

Press Release

22 July 2021

Manager of



Suntec REIT's Distribution Per Unit Increased 26.1% Year-on-Year

Enhances Unitholders' Value with Active Portfolio Management

Singapore, 22 July 2021 – Suntec REIT reported distribution per unit ("DPU") of 4.154 cents for the period from 1 January to 30 June 2021 ("1H 2021")¹ which was 26.1% higher than the period ended 30 June 2020 ("1H 2020").

The increase in DPU was a result of higher distributable income of S\$118.2 million, an increase of 14.6% year-on-year. This strong performance was driven by the resilience of the office portfolio in Singapore, Australia and United Kingdom, underpinned by contributions from newly acquired assets and completed developments as well as lower rent assistance for retail tenants and stronger Australian dollar.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, "On the retail front, while we saw steady recovery of mall traffic and tenant sales in Suntec City over January to April, Heightened Alert measures hampered recovery in May and June. However, our efforts in strengthening the mall with strong brands and concepts have helped to cushion the impact on retail revenue with tenant sales being less affected than footfall."

In June 2021, Suntec REIT announced the divestments of a portfolio of Suntec City Office strata units and its 30.0% interest in 9 Penang Road for S\$197.0 million and S\$295.5 million respectively. At the same time, Suntec REIT also announced the acquisition of 100% interest in a Grade A office development with ancillary retail ("The Minster Building") located in the heart of City of London for an agreed property value of £353.0 million (S\$667.2 million)².

Mr. Chong said, "We are pleased to deepen our presence in London with the acquisition of The Minster Building. The Grade A office development is a strategic fit with Suntec REIT's

¹ 2.045 cents had been paid on 28 May 2021. Balance 2.109 cents to be paid on 27 August 2021.

² Based on the exchange rate of £1: S\$1.89

existing portfolio and will enhance the resilience, diversification and income stability of Suntec REIT's portfolio."

"The divestment of 9 Penang Road and portfolio of Suntec City Office strata units, together with the acquisition of The Minster Building is the result of our active portfolio management to enhance unitholders' value. The proceeds from these divestments and the recent perpetual securities issuance have improved our financial flexibility and enabled us to pursue growth opportunities for high quality and accretive assets in good locations. The Minster Building is higher yielding than the divested assets and we achieved DPU and NAV accretions of 3.6%³ and 0.7%⁴ respectively for the unitholders."

Outlook

Singapore Office Portfolio

The size of workforce returning to the offices is expected to increase if safe management measures for workplaces ease. With improved market sentiment amidst a brighter economic outlook, rent reversion for the Singapore Office Portfolio is anticipated to remain positive for the year with robust occupancy in the mid-90% range. The Singapore Office Portfolio revenue is expected to be stable, underpinned by positive rent reversions achieved in the past twelve quarters.

Suntec City Mall

Due to the recent wave of community cases, recovery of mall traffic and tenant sales is likely to be slow. Rent reversion in the following quarters is expected to be weak as retailers remain cautious in their business plans. 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.

³ Based on pro forma financial effects of the acquisition for FY2020, as if the acquisition was completed on 1 January 2020 and on assumption that the acquisition is funded by proceeds from divestments, GBP loan and perpetual securities.

⁴ Based on pro forma financial effects of the acquisition for FY2020, as if the acquisition was completed on 31 December 2020, and on assumption that the acquisition is funded by proceeds from divestments, GBP loan and perpetual securities.

Suntec Convention

The recovery of the convention business continues to be slow due to weak international business and leisure travel. The domestic market will remain the key target market for business recovery in the short-term, with demand for physical-virtual hybrid events contributing to the revenue stream. All Suntec Convention staff are expected to complete their vaccinations by September. Suntec Convention will then be well-positioned to host events for fully vaccinated participants in the future. However, income contribution from Suntec Convention will remain significantly impacted for the year.

Australia Portfolio

Revenue from the Australia portfolio is expected to remain resilient underpinned by strong occupancy, annual rent escalations and long lease tenures with minimal lease expiries in 2021 and 2022. Existing rent guarantees for the vacant spaces at 55 Currie Street, 21 Harris Street and 477 Collins Street lend support to the resilience of the Australia portfolio.

United Kingdom

Notwithstanding the easing of restrictions, retail tenants at Nova Properties continue to be adversely impacted by the pandemic. The Manager will provide assistance through rent rebates and rent deferral, drawing support from the two-year guarantee provided by the vendor for the retail income. Office revenue is expected to be stable supported by full occupancy and long WALE with no lease expiry until 2027.

Mr. Chong concluded, "Suntec REIT unitholders will continue to benefit from the income resilience of its asset portfolio, enhanced by the REIT's strategy of expanding its geographical diversification with acquisitions of quality office assets in Australia and United Kingdom. The Manager will also continue to strengthen its balance sheet through active capital management."

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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 and a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall. 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").

ARA is the largest real assets manager in Asia Pacific with S\$116 billion⁵ in gross assets under management. ARA Group operates a multi-product platform diversified across assets, strategies and geographies in both public and private markets, managing real estate investment trusts (REITs) and private funds in real estate, infrastructure and credit globally. ARA's vertically-integrated business includes development and value-add asset management capabilities, an in-house capital raising team, and property management expertise in local markets where ARA invests and manages assets. With a resolute focus on creating sustainable value, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions.

For more information, please visit 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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⁵ Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 31 December 2020