197.0 million (the "Divestment") and the proposed acquisition of 100% interest in The Minster Building, London for an agreed value of £353.0 million (the "Acquisition"). The Divestment and Acquisition is expected to be completed in third quarter of 2021.

Summary of Results

	Group		
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000	Change %
Gross revenue	166,764	149,448	11.6
Net property income	112,617	90,905	23.9
Income from joint ventures	60,359	45,823	31.7
- <i>loans to joint ventures</i>	16,205	10,133	59.9
- <i>share of profits</i>	44,154	35,690	23.7
Distribution income from operations	118,190	103,130	14.6
Amount available for distribution ^(a)	118,190	92,817	27.3
Number of issued and issuable units at the end of the period entitled to distribution ('000) ^(b)	2,847,903	2,820,823	n.a.
Distribution per Unit ("DPU") (cents) ^{(a), (c)}	4.154	3.293	26.1
- <i>1 January to 31 March ^(d)</i>	2.045	1.760	16.2
- <i>1 April to 30 June</i>	2.109	1.533	37.6

n.a. – not applicable

Footnotes:

- (a) For the half year ended 30 June 2020 ("1H FY20"), the Manager had retained 10.0% of distributable income in view of the COVID-19 outbreak. The amount retained was fully paid out on 26 February 2021.
- (b) The computation of Distribution per Unit for the period from 1 April 2021 to 30 June 2021 is based on the number of units entitled to distribution:
- (i) The number of units in issue as at 30 June 2021 of 2,842,111,015;
 - (ii) The units issuable to the Manager as satisfaction of divestment fees in relation to the divestment of 9 Penang Road of 998,580; and
 - (iii) The units issuable to the Manager by 30 July 2021 as partial satisfaction of asset management base fees incurred for the period from 1 April 2021 to 30 June 2021 of 4,792,926.
- (c) Please refer to Page 7 for the distribution per unit computation.
- (d) Distribution of 2.045 cents per unit for the period 1 January 2021 to 31 March 2021 was paid on 28 May 2021.

Statements of Financial Position
As at 30 June 2021

	Note	Group		Trust	
		30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Non-current assets					
Plant and equipment		1,383	1,616	505	510
Investment properties	3	7,094,984	7,262,856	4,907,772	5,088,000
Rental guarantee receivables		12,202	16,858	–	–
Interests in joint ventures	4	3,648,266	3,686,493	1,471,741	1,469,511
Interests in subsidiaries		–	–	2,334,214	2,356,093
Long term investment		–	–	631	631
Derivative assets		4,829	–	663	–
		<u>10,761,664</u>	<u>10,967,823</u>	<u>8,715,526</u>	<u>8,914,745</u>
Current assets					
Investment properties held for sale	3	180,920	–	180,920	–
Rental guarantee receivables		7,177	6,827	–	–
Trade and other receivables		75,954	31,949	70,367	31,430
Cash and cash equivalents		393,028	227,474	304,971	123,357
		<u>657,079</u>	<u>266,250</u>	<u>556,258</u>	<u>154,787</u>
Total assets		<u>11,418,743</u>	<u>11,234,073</u>	<u>9,271,784</u>	<u>9,069,532</u>
Current liabilities					
Interest-bearing borrowings	5	935,625	678,203	935,625	678,203
Trade and other payables		100,069	119,537	124,702	66,256
Derivative liabilities		6,061	9,559	6,061	9,559
Security deposits		18,277	36,843	17,923	24,365
		<u>1,060,032</u>	<u>844,142</u>	<u>1,084,311</u>	<u>778,383</u>

Statements of Financial Position (cont'd)
As at 30 June 2021

	Note	Group		Trust	
		30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Non-current liabilities					
Interest-bearing borrowings	5	3,928,339	4,148,258	2,737,598	2,973,144
Security deposits		56,154	39,031	41,065	37,411
Derivative liabilities		21,499	39,054	7,350	17,377
Deferred tax liabilities		48,811	50,418	–	–
		<u>4,054,803</u>	<u>4,276,761</u>	<u>2,786,013</u>	<u>3,027,932</u>
Total liabilities		<u>5,114,835</u>	<u>5,120,903</u>	<u>3,870,324</u>	<u>3,806,315</u>
Net assets		<u>6,303,908</u>	<u>6,113,170</u>	<u>5,401,460</u>	<u>5,263,217</u>
Represented by:					
Unitholders' funds		5,871,475	5,829,657	5,053,447	5,064,542
Perpetual securities holders	6	348,013	198,675	348,013	198,675
Non-controlling interests		84,420	84,838	–	–
		<u>6,303,908</u>	<u>6,113,170</u>	<u>5,401,460</u>	<u>5,263,217</u>
Units in issue ('000)	7	<u>2,842,111</u>	<u>2,825,294</u>	<u>2,842,111</u>	<u>2,825,294</u>
Net asset value per Unit (S\$)	8	<u>2.062</u>	<u>2.055</u>	<u>1.774</u>	<u>1.785</u>

Statement of Total Return
Six-month period ended 30 June 2021

	Group		
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000	Change %
Gross revenue	166,764	149,448	11.6
Property expenses	(54,147)	(58,543)	7.5
Net property income	112,617	90,905	23.9
Other income	8,203	1,881	336.1
Share of profit of joint ventures	44,154	35,690	23.7
Finance income	16,327	11,229	45.4
Finance costs	(59,479)	(48,932)	(21.6)
Net finance costs	(43,152)	(37,703)	(14.5)
Asset management fees			
- base fee	(19,459)	(17,776)	(9.5)
- performance fee	(8,645)	(6,845)	(26.3)
Trust expenses	(2,791)	(2,156)	(29.5)
Net income	90,927	63,996	42.1
Net change in fair value of financial derivatives	23,734	(33,173)	n/m
Net change in fair value of investment properties	-	(66,596)	100.0
Net gain from divestment of joint venture	13,822	-	100.0
Total return for the period before tax	128,483	(35,773)	n/m
Income tax expense	(2,512)	(912)	(175.4)
Total return for the period after tax	125,971	(36,685)	n/m
Attributable to:			
Unitholders of the Trust and perpetual securities holders	126,389	(1,604)	n/m
Non-controlling interests	(418)	(35,081)	98.9
	125,971	(36,685)	n/m
Earnings per unit (cents)			
Basic	10	4.308	(0.057)
Diluted	10	4.257	(0.057)

n/m denotes not meaningful.

Distribution Statement
Six-month period ended 30 June 2021

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Amount available for distribution to Unitholders at the beginning of the period	64,026	65,816
Total return attributable to Unitholders and perpetual securities holders before distribution	126,389	(1,604)
Less: Total return attributable to perpetual securities holders	(4,048)	–
Net tax adjustments (Note A)	(81,868)	46,781
Taxable income	40,473	45,177
Add:		
- Dividend income (Note B)	77,717	57,953
Amount available for distribution to Unitholders	182,216	168,946
 <i>Distribution to Unitholders</i>		
Distribution of 2.261 cents per Unit for period from 1/10/2020 to 31/12/2020	(64,160)	–
Distribution of 2.045 cents per Unit for period from 1/1/2021 to 31/3/2021	(58,121)	–
Distribution of 2.347 cents per Unit for period from 1/10/2019 to 31/12/2019	–	(65,978)
Distribution of 1.760 cents per Unit for period from 1/1/2020 to 31/3/2020	–	(49,567)
Distribution to Unitholders	(122,281)	(115,545)
Income available for distribution to Unitholders at end of the period	59,935	53,401
 Distribution per Unit (cents) from 1 January to 30 June (Note C)	 4.154	 3.293

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Note A		
Net tax adjustments comprise:		
- Asset management fee paid/payable in Units	20,865	18,313
- Amortisation of transaction costs	3,317	4,337
- Net profit from subsidiaries and joint ventures	(82,909)	(88,557)
- Net foreign currency exchange differences	1,449	(661)
- Net change in fair value of investment properties	–	66,596
- Net change in fair value of financial derivatives	(26,071)	33,173
- Net gain from divestment of joint venture	(13,822)	–
- Sinking fund contribution	8,025	9,630
- Trustee's fees	985	893
- Other items ⁽¹⁾	6,293	3,057
Net tax adjustments	(81,868)	46,781

Note:

(1) This mainly relates to non-tax-deductible expenses and rollover adjustments after finalisation of prior year adjustments.

Note B

This relates to the dividend income received from Comina Investment Limited, Suntec Harmony Pte. Ltd., Suntec REIT Capital Pte. Ltd., Suntec REIT (PM) Pte Ltd, and distributions of profits from Suntec REIT (Australia) Trust and BFC Development LLP (“BFGD LLP”).

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Wholly-owned subsidiaries		
Comina Investment Limited	12,861	11,602
Suntec REIT Capital Pte. Ltd.	13,000	11,600
Suntec REIT (PM) Pte Ltd	1,747	–
Suntec REIT (Australia) Trust	30,441	17,762
	58,049	40,964
Joint Venture		
BFC Development LLP	19,668	16,989
	77,717	57,953

Note C

The Distribution per Unit relates to the distributions in respect of the relevant financial period. The distribution for the second quarter of the financial year will be paid subsequent to the reporting date.

Statements of Movements in Unitholders' Funds
Six-month period ended 30 June 2021

	Group		Trust	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Unitholders' funds at the beginning of the period	5,829,657	5,977,058	5,064,542	5,174,058
Total return attributable to Unitholders and perpetual securities holders	126,389	(1,604)	99,807	58,013
Less: Total return attributable to perpetual securities holders	(4,048)	–	(4,048)	–
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges ⁽¹⁾	2,805	(4,624)	–	–
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	23,526	23,670	–	–
Net gain recognised directly in Unitholders' funds	26,331	19,046	–	–
Unitholders' transactions				
Creation of Units				
- asset management fees payable in Units ⁽²⁾	6,954	6,296	6,954	6,296
Units to be issued				
- asset management fees payable in Units ⁽²⁾	6,995	6,543	6,995	6,543
- divestment fees payable in Units ⁽³⁾	1,478	–	1,478	–
Distributions to Unitholders	(122,281)	(115,545)	(122,281)	(115,545)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(106,854)	(102,706)	(106,854)	(102,706)
Unitholders' funds at end of the period	5,871,475	5,891,794	5,053,447	5,129,365

Notes:

- (1) This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by a subsidiary and a joint venture.
- (2) This represents the value of units issued and to be issued the Manager as partial satisfaction of asset management fees incurred for the financial period from 1 January 2021 to 30 June 2021. The asset management base fee units for the quarter ended 30 June 2021 are to be issued within 30 days from quarter end.
- (3) This represents the value of units issuable to the Manager as satisfaction of divestment fees in relation to the divestment of Park Mall Investment Limited.

Statements of Movements in Unitholders' Funds (cont'd)
Six-month period ended 30 June 2021

	Group		Trust	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Perpetual securities holders at the beginning of the period	198,675	–	198,675	–
Total return attributable to perpetual securities holders	4,048	–	4,048	–
Transactions with perpetual securities holders				
Issue of perpetual securities	150,000	–	150,000	–
Issue expenses	(920)	–	(920)	–
Distribution to perpetual securities holders	(3,790)	–	(3,790)	–
Net increase resulting from transactions with perpetual securities holders	145,290	–	145,290	–
Perpetual securities holders at the end of the period	348,013	–	348,013	–
Non-controlling interests at the beginning of the period	84,838	129,086	–	–
Total return attributable to non-controlling interests	(418)	(35,081)	–	–
Non-controlling interests at the end of the period	84,420	94,005	–	–

Portfolio Statements
As at 30 June 2021

Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate as at 30/6/2021 %	Committed Occupancy Rate as at 31/12/2020 %	Carrying Value as at 30/6/2021 \$'000	Carrying Value as at 31/12/2020 \$'000	Percentage of Total Unitholders' funds as at 30/6/2021 %	Percentage of Total Unitholders' funds as at 31/12/2020 %
<i>Investment properties in Singapore</i>											
Suntec City Mall	Leasehold	99 years	67 years	3 Temasek Boulevard	Commercial	93.9	90.1	1,990,692	1,990,000	33.9	34.1
Suntec City Office Towers	Leasehold	99 years	67 years	5 - 9 Temasek Boulevard	Commercial	93.4	95.6	2,917,080 ⁽¹⁾	3,098,000	49.7	53.1
Suntec Singapore [^]	Leasehold	99 years	67 years	1 Raffles Boulevard	Commercial	n/m	n/m	625,570	625,000	10.6	10.7
<i>Investment properties in Australia</i>											
177 Pacific Highway	Freehold	–	–	177 – 199 Pacific Highway, North Sydney	Commercial	100.0	100.0	658,449	655,707	11.2	11.3
21 Harris Street	Freehold	–	–	21 Harris Street, Pyrmont, New South Wales	Commercial	72.2	68.7	294,337	289,272	5.0	5.0
55 Currie Street	Freehold	–	–	55 Currie Street, Adelaide	Commercial	95.2	91.7	153,434	152,490	2.6	2.6
Olderfleet, 477 Collins Street	Freehold	–	–	477 Collins Street, Melbourne	Commercial	96.6	97.2	455,422	452,387	7.8	7.8
Investment properties								7,094,984	7,262,856	120.8	124.6
Investment properties held for sale								180,920	–	3.1	–
Interests in joint ventures								3,648,266	3,686,493	62.1	63.2
Other assets and liabilities (net)								10,924,170	10,949,349	186.0	187.8
Net assets								(4,620,262)	(4,836,179)	(78.7)	(83.0)
Perpetual securities holders								6,303,908	6,113,170	107.3	104.8
Non-controlling interests								(348,013)	(198,675)	(5.9)	(3.4)
Unitholders' funds								(84,420)	(84,838)	(1.4)	(1.4)
								5,871,475	5,829,657	100.0	100.0

[^] denotes Suntec Singapore Convention and Exhibition Centre.

(1) As at 30 June 2021, investment properties with a carrying value of S\$180,920,000 relating to the proposed divestment of a portfolio of Suntec City Office Strata units have been reclassified to investment properties held for sale.

Portfolio Statements (cont'd)
As at 30 June 2021

Trust

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed	Committed	Carrying	Carrying	Percentage of	Percentage of
						Occupancy Rate as at 30/6/2021 %	Occupancy Rate as at 31/12/2020 %	Value as at 30/6/2021 \$'000	Value as at 31/12/2020 \$'000	Total Unitholders' funds as at 30/6/2021 %	Total Unitholders' funds as at 31/12/2020 %
<i>Investment properties in Singapore</i>											
Suntec City Mall	Leasehold	99 years	67 years	3 Temasek Boulevard	Commercial	93.9	90.1	1,990,692	1,990,000	39.4	39.3
Suntec City Office Towers	Leasehold	99 years	67 years	5 - 9 Temasek Boulevard	Commercial	93.4	95.6	2,917,080 ⁽¹⁾	3,098,000	57.7	61.2
Investment properties								4,907,772	5,088,000	97.1	100.5
Investment properties held for sale								180,920	–	3.6	–
Interests in joint ventures								1,471,741	1,469,511	29.1	29.0
Interests in subsidiaries								2,334,214	2,356,093	46.2	46.5
Other assets and liabilities (net)								8,894,647	8,913,604	176.0	176.0
Net assets								(3,493,187)	(3,650,387)	(69.1)	(72.1)
Perpetual securities holders								5,401,460	5,263,217	106.9	103.9
Unitholders' funds								(348,013)	(198,675)	(6.9)	(3.9)
								5,053,447	5,064,542	100.0	100.0

(1) As at 30 June 2021, investment properties with a carrying value of S\$180,920,000 relating to the proposed divestment of a portfolio of Suntec City Office Strata units have been reclassified to investment properties held for sale.

Portfolio Statements (cont'd)
As at 30 June 2021

Note:

Suntec City Office Towers comprise 15 strata lots in Suntec City Office Tower One, 10 strata lots in Suntec City Office Tower Two, 76 strata lots in Suntec City Office Tower Three and all the strata lots in Suntec City Office Towers Four and Five.

Suntec Singapore comprises more than one million square feet of versatile floor space over six levels which includes 143,000 square feet of retail space.

177 Pacific Highway is a 31-storey commercial building located in North Sydney, Australia.

21 Harris Street is a 9-storey commercial office building located in Pymont, New South Wales, Australia.

55 Currie Street is a 12-storey commercial building located in Adelaide, Australia.

Olderfleet, 477 Collins Street is a 40-storey office building located in Melbourne, Australia.

The carrying amounts of the investment properties as at 30 June 2021 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Savills Valuations Pty Ltd, Valuations Services (SA) Pty Ltd and CIVAS (VIC) Pty Limited as at 31 December 2020, adjusted for capital expenditure incurred subsequent to the valuation date and translation differences. The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on the discounted cash flow method, capitalisation approach and direct comparison method.

Statement of Cash Flows
Six-month period ended 30 June 2021

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Cash flows from operating activities		
Total return for the period before tax	128,483	(35,773)
Adjustments for:		
(Reversal of allowance) / Allowance for doubtful trade receivables	(1,584)	125
Asset management fees paid/payable in Units	20,865	18,313
Depreciation of plant and equipment	384	384
Loss on disposal of plant and equipment	1	2
Net change in fair value of financial derivatives	(23,734)	33,173
Net change in fair value of investment properties	–	66,596
Net finance costs	43,152	37,703
Net gain on divestment of joint venture	(13,822)	–
Share of profit of joint ventures	(44,154)	(35,690)
	109,591	84,833
Changes in:		
- Trade and other receivables	(16,044)	(4,157)
- Trade and other payables	(16,154)	14,042
Cash generated from operating activities	77,393	94,718
Tax paid	–	–
Net cash from operating activities	77,393	94,718
Cash flows from investing activities		
Capital expenditure on investment properties	(2,395)	(5,244)
Change in investment in joint ventures	(2,230)	(3,840)
Deposit paid for acquisition of a subsidiary	(32,863)	–
Dividend income received	27,293	18,033
Interest received	16,307	10,388
Purchase of plant and equipment	(152)	(264)
Acquisition of investment property	–	(267,417)
Net proceeds from divestment of joint venture	89,920	–
Progress payment on construction	–	(33,368)
Loan repayment by / (Loan to) joint venture	1,800	(792)
Net cash from / (used in) investing activities	97,680	(282,504)

Statement of Cash Flows (cont'd)
Six-month period ended 30 June 2021

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Cash flows from financing activities		
Distributions to Unitholders	(120,050)	(116,023)
Distributions to perpetual securities holders	(3,790)	–
Financing cost paid	(54,244)	(62,569)
Proceeds from medium term notes	–	400,000
Repayment of medium term notes	–	(310,000)
Proceeds from issuance of perpetual securities	150,000	–
Payment of transaction costs on issue of perpetual securities	(920)	–
Proceeds from settlement of derivatives	–	42
Proceeds from interest-bearing loans	501,497	581,692
Repayment of interest-bearing loans	(482,750)	(115,486)
Net cash (used in) / from financing activities	(10,257)	377,656
Net increase in cash and cash equivalents	164,816	189,870
Cash and cash equivalents at beginning of the period	227,474	157,206
Effects on exchange rate fluctuations on cash held	738	8,105
Cash and cash equivalents at end of the period	393,028	355,181

Significant non-cash transactions

There were the following non-cash transactions:

Six-month period ended 30 June 2021

The Group had issued or will be issuing a total of 9,231,168 Units to the Manager, amounting to approximately S\$13.9 million at unit prices ranging from S\$1.4595 to S\$1.5668 as satisfaction of the asset management fees payable in Units in respect of the six-month period ended 30 June 2021.

The Group will be issuing a total of 998,580 Units to the Manager, amounting to approximately S\$1.5 million at unit price of S\$1.4796 as satisfaction of the divestment fee payable in Units in respect of the divestment of Park Mall Investment Limited (Note 4).

Six-month period ended 30 June 2020

The Group had issued a total of 9,679,918 Units to the Manager, amounting to approximately S\$12.8 million at unit prices ranging from S\$1.21473 to S\$1.4546 as satisfaction of the asset management fees payable in Units in respect of the six-month period ended 30 June 2020.

Notes to the Interim Financial Statements

These notes form an integral part of the interim financial statements.

1 General

Suntec Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 1 November 2004 (as amended) (the “Trust Deed”) between ARA Trust Management (Suntec) Limited (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders (“Unitholders”) of Units in the Trust (the “Units”).

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 9 December 2004 and was included in the Central Provident Fund (“CPF”) Investment Scheme on 9 December 2004.

The principal activity of the Trust and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

The interim financial statements (“Financial Statements”) relate to the Trust and its subsidiaries (the “Group”).

2 Basis of preparation

The Financial Statements has been prepared in accordance with the Statement of Recommended Accounting Practice (“RAP”) 7 “*Reporting Framework for Investment Funds*” issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The Financial Statements does not contain all of the information required for full annual financial statements.

The Financial Statements has been prepared on a historical cost basis, except for the investment properties and financial derivatives which are stated at their fair values.

The Financial Statements is presented in Singapore dollars which is the Trust’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2 Basis of preparation (cont'd)

The preparation of the Financial Statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these Financial Statements, significant judgements made by the Manager in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

The accounting policies applied by the Group in these Financial Statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2020, except adoption of the revised version of RAP 7 new and revised standards that are effective for annual periods beginning on 1 January 2021. The adoption of these new and revised standards did not have a material impact on the Group's Financial Statements.

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing this Financial Statements.

3 Investment properties

	Group		Trust	
	30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Balance at beginning of the period	7,262,856	6,879,695	5,088,000	5,206,000
Acquisitions	–	267,417	–	–
Capital expenditure capitalised	7,406	214,522	692	2,124
Reversal of accruals no longer required	–	(5,054)	–	(5,054)
Reclassification to investment properties held for sale	(180,920)	–	(180,920)	–
Changes in fair value	–	(214,803)	–	(115,070)
Effects of movements in exchange rates	5,642	121,079	–	–
Balance at end of the period	<u>7,094,984</u>	<u>7,262,856</u>	<u>4,907,772</u>	<u>5,088,000</u>

During the year ended 31 December 2020, renovation works for Suntec City Mall were completed, and accrued construction cost no longer required amounting to S\$5,054,000 was reversed.

On 29 June 2021, Suntec REIT announced the proposed divestment of a portfolio of Suntec City Office strata units (Note 12). The carrying amount of these units have been reclassified to investment properties held for sale.

The carrying amounts of the investment properties as at 30 June 2021 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Savills Valuations Pty Ltd, Valuations Services (SA) Pty Ltd and CIVAS (VIC) Pty Limited as at 31 December 2020, adjusted for capital expenditure incurred subsequent to the valuation date and translation differences. The Group has assessed that the carrying amounts of the investment properties as at 30 June 2021 approximate their fair values.

Measurement of fair value

The fair values of investment properties were determined by external independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. Independent valuations of the investment properties are carried out at least once a year.

The valuers have considered valuation techniques including the discounted cash flow method, capitalisation approach and/or direct comparison method. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates.

The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparable in terms of location, area, quality and other relevant factors.

The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

4 Interests in joint ventures

	Group		Trust	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Investment in joint ventures	2,393,941	2,456,585	850,574	850,574
Loans to joint ventures	1,254,325	1,229,908	621,167	618,937
	<u>3,648,266</u>	<u>3,686,493</u>	<u>1,471,741</u>	<u>1,469,511</u>

Included in the Group's loans to joint ventures as at 30 June 2021 are amounts of S\$1,012,000,000 (2020: S\$996,049,000) which bear interest ranging from 2.40% to 5.00% (2020: 2.37% to 5.00%) per annum. The remaining balances are interest-free.

The Trust's loans to joint ventures bear interest between 2.40% to 2.88% (2020: 2.37% to 3.99%) per annum.

The loans to joint ventures have no fixed terms of repayment. The loans to joint ventures represent the Group's and the Trust's net investments in the joint ventures and the settlement of these loans is neither planned nor likely to occur in the foreseeable future. Accordingly, the loans are classified as non-current.

Details of the material joint ventures are as follows:

Name of joint ventures	Principal place of business	Effective equity interest held by the Group	
		30/6/2021	31/12/2020
		%	%
One Raffles Quay Pte. Ltd. ("ORQPL")	Singapore	33.33	33.33
BFC Development LLP ("BFCDLLP")	Singapore	33.33	33.33
Park Mall Investment Limited ("PMIL")	British Virgin Islands	–	30.0
Southgate Trust ("SGT")	Australia	50.0	50.0
Nova Limited Partnership	United Kingdom	50.0	50.0
Nova Residential Limited Partnership	United Kingdom	50.0	50.0

4 Interests in joint ventures (cont'd)

Name of joint ventures	Principal place of business	Effective equity interest held by the Group	
		30/6/2021	31/12/2020
		%	%

Held by joint ventures

Held by PMIL

Park Mall Holdings Limited	British Virgin Islands	–	30.0
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Held by Park Mall Holdings Limited

Park Mall Pte. Ltd.	Singapore	–	30.0
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One Raffles Quay Pte. Ltd. owns One Raffles Quay, Singapore.

BFC Development LLP owns Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, Singapore.

Park Mall Pte. Ltd. owns a commercial property located at 9 Penang Road, Singapore.

Suntec REIT (Australia) Trust owns 50% interest in Southgate Trust which in turn, owns 100% in Southgate Complex, Melbourne, Australia.

Nova Limited Partnership owns the properties, Nova North, Nova South, and commercial units in The Nova Building, United Kingdom.

Nova Residential Limited Partnership holds the residential ground lease in The Nova Building, United Kingdom.

Disposal of PMIL and its subsidiaries ("PMIL Group")

On 16 June 2021, the Group completed the sale of its 30.0% interest in PMIL Group to a related party, Haiyi Holdings Pte. Ltd. for an aggregate consideration of approximately S\$89.9 million. The consideration takes into account the agreed value of the Property – 9 Penang Road (on a 100% basis) of S\$985.0 million. A net gain from divestment of joint venture amounting to approximately S\$13.8 million was recognised to the Statements of Total Return.

5 Interest-bearing borrowings

	Group		Trust	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Term loans				
- secured	1,881,148	1,414,550	690,407	239,436
- unsecured	2,896,566	3,253,574	2,896,566	3,253,574
	<u>4,777,714</u>	<u>4,668,124</u>	<u>3,586,973</u>	<u>3,493,010</u>
Revolving credit facility				
- unsecured	–	70,000	–	70,000
Convertible bonds				
- unsecured	86,250	88,337	86,250	88,337
	<u>4,863,964</u>	<u>4,826,461</u>	<u>3,673,223</u>	<u>3,651,347</u>
<i>Classified as:</i>				
Current	935,625	678,203	935,625	678,203
Non-current	3,928,339	4,148,258	2,737,598	2,973,144
	<u>4,863,964</u>	<u>4,826,461</u>	<u>3,673,223</u>	<u>3,651,347</u>

Secured loans

As at 30 June 2021, the Group has in place the following loan facilities:

- S\$406 million (2020: S\$406 million) secured term loan facility and revolving credit facility;
- S\$900 million (2020: S\$900 million) secured syndicated term loan facility;
- A\$450 million (2020: A\$450 million) secured term green loan facility; and
- GBP200 million (2020: GBP200 million) secured syndicated term loan facility.

As at 30 June 2021, the Group has drawn down S\$1,899 million (2020: S\$1,434 million) of the secured facilities.

The facilities are secured on the following:

- A first legal mortgage on Suntec Singapore, Suntec City Mall, 177 Pacific Highway, 55 Currie Street and 21 Harris Street (2020: Suntec Singapore, Suntec City Mall, 177 Pacific Highway, 55 Currie Street and 21 Harris Street);
- A first fixed charge over the central rental collection account in relation to the Suntec Singapore and Suntec City Mall (2020: Suntec Singapore and Suntec City Mall);
- A first registered general security over the rental collection accounts in relation to the 177 Pacific Highway, 55 Currie Street and 21 Harris Street, supported by account bank deeds from the account banks (2020: 177 Pacific Highway, 55 Currie Street and 21 Harris Street);
- An assignment of the rights, title and interest in the key documents and the proceeds in connection with Suntec Singapore and Suntec City Mall (2020: Suntec Singapore and Suntec City Mall);

5 Interest-bearing borrowings (cont'd)

- An assignment of the rights, title and interest in the insurance policies in relation to Suntec Singapore and Suntec City Mall (2020: Suntec Singapore and Suntec City Mall);
- A fixed and floating charge over the assets of a subsidiary in relation to Suntec Singapore (2020: Suntec Singapore), agreements, collateral, as required by the financial institutions granting the facility;
- A first registered specific security deed in respect of all units and shares in, and any shareholder loans to Suntec REIT 177 Trust, Suntec REIT 55 Trust and Suntec REIT 21 Trust (2020: Suntec REIT 177 Trust, Suntec REIT 55 Trust and Suntec REIT 21 Trust);
- First ranking charge over units in the JPUTs, bank accounts of the JPUTs, and bank accounts of a subsidiary (2020: First ranking charge over units in the JPUTs, bank accounts of the JPUTs, and bank accounts of a subsidiary); and
- Corporate guarantees from the Trust.

Unsecured loans

Included in unsecured term loans are medium term notes (“EMTN”) amounting to S\$1,030.0 million (2020: S\$1,030.0 million).

Convertible Bonds due 2021

On 5 September 2016, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2021 (“CB 2021”). To-date, S\$213.5 million in principal amount of CB 2021 had been converted or redeemed as the case may be and cancelled in accordance with the terms of CB 2021.

As at 30 June 2021, S\$86.5 million (30 June 2020: S\$86.5 million) of CB 2021 remained outstanding which are convertible by holders into units of Suntec REIT (“Unit”) at any time on or after 16 October 2016 at an adjusted conversion price of S\$1.96 per new Unit (30 June 2020: S\$1.98 per new Unit). The final redemption date of the bonds will be 5 September 2021.

Assuming CB 2021 are fully converted based on the adjusted conversion price, the number of new Units to be issued would be 44,132,653 (30 June 2020: 43,686,868), representing 1.55% (30 June 2020: 1.55%) of the total number of Units in issue as at 30 June 2021.

Convertible Bonds due 2024 (“CB 2024”)

On 2 January 2021, the Trust redeemed the remaining outstanding S\$2,750,000 in principal amount balances to CB 2024. Accordingly, there are no outstanding CB 2024 as at 30 June 2021.

6 Perpetual securities holders

On 15 October 2020, the Trust updated its EMTN Programme (“Programme”) to increase the Programme limit from US\$1,500.0 million to US\$2,000.0 million and to issue perpetual securities under the Programme. The Programme was renamed as the US\$2,000.0 million Euro Medium Term Securities Programme.

On 27 October 2020, the Trust issued S\$200.0 million of fixed rate subordinated perpetual securities with an initial distribution rate of 3.80% per annum. The first distribution rate reset falls on 27 October 2025 with subsequent resets occurring every five years thereafter.

On 15 June 2021 the Trust issued S\$150.0 million of fixed rate subordinated perpetual securities with an initial distribution rate of 4.25% per annum. The first distribution rate reset falls on 15 June 2026 with subsequent resets occurring every five years thereafter.

The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred Units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.
- The Trust shall not declare or pay any distributions to the Unitholders, or make redemptions, unless the Trust declares or pays any distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded within the Statements of Movements in Unitholders’ Funds. The S\$348,013,000 (2020: S\$198,675,000) presented on the Statements of Financial Position represents the S\$350,000,000 (2020: S\$200,000,000) perpetual securities net of issue costs and distributions made to perpetual securities holders and includes total return attributable to perpetual securities holders from the issue date.

7 Units in issue

	Group and Trust	
	30/6/2021	31/12/2020
	'000	'000
Units in issue:		
At the beginning of the period	2,825,294	2,801,016
Issue of units:		
- asset management fees paid in Units	16,817	24,278
Issued units at the end of the period	2,842,111	2,825,294
Units to be issued:		
- divestment fees payable in Units	999	–
- asset management fees payable in Units	4,793	12,379
Total issued and issuable Units at the end of the period	2,847,903	2,837,673

8 Net asset value per Unit

	Note	Group		Trust	
		30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		5,871,475	5,829,657	5,053,447	5,064,542
		'000	'000	'000	'000
Total issued and issuable Units at the end of the period	7	2,847,903	2,837,673	2,847,903	2,837,673

9 Total return for the period before tax

The following items have been included in arriving at total return for the period before tax:

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Interest income	16,327	10,427
Net foreign exchange gain	–	802
Finance income	16,327	11,229
Interest expense	(53,776)	(44,234)
Amortisation of transaction costs	(4,350)	(4,698)
Net foreign exchange loss	(1,353)	–
Finance costs	(59,479)	(48,932)
Depreciation of plant and equipment	(384)	(384)
Reversal of allowance / (Allowance) for doubtful trade receivables	1,584	(125)
Loss on disposal of plant and equipment	(1)	(2)

10 Earnings per unit

Basic earnings per Unit (“EPU”) is based on:

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Total return for the period after tax attributable to Unitholders and perpetual securities holders	126,389	(1,604)
Less: Total return for the period attributable to perpetual securities holders	(4,048)	–
Total return attributable to Unitholders	<u>122,341</u>	<u>(1,604)</u>

	Number of Units Group	
	Six-month period ended 30/6/2021 '000	Six-month period ended 30/6/2020 '000
Weighted average number of Units:		
- outstanding during the period	2,839,929	2,813,763
- to be issued as payment of divestment fees payable in Units	83	–
- to be issued as payment of asset management fees payable in Units	26	25
	<u>2,840,038</u>	<u>2,813,788</u>

In calculating diluted earnings per Unit, the total return for the period after tax and weighted average number of Units in issue are adjusted to take into account the effect of all dilutive potential units, as set out below:

	Group	
	Six-month period ended 30/6/2021 \$'000	Six-month period ended 30/6/2020 \$'000
Total return for the period after tax attributable to Unitholders	126,389	(1,604)
Less: Total return for the period attributable to perpetual securities holders	(4,048)	–
Total return attributable to Unitholders	<u>122,341</u>	<u>(1,604)</u>
Profit impact of conversion of the bonds	654	–
Adjusted total return for the period after tax	<u>122,995</u>	<u>(1,604)</u>

10 Earnings per unit (cont'd)

	Number of Units	
	Group	Group
	Six-month period ended 30/6/2021 '000	Six-month period ended 30/6/2020 '000
Weighted average number of Units used in calculation of basic earnings per Unit	2,840,038	2,813,788
Weighted average number of Units to be issued in relation to asset management fees and assuming conversion of bonds	48,871	–
Weighted average number of Units used in calculation of diluted earnings per Unit	2,888,909	2,813,788

As at 30 June 2021, the Group and the Trust had convertible bonds which are convertible into approximately 44,132,653 (30 June 2020: 185,866,963) Units.

For the six-month period ended 30 June 2020, the diluted EPU is the same as the basic EPU for the Group as the Units to be issued for asset management fees and convertible bonds were anti-dilutive.

11 Financial ratios

	Group		Trust	
	Six-month period ended 30/6/2021 %	Six-month period ended 30/6/2020 %	Six-month period ended 30/6/2021 %	Six-month period ended 30/6/2020 %
Expenses to weighted average net assets ¹				
- including performance component of asset management fees	1.02	0.92	1.65	0.97
- excluding performance component of asset management fees	0.74	0.68	1.32	0.70
Portfolio turnover rate ²	–	–	–	–

¹ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses, interest expense and income tax expense.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

12 Subsequent Event

On 29 June 2021, Suntec REIT announced the proposed divestment of a portfolio of Suntec City Office strata units for S\$197.0 million (the "Divestment") with an estimated net gain of approximately S\$13.9 million and the proposed acquisition of 100% interest in The Minster Building, London for an agreed value of £353.0 million (the "Acquisition"). The Divestment and Acquisition is expected to be completed in third quarter of 2021.

Other Information Required by Listing Rule Appendix 7.2

Explanatory Notes

A. Statements of Financial Position *(Please refer to Pages 4-5)*

- i. Rental guarantee receivables*
This represents the rental guarantee receivables under rental guarantee arrangements with the sellers of 21 Harris Street and Nova Properties.
- ii. Long term investment*
This relates to the Trust's 0.1% direct interest in Victoria Circle Unit Trust 1 and Victoria Circle Unit Trust 2 (collectively, the "JPUTs") which indirectly holds 50.0% interest in Nova Properties. The remaining 99.9% interest in the JPUTs is held by SRUK1, a wholly-owned subsidiary of the Trust.
- iii. Derivative assets & liabilities*
This relates to the foreign currency exchange contracts, interest rate swaps and the embedded derivative relating to convertible bonds. The decrease in net derivative liabilities was mainly due to favourable movement in interest rates and settlement of foreign currency exchange contracts during the year.
- iv. Trade and other receivables*
The increase for the Group and Trust was mainly due to the payment of deposit for the proposed acquisition of 100% interest in The Minster Building, London and dividend receivable from joint ventures.
- v. Cash and cash equivalents*
The increase in cash and cash equivalents was mainly due to the proceeds from issue of perpetual securities and proceeds from divestment of joint venture, partially offset by deposit paid for the proposed acquisition of The Minster Building, London.
- vi. Interest-bearing borrowings*
The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 30 June 2021 relates to S\$600.0 million loan facilities, S\$336.5 million notes and convertible bonds due in the next 12 months, of which, S\$236.5 million notes and convertible bonds will be refinanced via a committed loan facility which has been put in place in December 2020. The increase in current borrowings is mainly due to reclassification of borrowings under the S\$600 million loan facility and S\$100 million medium term notes from non-current to current, partially offset by repayments during the year.
- vii. Trade and other payables*
The increase in trade and other payables at the Trust was mainly due to net proceeds on divestment received on behalf of Suntec REIT (PM) Pte Ltd, partially offset by property tax rebates paid and rental relief utilised by tenants at Suntec City.

The decrease in trade and other payables at the Group was due to property tax rebates paid and rental relief utilised by tenants at Suntec City and settlement of incentives payable at 21 Harris Street, 55 Currie Street and Nova properties, and lower advance payments from tenants.

B. Statement of Total Return (Please refer to Page 6)

i. Gross revenue

Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces.

	Group		
	1/1/21 to 30/06/21	1/1/20 to 30/06/20	Change
	S\$'000	S\$'000	%
Gross Revenue			
Suntec City	107,235	104,886	2.2%
Suntec Singapore	11,250	16,185	(30.5%)
177 Pacific Highway	20,471	18,432	11.1%
21 Harris Street	7,272	2,276	219.5%
55 Currie Street	8,070	7,669	5.2%
Olderfleet, 477 Collins Street	12,466	-	n.m.
	166,764	149,448	11.6%

n.m. – not meaningful

For 1H FY21, the gross revenue was S\$166.8 million, S\$17.4 million or 11.6% higher year-on-year. The increase was due to contribution from the completed Olderfleet, 477 Collins Street from 1 August 2020, contribution from 21 Harris Street which was acquired on 6 April 2020, higher revenue from 177 Pacific Highway due to the stronger Australian dollar and higher revenue from Suntec City. This was partially offset by lower revenue from Suntec Singapore.

Suntec City revenue increased by S\$2.3 million year-on-year, mainly due to higher retail revenue arising from lower rent assistance granted to retail tenants of approximately 0.4 months in 1H FY21 and higher gross turnover rent. Revenue from Suntec City Office remained relatively stable with the higher rents achieved on lower occupancy and rent assistance for qualifying SME tenants in 1H FY20. As at 30 June 2021, committed occupancy of Suntec City Mall was 93.9%, a decline of 2.4 percentage points year-on-year while the committed occupancy of Suntec City Office was 93.4%, a decline of 4.7 percentage points year-on-year.

Suntec Singapore's revenue contribution of S\$11.3 million comprises S\$3.9 million from convention and S\$7.4 million from retail as compared to S\$8.9 million from convention and S\$7.3 million respectively in 1H FY20. The convention revenue declined 56.1% as a result of lower revenue from MICE events and long-term licences partly offset by contribution from hybrid events. Suntec Singapore's retail revenue improved marginally as compared to 1H FY20 mainly due to lower rent assistance of approximately 0.4 month granted to retail tenants in 1H FY21.

177 Pacific Highway gross revenue of S\$20.5 million was 11.1% higher year-on-year due to the stronger Australian dollar. 55 Currie Street revenue of S\$8.1 million for 1H FY21 was 5.2% higher was similarly due to the stronger Australian dollar partially offset by rent free incentives for a renewal lease. As at 30 June 2021, the committed occupancy for 177 Pacific Highway maintained at 100% while the committed occupancies for 21 Harris Street, 55 Currie Street and Olderfleet, 477 Collins Street were 72.2%, 95.2% and 96.6%

respectively. There are rent guarantees for the vacant spaces at 21 Harris Street, 55 Currie Street and Olderfleet, 477 Collins Street.

ii. *Net property income*

	Group		
	1/1/21 to 30/06/21	1/1/20 to 30/06/20	Change
	S\$'000	S\$'000	%
Net Property Income			
Suntec City	74,500	66,718	11.7%
Suntec Singapore	(456)	744	(161.3%)
177 Pacific Highway	17,298	15,906	8.8%
21 Harris Street	5,834	1,828	219.1%
55 Currie Street	5,835	5,709	2.2%
Olderfleet, 477 Collins Street	9,606	-	n.m.
	112,617	90,905	23.9%

n.m. – not meaningful

The net property income for 1H FY21 was S\$112.6 million, S\$21.7 million or 23.9% higher year-on-year, mainly attributable to higher revenue from Suntec City Mall, Olderfleet, 477 Collins Street and 21 Harris Street, lower contribution to sinking fund, and write back of bad debt provision, partially offset by property expenses from the new Australia assets, lower revenue from Suntec Singapore and lower COVID-19 government support in 1H FY21.

iii. *Other income*

This relates to the income support in relation to 21 Harris Street, Olderfleet, 477 Collins Street and Nova Properties. Other income for 1H FY21 was higher mainly due to additional contribution from Olderfleet, 477 Collins Street and Nova Properties during the year.

iv. *Share of profit of joint ventures*

	Group		
	1/1/21 to 30/06/21	1/1/20 to 30/06/20	Change
	S\$'000	S\$'000	%
Share of profit of joint ventures			
One-third interest in ORQ	12,826	11,578	10.8%
One-third interest in MBFC Properties	20,598	16,960	21.5%
30% interest in PMIL	(3,252) ⁽¹⁾	(2,558)	(27.1%)
50% interest in Southgate Complex	10,949	9,710	12.8%
50% interest in Nova Properties	3,033	-	n.m.
	44,154	35,690	23.7%

⁽¹⁾ This relates to the period from 1 January 2021 to 15 June 2021.

n.m. – not meaningful

The increase for 1H FY21 was mainly due to contribution from Nova Properties as well as one-off compensations received at ORQ and MBFC properties, higher contribution

from Southgate Complex due to receipt of land tax relief from the government and appreciation of Australian dollar, partially offset by performance fee paid to fund manager by a joint venture.

The committed occupancy for ORQ was 96.7%, 1.3 percentage points lower-on-year. The committed occupancy at MBFC Towers 1 & 2 declined by 2.5 percentage points to 97.5% while the committed occupancy at Marina Bay Link Mall declined 6.1 percentage points year-on-year to 91.9%. Southgate Complex's Office committed occupancy declined 4.3 percentage points to 95.4% while Southgate Complex Retail committed occupancy declined 4.8 percentage points year-on-year to 88.0%. Nova Properties maintained 100% committed occupancy as at 30 June 2021.

v. *Finance income*

	Group		
	1/1/21 to 30/06/21	1/1/20 to 30/06/20	Change
	S\$'000	S\$'000	%
Finance income			
Interest income			
- fixed deposits and current account	122	260	(53.1%)
- loans to joint ventures	16,205	10,133	59.9%
- interest rate swaps	-	34	(100.0%)
Net foreign exchange differences	-	802	(100.0%)
	16,327	11,229	45.4%

Finance income was higher for 1H FY21 mainly due to interest on loan to Nova Limited Partnership, which was acquired on 18 December 2020.

vi. *Finance costs*

Interest expense, comprising of interest on bank loans, notes and convertible bonds and interest rate swaps for 1H FY21 was higher compared to the corresponding period mainly due to increase in bank loans.

The all-in financing cost for the Group was 2.41% per annum for 1H FY21, 22 basis points lower than 1H FY20 interest rate of 2.63% per annum. The aggregate leverage ratio ("ALR") was 43.1% as at 30 June 2021, 1.8 percentage points higher than the ALR as at 30 June 2020 of 41.3% due to additional borrowings for the acquisition of Nova Properties in December 2020.

vii. *Asset management fees*

Asset management fees – base fees for 1H FY21 was higher year-on-year mainly due to the completion of the development of Olderfleet, 477 Collins Street in July 2020 and the acquisition of Nova Properties in December 2020.

Asset management fees - performance fees for 1H FY21 was higher year-on-year mainly due to higher net property income.

viii. *Trust expenses*

Trust expenses for 1H FY21 was higher compared to the corresponding period mainly due to non-claimable GST on divestment expenses and higher legal fees incurred.

- ix. Net change in fair value of financial derivatives*
This relates to the net gain / (loss) arising from fair value remeasurement of the foreign currency exchange contracts, interest rate swaps and convertible bonds. These have no significant impact on distributable income.
- x. Net change in fair value of investment properties*
This relates to the revaluation gain / (loss) on investment properties. The loss in 1H FY20 relates due to revaluation loss on Suntec Singapore offset by revaluation gain for 21 Harris Street.
- xi. Net gain from divestment of joint venture*
This relates to the divestment of the Group's 30.0% interest in PMIL Group on 16 June 2021.
- xii. Income tax expense*
This relates to income tax on operating profits and non-tax transparent income received, withholding tax as well as deferred tax provision. The income tax was higher year-on-year mainly due to additional withholding tax on distributions from the newly acquired properties in Australia and United Kingdom.

C Distribution Statement *(Please refer to Pages 7 - 8)*

The distributable income from operations for 1H FY21 was S\$118.2 million, 14.6% higher year-on-year. The DPU for 1H FY21 was 4.154 cents per unit, 26.1% higher year-on-year mainly due to the higher distributable income from operations and there was S\$10.3 million distribution retained in 1H FY20.

Distribution of 2.045 cents per unit, or approximately S\$58.1 million for the period from 1 January 2021 to 31 March 2021 was paid on 28 May 2021.

Distribution of 2.109 cents per unit, or approximately S\$60.1 million for the period from 1 April 2021 to 30 June 2021 will be paid by end of August 2021.

D. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The statements of financial position of the Group and the Trust as at 30 June 2021, portfolio statements of the Group and the Trust as at 30 June 2021, statement of total return of the Group for the six-month period ended 30 June 2021, distribution statement of the Group for the six-month period ended 30 June 2021, statements of movements in unitholders' funds of the Group and the Trust for the six-month period ended 30 June 2021, statement of cash flows of the Group for the six-month period ended 2021 and certain explanatory notes as set out on pages 4 to 27 have been reviewed by KPMG LLP in Singapore in accordance with the Singapore Standard on Review Engagement 2410 – *Review of Interim Financial information Performed by the Independent Auditor of the Entity*.

E. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

F. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current results are broadly in line with the Trust's commentary made in the FY2020 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

G. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Based on the report released by the Ministry of Trade and Industry ("MTI") on 14 July 2021, the Singapore economy improved by 14.3% on a year-on-year basis in the second quarter of 2021. According to MTI estimates issued on 25 May 2021, Singapore economy is expected to grow between 4% to 6% in 2021.

Singapore Office

The Singapore office market has started to show some recovery in the second quarter of 2021 as market sentiments improved against a brighter economic outlook. Although leasing activity were supported by demand from the Technology and Financial Services sectors, core CBD occupancy declined by 1.8 percentage points to 92.1%¹ from the previous quarter due to the addition of the new supply. The Singapore office market is expected to improve further amidst a recovery in the economy and limited new supply pipeline.

Revenue from Suntec REIT's Singapore office portfolio is expected to remain stable supported by the positive rent reversions achieved from the past 12 quarters. Occupancy is expected to remain robust at the mid-90% range with positive rent reversion.

Singapore Retail

The recovery of the Singapore retail market in the first quarter of 2021 was derailed by "Heightened Alert" measures to contain the increase in community cases in May and June 2021. With weakened retail sales, many landlords compromised on rents to support occupancy leading to a decline in vacancy rates across all submarkets.²

Rent reversion for Suntec City Mall in the following quarters are expected to be weak as retailers remain cautious given the uncertain business environment. However, mall occupancy is expected to remain on track to increase to around 95% by the end of the year. The healthy occupancy and the higher GTO rent expected will underpin the recovery of revenue for Suntec City Mall. However, this will be moderated by negative rent reversion from the past few quarters.

¹ CBRE, Singapore MarketView 2Q 2021

² JLL, Singapore Retail Market Report 2Q 2021

Singapore Convention

Recovery of the Meetings, Incentives, Conventions and Exhibitions (“MICE”) industry continues to remain slow due to weak international business and leisure travel. The domestic market is expected to be the key target market for business recovery in the short term, supported by the expected easing of restrictions on larger-scale events in tandem with the acceleration in vaccination programme. Income from Suntec Convention remains significantly impacted for the whole of 2021.

Australia Office and Retail

According to the Australian Bureau of Statistics, the Australian economy grew by 1.1% on a year-on-year basis in the first quarter of 2021.

In Australia, the national office CBD occupancy declined marginally by 0.3 percentage point to 86.4% in the first quarter of 2021. Prime office occupancy rate in Sydney remained unchanged at 87.5% while prime occupancy rate in Adelaide decreased marginally by 0.3 percentage points to 84.6%. Melbourne, which was impacted by an extended lockdown in 2020 registered a 1.4 percentage points decrease in prime occupancy rate to 84.8%.³ Occupancy is expected to decrease further as increase in supply is likely to exceed demand.

Suntec REIT Australia office portfolio will remain resilient underpinned by strong occupancy, annual rent escalations and long weighted average lease expiries (“WALE”) with minimal lease expiries in 2021 and 2022. In addition, loss of rent from vacant spaces at 55 Currie Street, 21 Harris Street and Olderfleet, 477 Collins Street are protected by rent guarantees.

The CBD retail market in Melbourne continues to be weak as tourism restrictions and flexible remote work arrangements have led to steep declines in shopper traffic and retail sales. Looking ahead, retail rents in the CBD are expected to remain weak despite further easing of restrictions.

United Kingdom Office and Retail

According to the Office for National Statistics, the United Kingdom economy declined 6.1% year-on-year in the first quarter of 2021. The economic outlook is expected to improve with further easing of restrictions aided by rapid vaccination rollout. Gradual pick up in leasing activity was observed and were driven mainly by Banking & Finance, Professional Services and Technology sectors. Occupancy in the Central London Office market declined by 1.0 percentage point to 92.2%⁴ due to an increase in new supply and shadow space. High quality office buildings located near London’s key transport hubs remain well sought after.

Suntec REIT’s office revenue from the United Kingdom will remain resilient underpinned by full occupancy and long WALE with no lease expiry until 2027. Retail income for the next twelve months is also protected by rent guarantees.

³ JLL, Australia Office Overview and Outlook, Sydney CBD Office, North Shore Office and Melbourne CBD Office Market Reports 1Q 2021

⁴ JLL, Central London Office Market Report 1Q 2021

H. Distribution Information

a) Current Financial Period Reported on

Any distribution recommended for the current financial period reported on? Yes

Name of distribution: Distribution for the period 1 January 2021 to 30 June 2021

Distribution rate:	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	3.124
	Tax-exempt income	1.030
	Total	4.154

Tax Rate

Taxable income

These distributions are made out of Suntec REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Remark

Taxable income comprised 1.698 cents per unit for the period 1 January 2021 to 31 March 2021 and 1.426 cents per unit for the period 1 April 2021 to 30 June 2021.

Tax exempt income comprised 0.347 cents per unit for the period 1 January 2021 to 31 March 2021, and 0.683 cents per unit for the period 1 April 2021 to 30 June 2021.

A distribution of 2.045 cents per unit for the period 1 January 2021 to 31 March 2021 was paid on 28 May 2021.

b) Corresponding Period of the Immediate Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

Name of distribution: Distribution for the period 1 January 2020 to 30 June 2020

Distribution rate:	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	2.898
	Tax-exempt income	0.395
	Total	3.293

Tax Rate

Taxable income

These distributions are made out of Suntec REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Remark

Taxable income comprised 1.669 cents per unit for the period 1 January 2020 to 31 March 2020 and 1.229 cents per unit for the period 1 April 2020 to 30 June 2020.

Tax exempt income comprised 0.091 cents per unit for the period 1 January 2020 to 31 March 2020 and 0.304 cents per unit for the 1 April 2020 to 30 June 2020.

c) Date Payable

A distribution of 2.109 cents per unit for the period 1 April 2021 to 30 June 2021 will be paid on/about 27 August 2021.

d) Books Closure Date

Date on which Registrable Transfers received by the Trust will be registered before entitlements to the distributions are determined: 30 July 2021, 5.00pm.

I. If no distribution has been declared/(recommended), a statement to that effect

Not applicable

J. Aggregate value of Interested Person Transactions under Rule 920(1)(a)(ii)

Suntec REIT does not have in place a general mandate for interested person transactions.

K. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of ARA Trust Management (Suntec) Limited (“the Manager”), we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Manager of Suntec REIT which may render the interim financial information of the Group and Trust to be false or misleading in any material aspect.

On behalf of the Board of the Manager
ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Lim Hwee Chiang, John
Director

Chong Kee Hiong
Director and Chief Executive Officer

L. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Board of Directors of ARA Trust Management (Suntec) Limited (as Manager for Suntec REIT) hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

This release may contain forward-looking statements that involve 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

The value of units in Suntec REIT (“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.

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 Singapore Exchange Securities Trading Limited (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.

The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.

BY ORDER OF THE BOARD
ARA TRUST MANAGEMENT (SUNTEC) LIMITED
AS MANAGER OF SUNTEC REAL ESTATE INVESTMENT TRUST
(Company registration no. 200410976R)

Chong Kee Hiong
Director
22 July 2021