

SUNTEC REIT 1H 2021 FINANCIAL RESULTS

CITIC CLSA Flagship Investors' Forum 2021
16 September 2021



Agenda

03

1H 21 Highlights

04

Financial Highlights

12

Divestments & Acquisition Updates

21

Capital Management

24

Singapore Office Portfolio Performance

31

Singapore Retail Portfolio Performance

37

Australia & UK Portfolio Performance

40

Looking Ahead

1H 21 Highlights



DISTRIBUTABLE INCOME FROM OPERATIONS
S\$118.2 million, +14.6% y-o-y



DISTRIBUTION PER UNIT TO UNITHOLDERS
4.154 cents, +26.1% y-o-y



DIVESTMENTS

9 Penang Road - S\$295.5 mil, NPI Yield 3.3%
Suntec City Office Strata Units - S\$197.0 mil, NPI Yield 3.1%



ACQUISITION

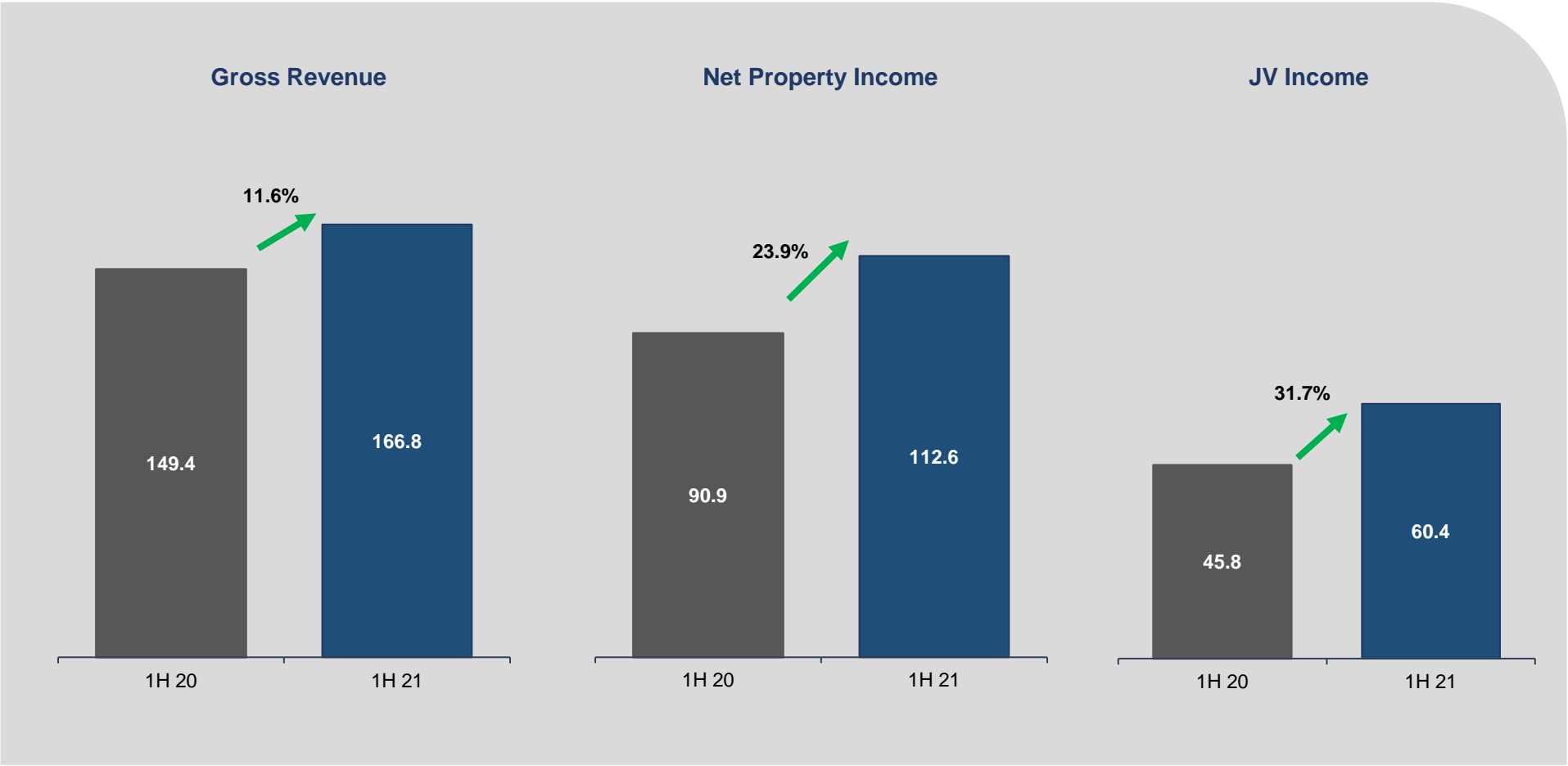
The Minster Building, City of London - £353.0 mil, NPI Yield 4.5%
DPU Accretion of 3.6% & NAV Accretion of 0.7%



FINANCIAL HIGHLIGHTS

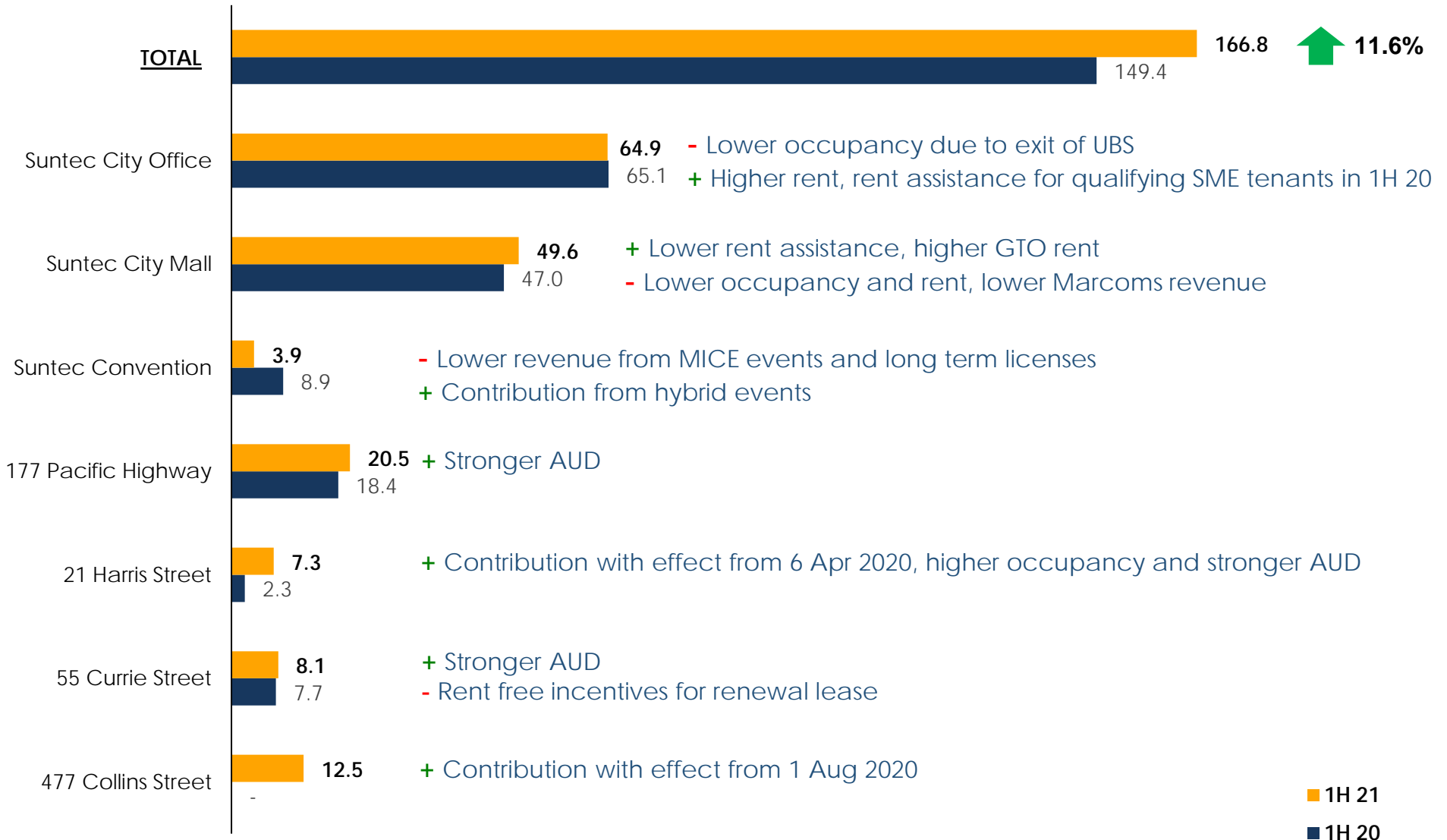


1H 21 Financial Performance

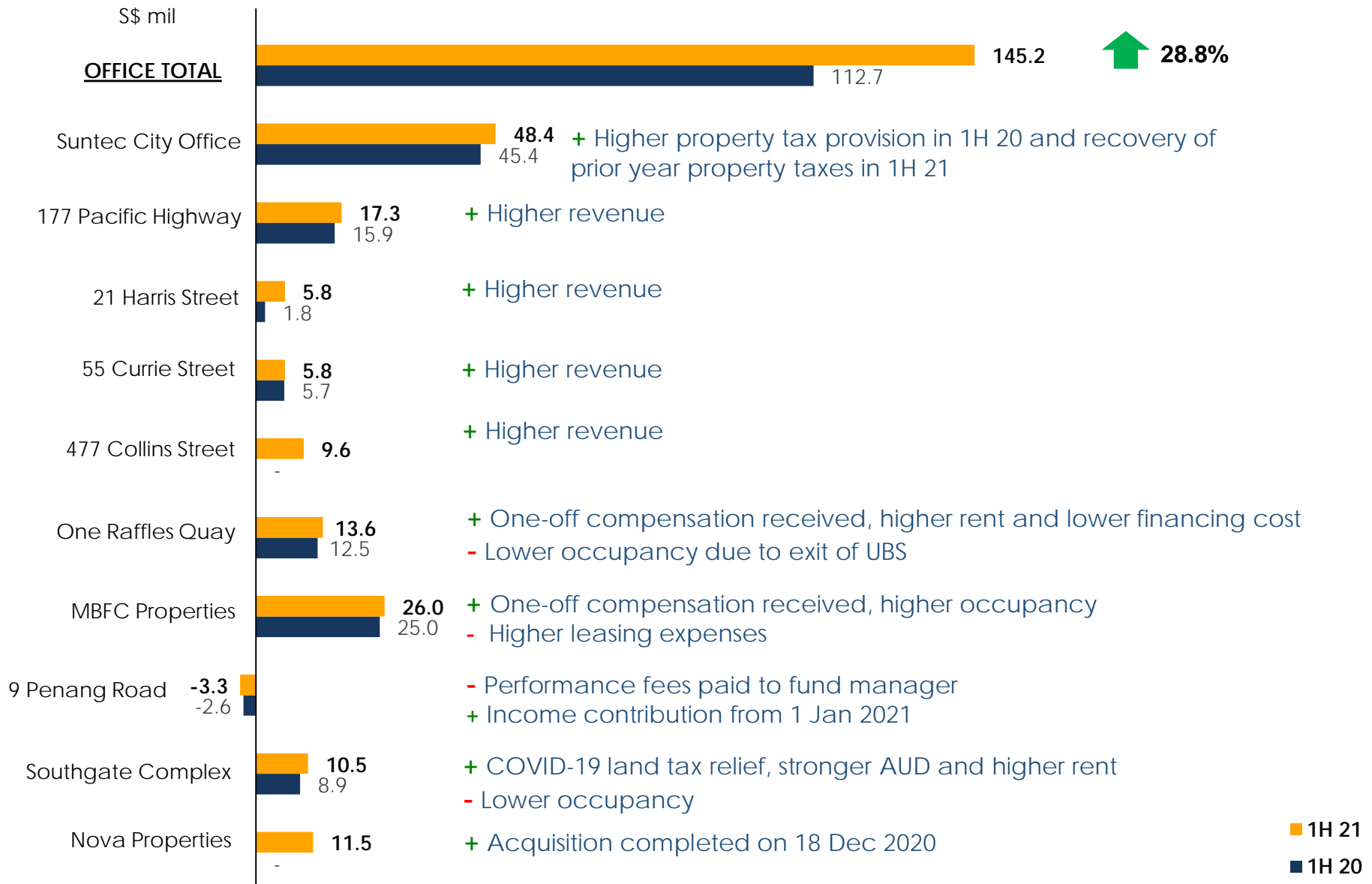


1H 21 Gross Revenue increased 11.6% y-o-y

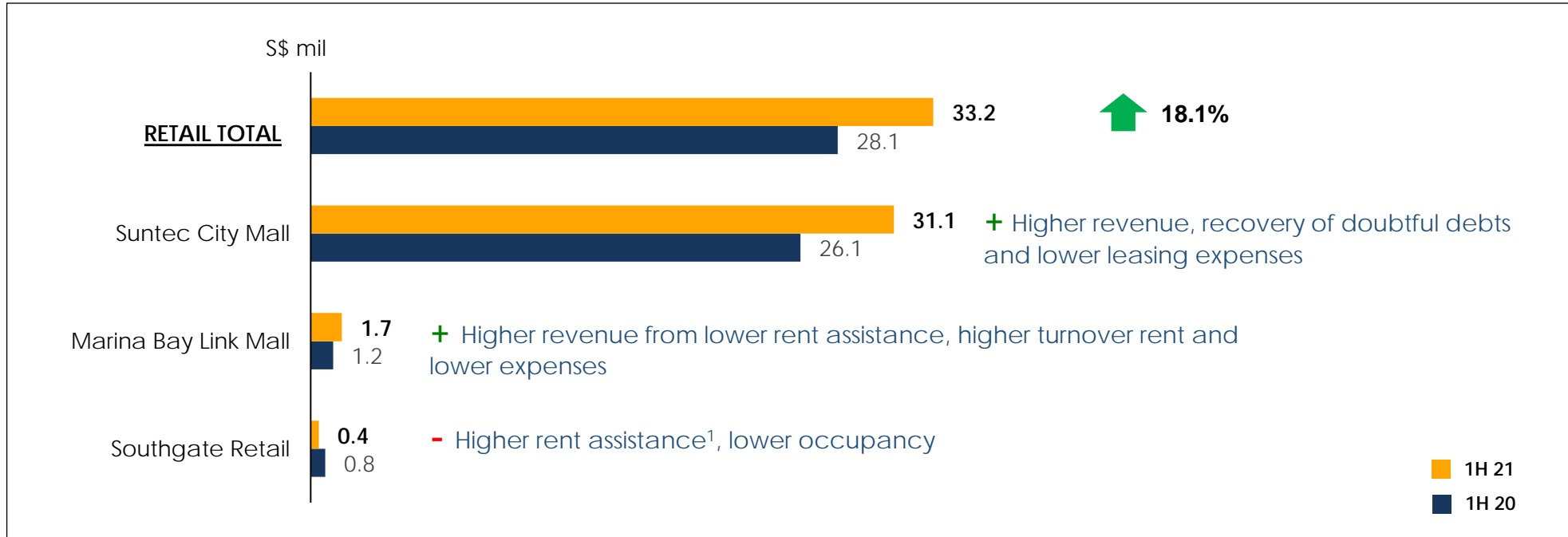
S\$ mil



1H 21 NPI & JV Income



1H 21 NPI & JV Income

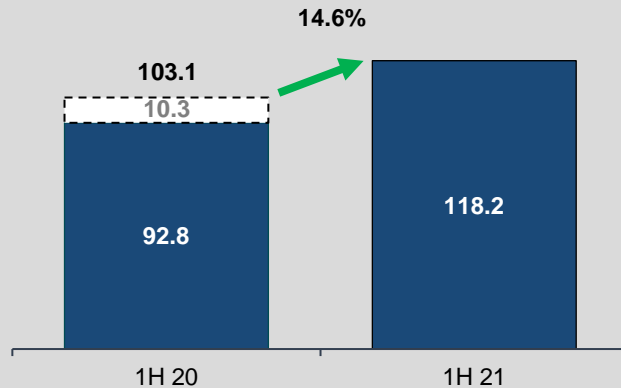


Note:

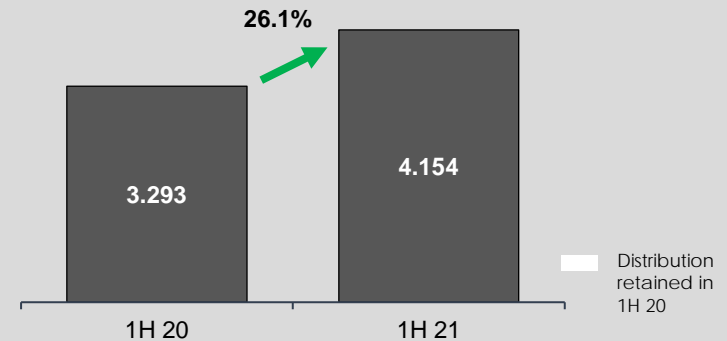
1. Provision of rent assistance of approximately 2.4 months for vast majority of tenants in 1H 21.

Distribution Income to Unitholders

Distributable Income from Operations
(\$ mil)



DPU to Unitholders
(SG cents)



Distributable Income from Operations

\$118.2 million, +14.6% y-o-y

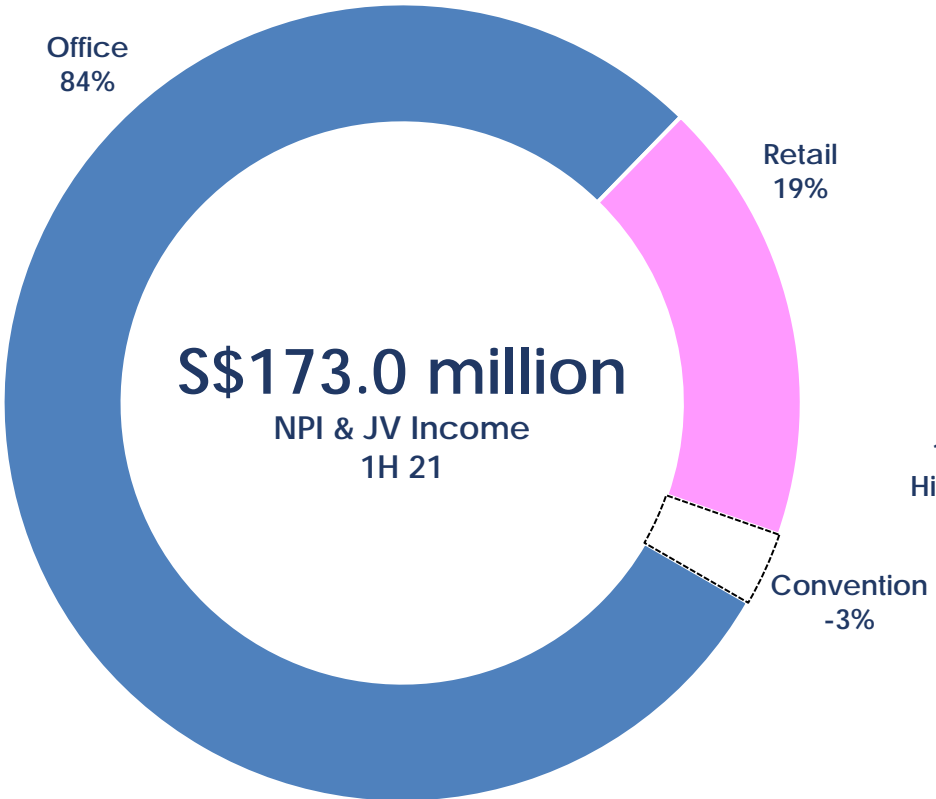
- + Contribution from 21 Harris Street, 477 Collins Street, Nova Properties, 9 Penang Road
- + Less rent assistance at Suntec City Mall
- + One-off compensation received from ORQ and MBFC Properties
- + Stronger AUD

DPU to Unitholders

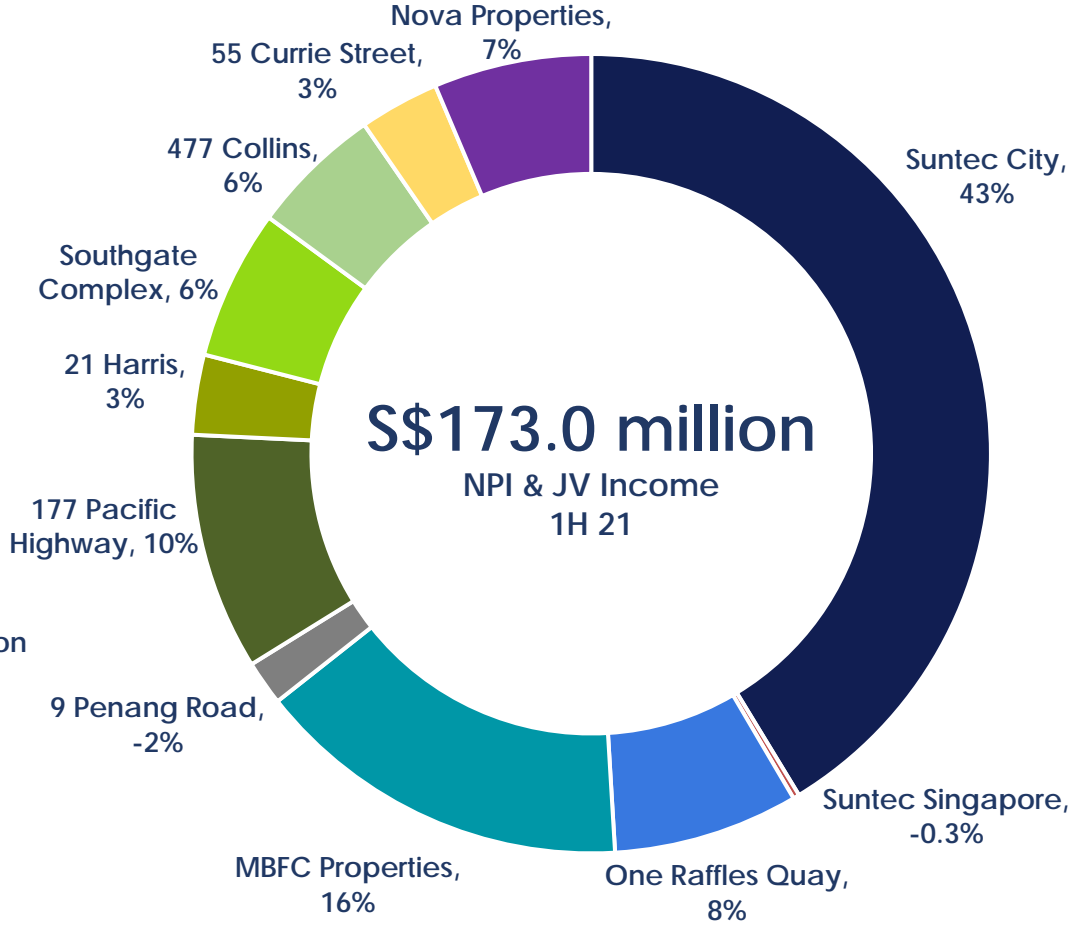
4.154 cents, +26.1% y-o-y

- + Higher distributable income from operations
- + Absence of distribution retained (\$10.3 mil)

Diversified Portfolio across Sector and Geography



Contribution by Sector



Contribution by Asset

Distribution Timetable

Distribution Payment	
Distribution Period	1 April – 30 June 2021
Amount (cents/unit)	2.109 ¹

Ex-date	29 Jul 2021
Record date	30 Jul 2021
Payment date	27 Aug 2021

Note:

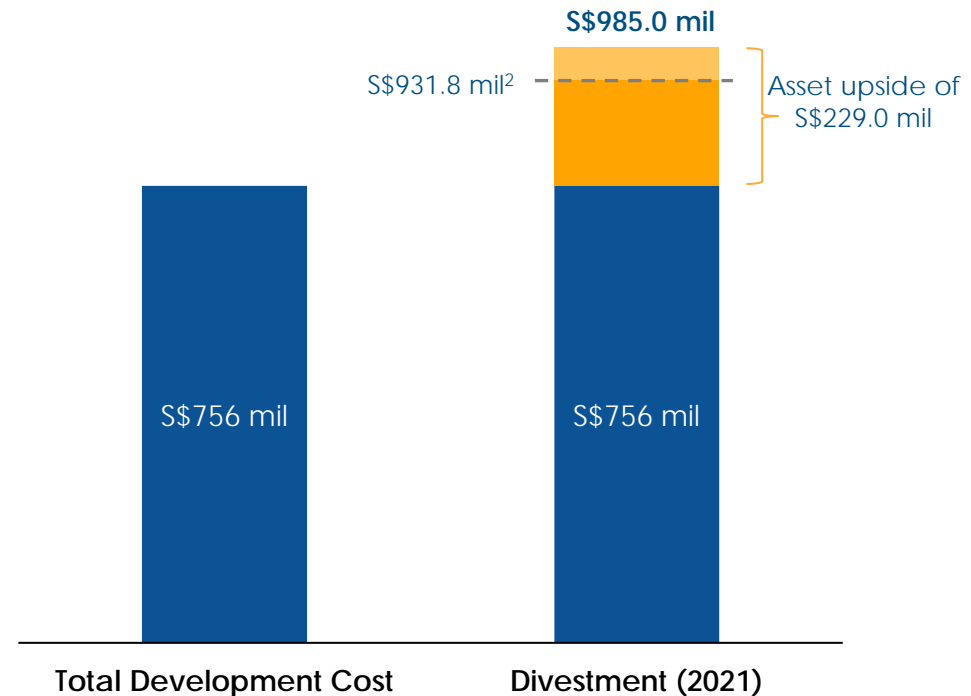
¹ 2.045 cents had been paid on 28 May 2021. Total of 4.154 cents for 1H 2021.

Divestment of 9 Penang Road



Divestment of 9 Penang Road

- ✓ Agreed value of S\$985.0 million (S\$2,468 psf) or S\$295.5 million for 30% attributable interest
- ✓ NPI yield of 3.3%¹
- ✓ 5.7% above latest valuation of S\$931.8 million² (S\$2,335 psf)
- ✓ 30.3% higher than total development cost³ of S\$756.0 million (S\$1,895 psf)
- ✓ Gain on divestment of S\$66.5 million (approx. 2.27 cents per unit)



Returns on Investment of 305%⁴

Notes:

¹ On stabilised basis.

² 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.

³ Includes land and construction costs.

⁴ Net divestment profit as percentage of cost of investment.

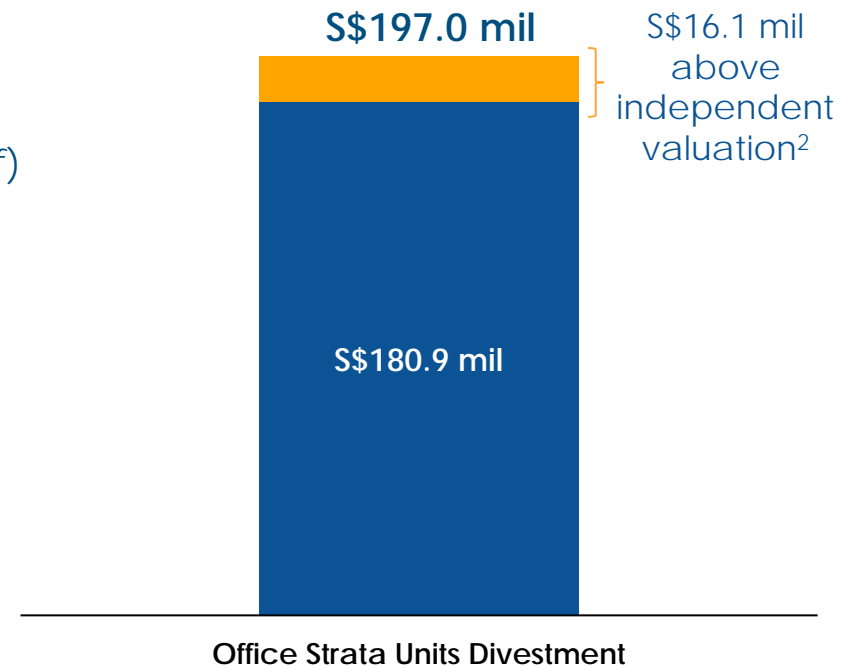
A photograph of four tall, modern office skyscrapers at Suntec City. The buildings are grey with a grid of windows. In the foreground, there is a large, golden, circular fountain structure with water spraying upwards. Below the fountain, a blue sign reads "SUNTEC CITY Fountain Of Wealth". The scene is set against a clear blue sky with some clouds. A road with cars is visible in the foreground.

Divestment of Suntec City Office Strata Units

SUNTEC CITY
Fountain Of Wealth

Divestment of Suntec City Office Strata Units

- ✓ Portfolio sale of Suntec City Office strata units amounting to 78,491 sq ft¹
- ✓ Portfolio Sale Value of S\$197.0 million (S\$2,510 psf)
- ✓ 8.9% above independent valuation² of S\$180.9 million (S\$2,305 psf)
- ✓ NPI yield of 3.1%³
- ✓ Expected Completion in 3Q 2021



Gain on Divestment of S\$13.9 million⁴

Notes:
¹ Representing 1.9% of share value in the entire Suntec City development.
² The valuation of the portfolio was derived by multiplying the Rate of Lettable Floor Area (S\$ per square metre) per the 31 December 2020 valuation report by the net lettable area of the portfolio.
³ Based on passing income as at 1 April 2021.
⁴ Net of divestment expenses.

• THE MINSTER BUILDING •

• THE MINSTER BUILDING •



Acquisition of The Minster Building

Main Entrance along Great Tower Street

Acquisition Summary

- ✓ 100% interest in The Minster Building, Grade A Office building with ancillary retail (NLA of 293,398 sq ft)
- ✓ 999-year leasehold from 24 October 1990 (968 years remaining)
- ✓ Strategically located within City of London's central business district
- ✓ Agreed property value of £353.0 mil (~S\$667.2 mil)¹
- ✓ NPI yield of 4.5%²
- ✓ 4.6% discount to independent valuation³ of £370.0 mil (~S\$699.3 mil)¹
- ✓ NAV accretion: 0.7%⁴
- ✓ DPU accretion: 3.6%⁵
- ✓ 96.7% committed occupancy with long WALE of 12.3 years⁶
- ✓ 2-year income guarantee for vacant spaces and retail leases and approx. 1-year income guarantee for co-working lease
- ✓ Expected completion in July 2021



Notes:

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

² Based on passing income as at 31 March 2021 divided by total acquisition outlay of £360.1 million (approximately S\$680.5 million).

³ Independent valuation conducted by Jones Lang LaSalle Limited dated 21 April 2021.

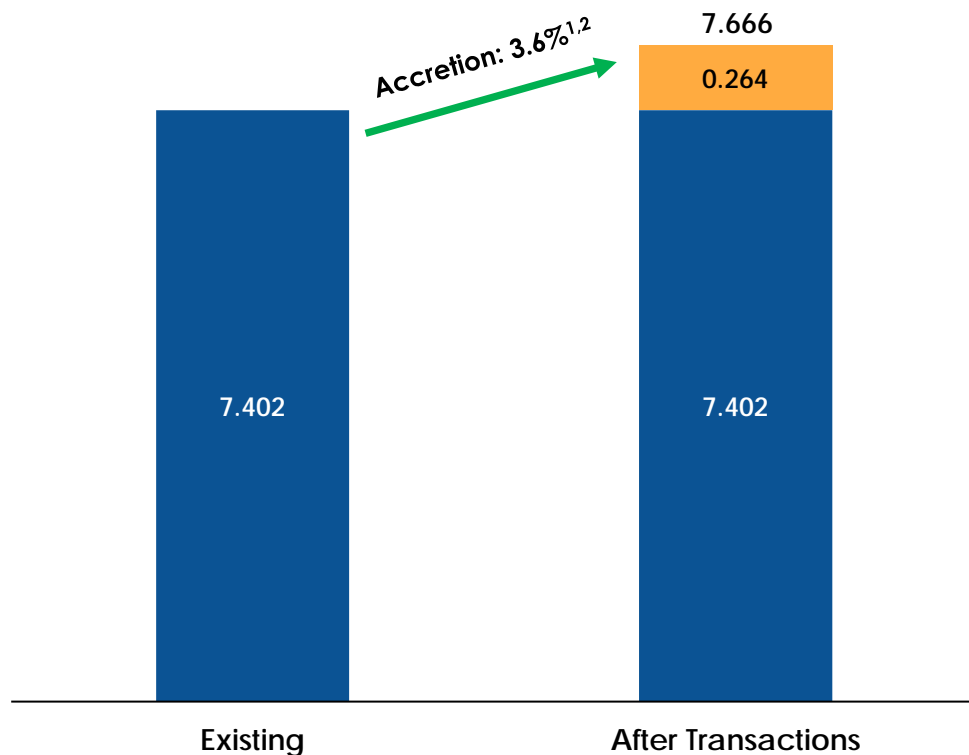
⁴ Based on pro forma financial effects of the acquisition for FY2020, as if the acquisition was completed on 31 December 2020, and on assumption that the acquisition is funded by divestments proceeds from 9 Penang Road and Suntec City Office strata units, GBP loan and perpetual securities.

⁵ 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 divestments proceeds from 9 Penang Road and Suntec City Office strata units, GBP loan and perpetual securities.

⁶ Based on net lettable area as at 31 March 2021.

DPU Accretive to Unitholders

DPU from Operations (cents)



Key Drivers

Acquisition of The Minster Building

- o NPI yield of 4.5%³
- o 96.7% occupied with possible upside through rent review⁴
- o 2-year guarantee for vacant spaces and retail leases, approx. 1-year guarantee for co-working lease

Funded by

Amount

Divestments Proceeds	Approx. S\$280.0 mil
GBP denominated loan	£175.0 mil (S\$330.8 mil)
Perpetual Securities	Approx. S\$70.0 mil

DPU Accretion of 3.6%^{1,2}

Notes:

¹ For the financial year ended 31 December 2020 ("FY2020").

² 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 divestments proceeds from 9 Penang Road and Suntec City Office strata units, GBP loan and perpetual securities.

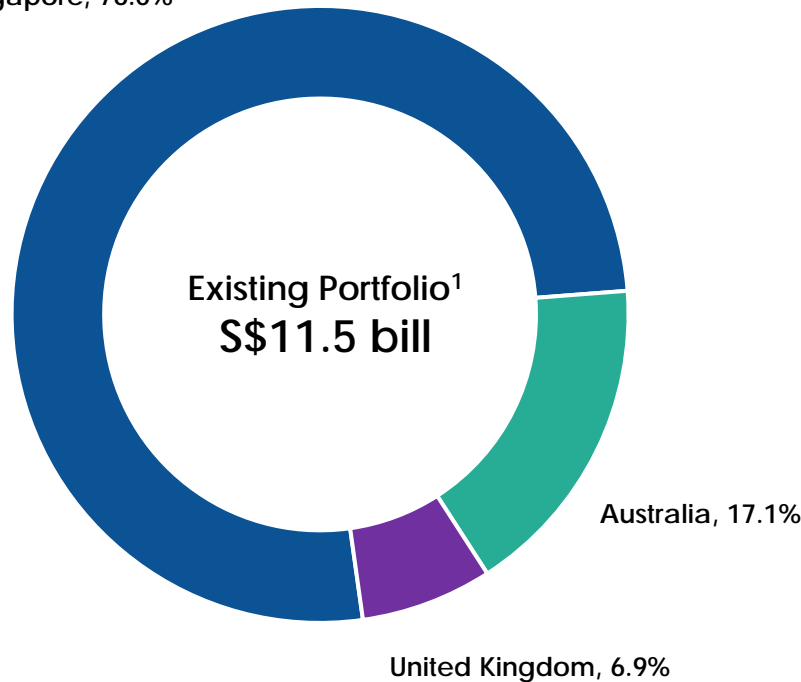
³ Based on passing income as at 31 March 2021 divided by total acquisition outlay.

⁴ Generally every five years at market or existing rent, whichever is the higher.

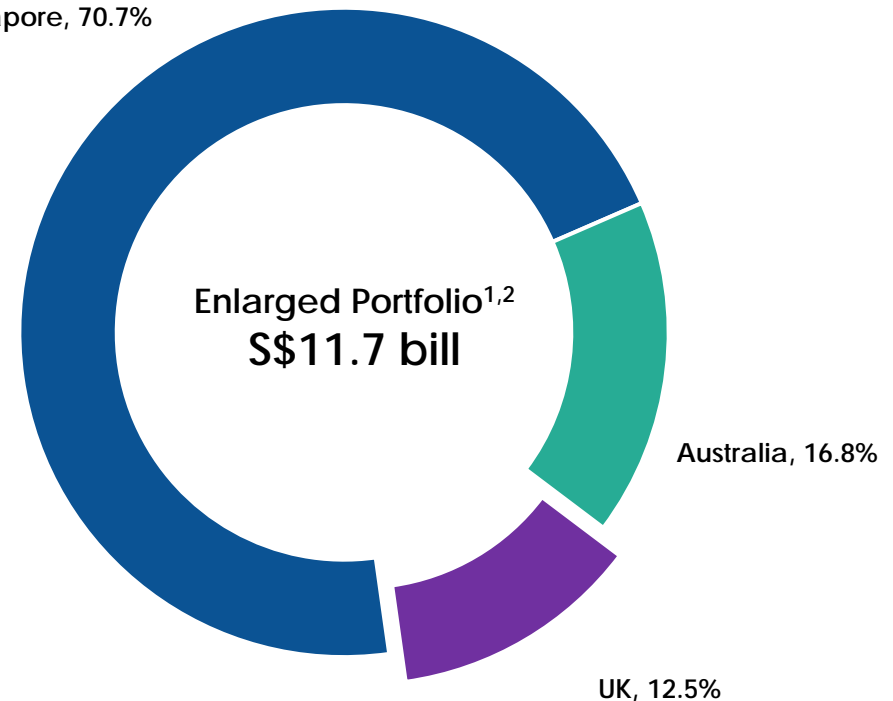
Enhances Portfolio's Geographical Diversification

Portfolio Valuation

Singapore, 76.0%



Singapore, 70.7%

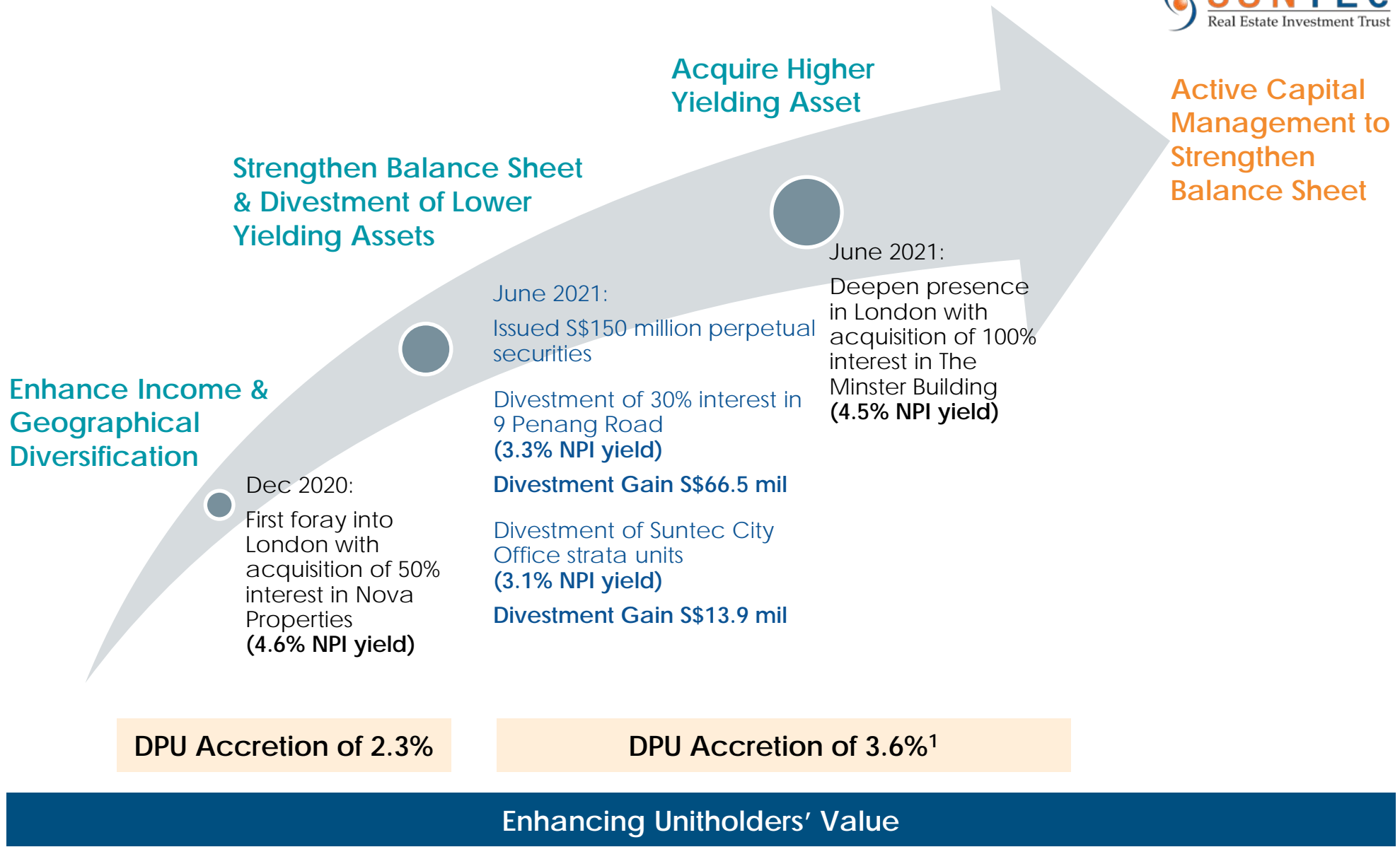


Notes:

¹ As at 31 December 2020.

² After the divestments of 9 Penang Road, Suntec City Office strata units and acquisition of The Minster Building.

Active Portfolio Management



Note:

¹ 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 divestments proceeds from 9 Penang Road and Suntec City Office strata units, GBP loan and perpetual securities.



CAPITAL MANAGEMENT

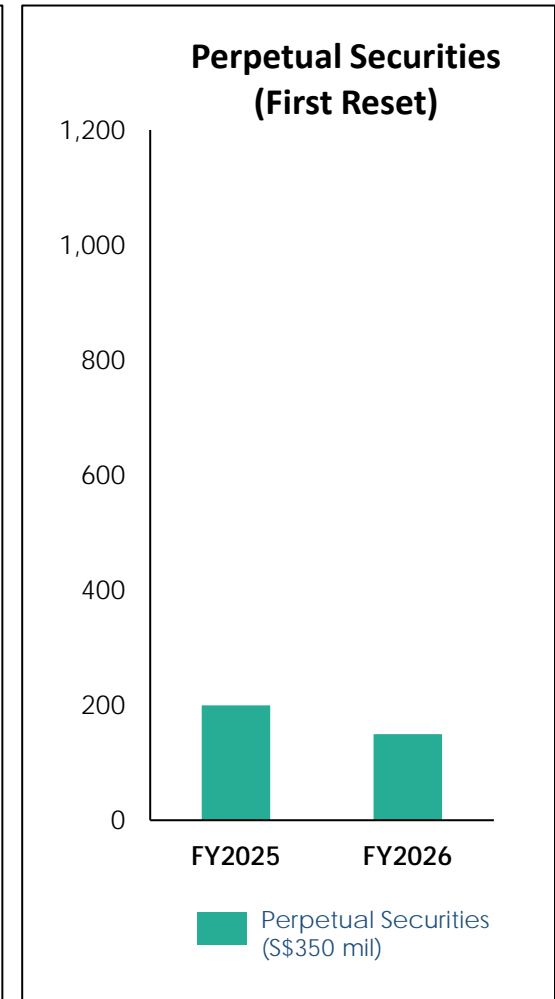
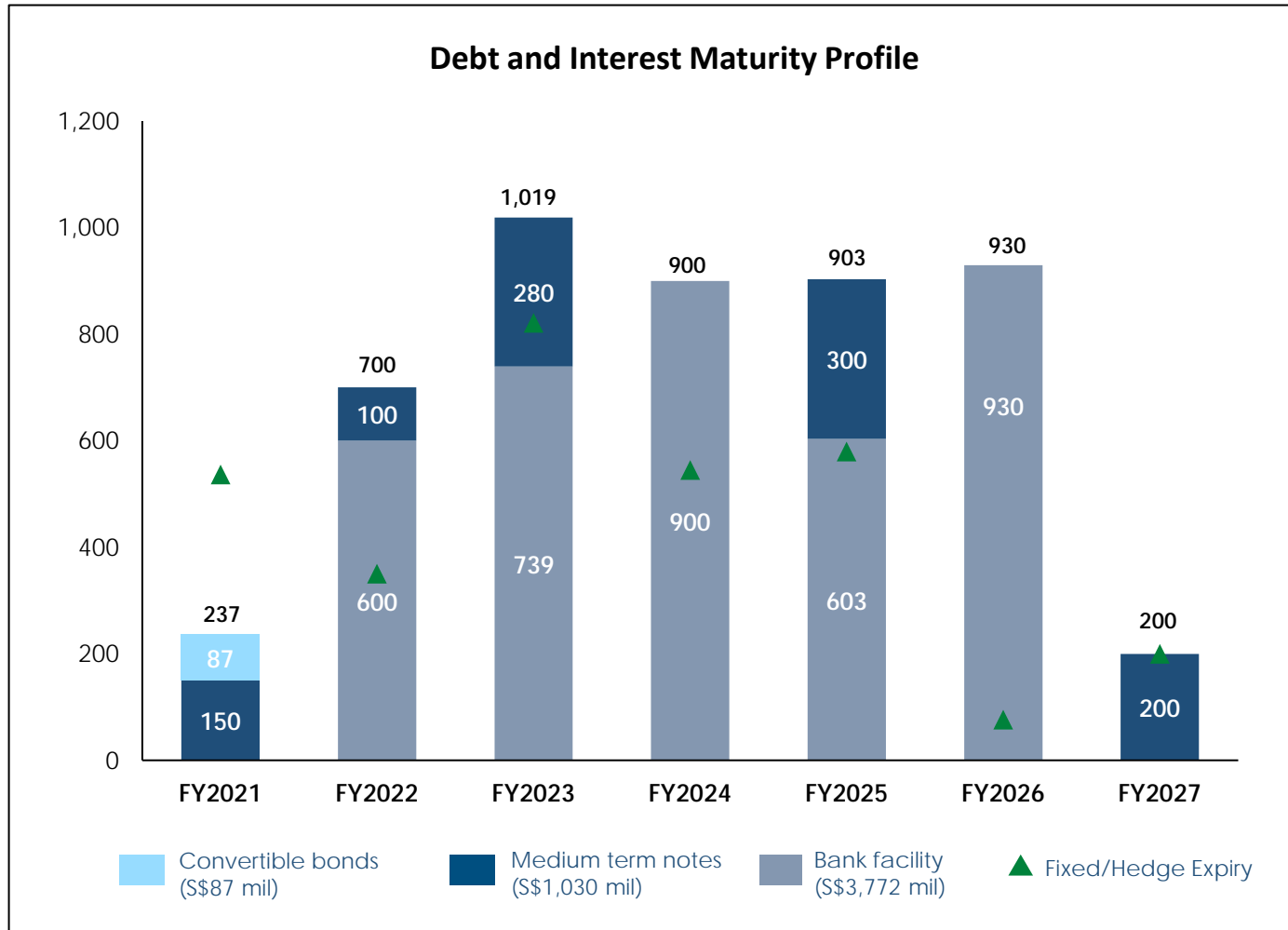
Key Financial Indicators

	As at 30 Jun '21	As at 31 Dec '20
NAV Per Unit ¹	S\$2.062	S\$2.055
Total Debt Outstanding	S\$4,889 mil	S\$4,855 mil
Aggregate Leverage Ratio ²	43.1%	44.3%
Weighted Average Debt Maturity	2.99 years	3.01 years
All-in Financing Cost	2.41% p.a.	2.53% p.a.
Adjusted ICR ³	2.8X	2.6X
Weighted average interest maturity	2.38 years	2.74 years
Interest Rate Borrowings (fixed)	~64%	~61%
% of AUD income hedged ⁴	~80%	>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

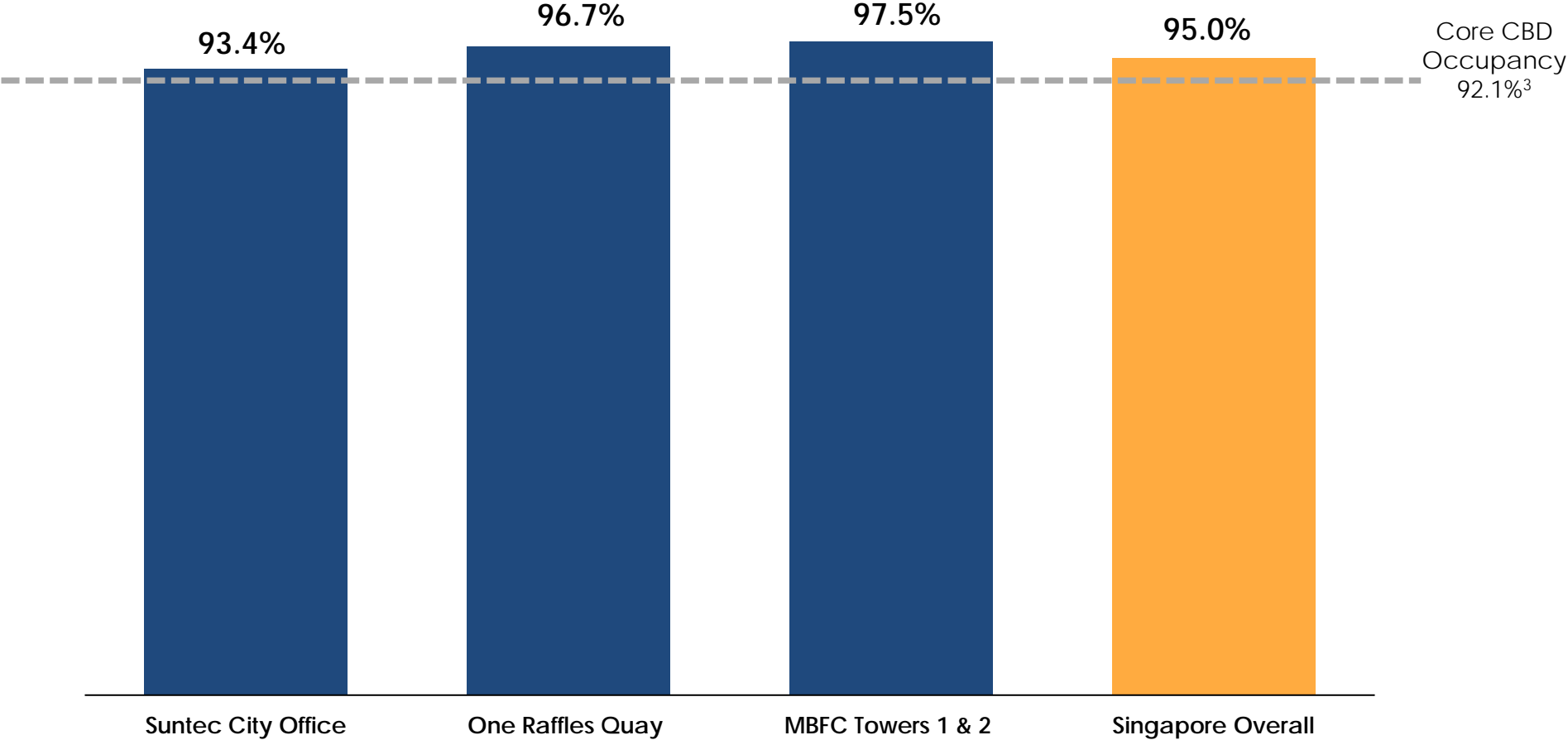


Diversified Sources of Funding

SG OFFICE PORTFOLIO PERFORMANCE



Singapore Office Committed Occupancy

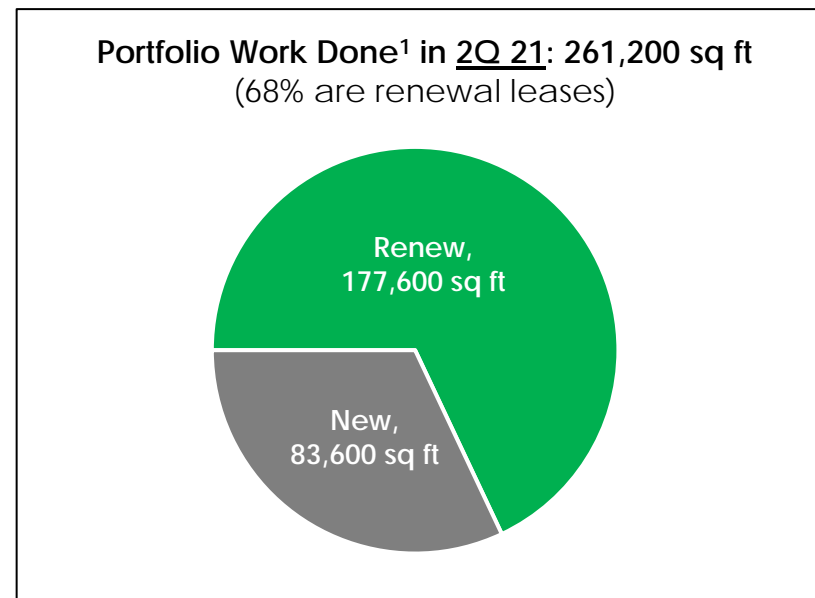
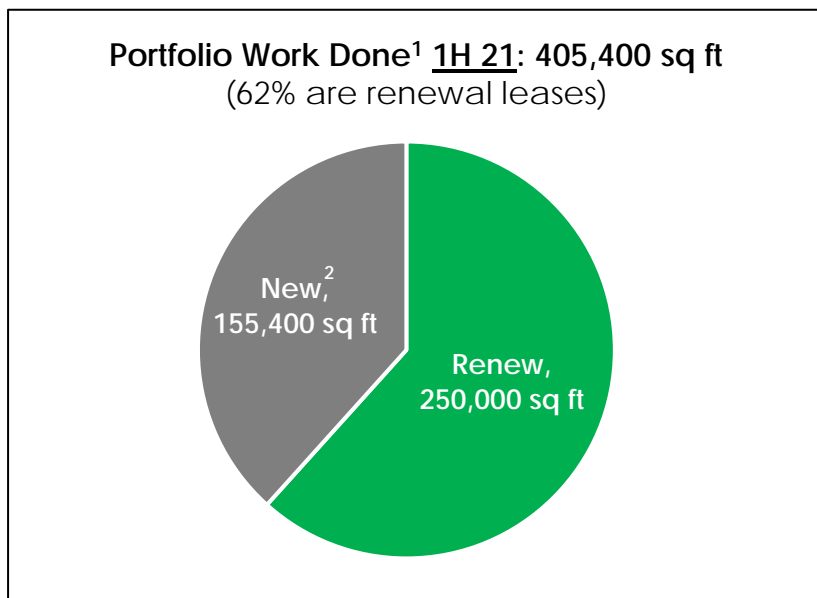


Committed Occupancy Outperformed Market

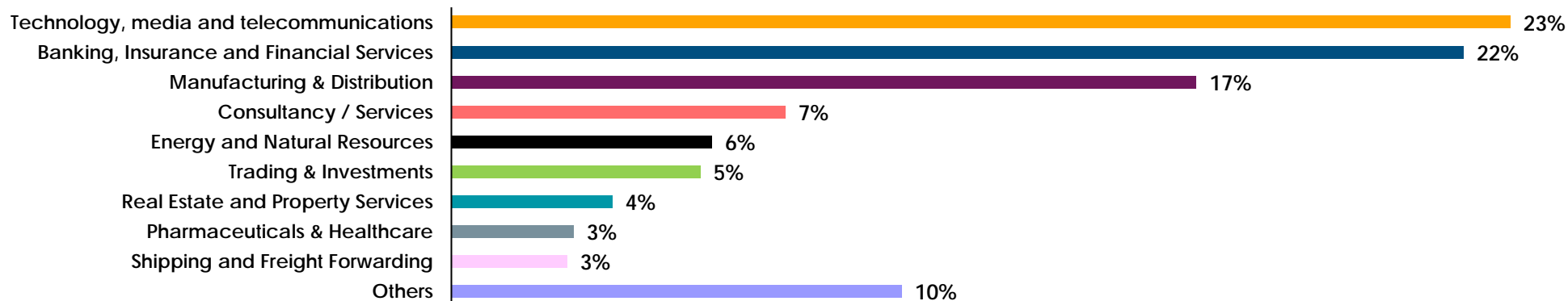
Notes:

- 1. Combined occupancy for One Raffles Quay office and ancillary retail was 96.8%.
- 2. Committed occupancy for Singapore Overall (including ancillary retail) was 95.0%.
- 3. Source: CBRE as at 2Q 2021

Singapore Office Leasing Activity



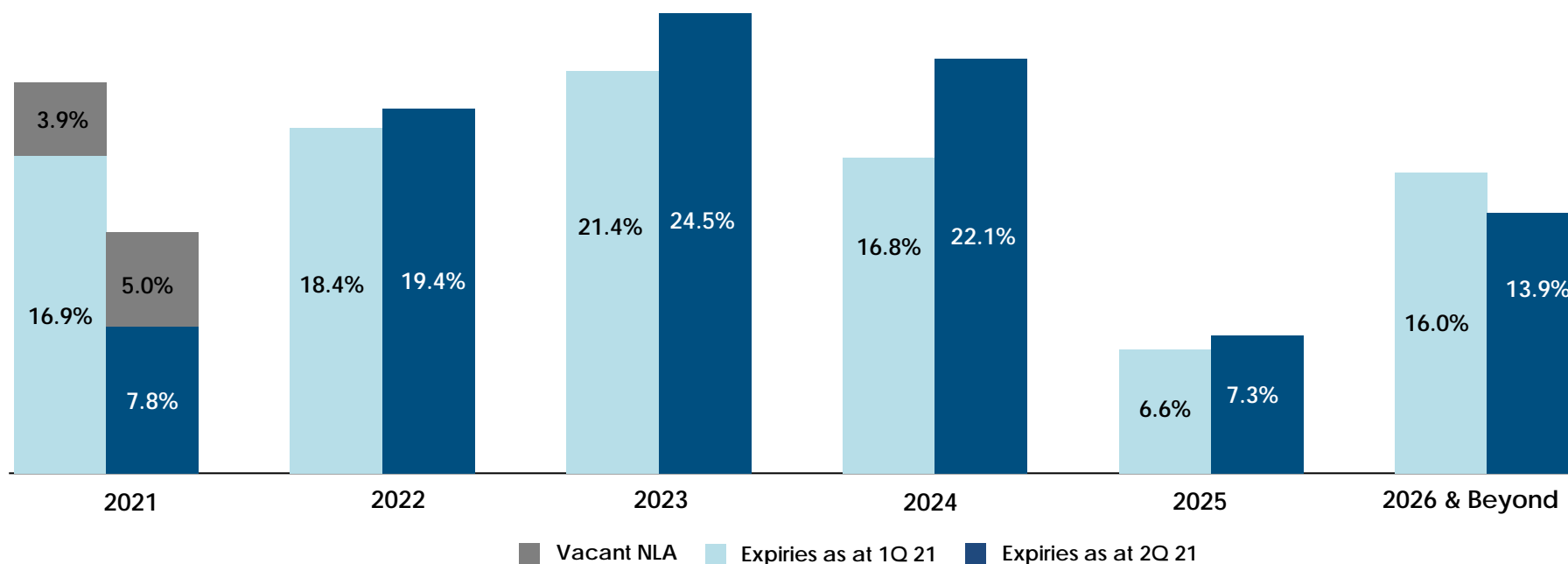
New Tenants by Sector in 1H 21 (sq ft)



- 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 and Marina Bay Financial Centre Office Towers 1 and 2.
 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 NLA¹ Q-o-Q Comparison



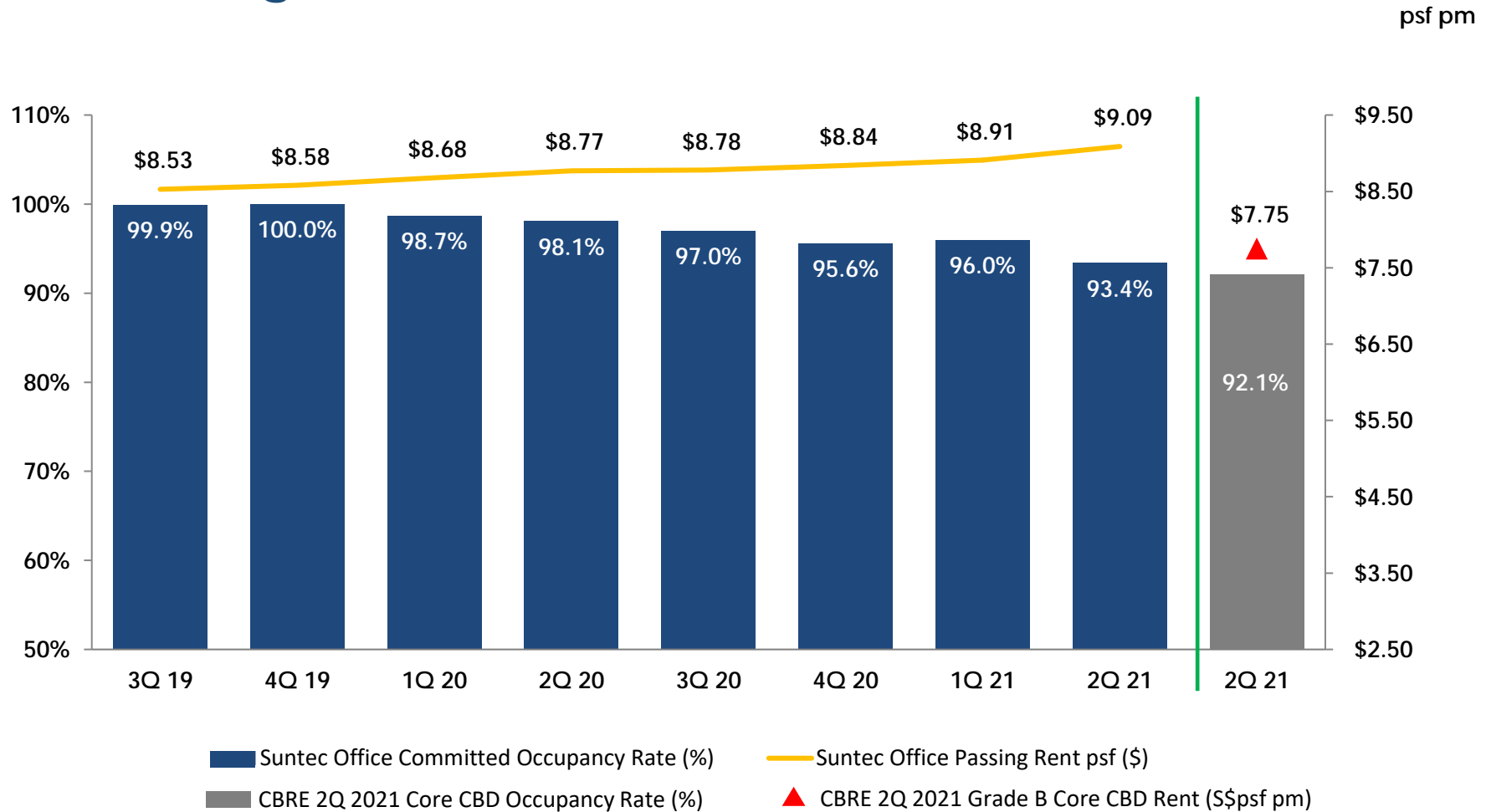
	FY2021	FY2022	FY2023	FY2024	FY2025	FY 2026 & Beyond
Sq ft	181,351	450,405	568,010	512,197	170,019	321,820
%	7.8%	19.4%	24.5%	22.1%	7.3%	13.9%

Weighted Average Lease Expiry 2.73 Years

Note:

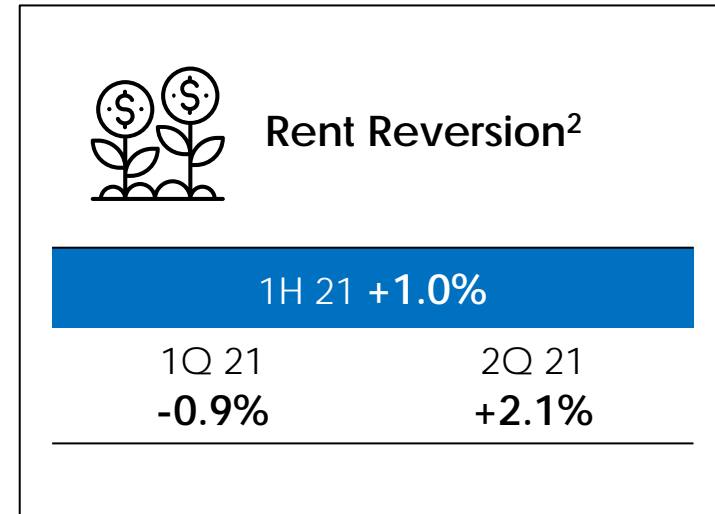
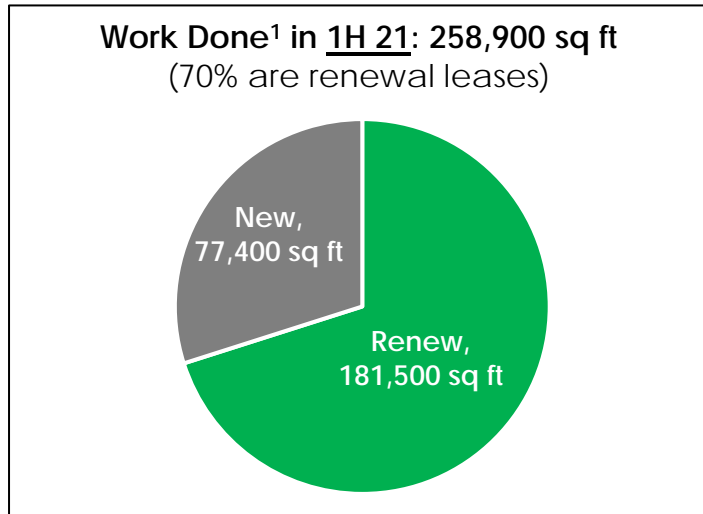
1. Based on Suntec REIT's interests in Suntec City Office, One Raffles Quay and Marina Bay Financial Centre Office Towers 1 and 2.

Suntec City Office - Committed Occupancy and Average Gross Rent

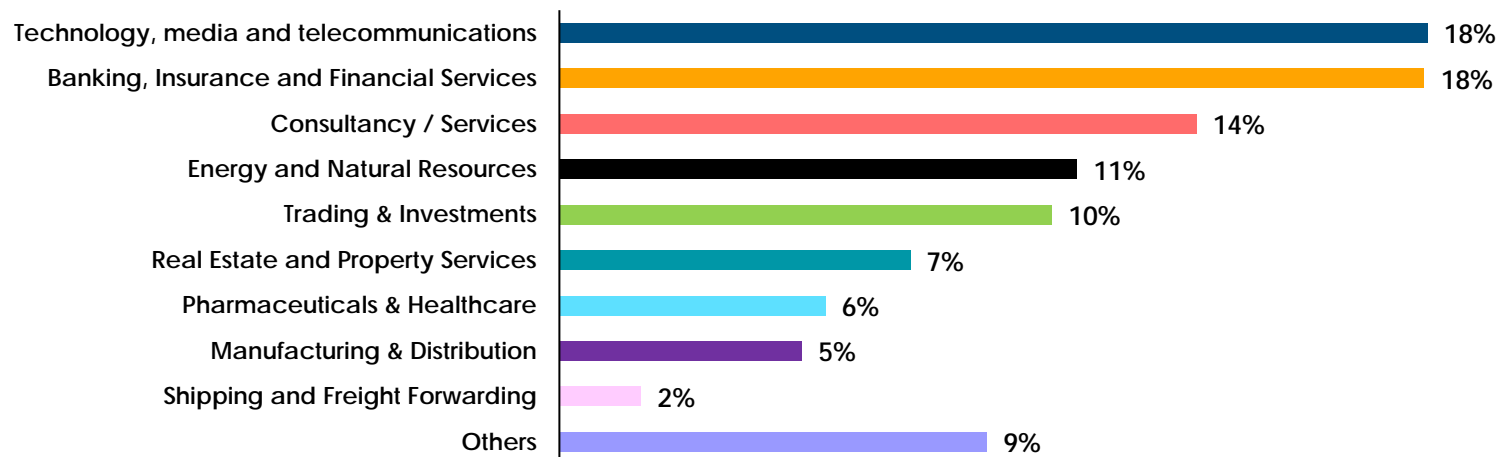


Committed Occupancy and Average Gross Rent Outperformed Market

Suntec City Office – Leasing Activity



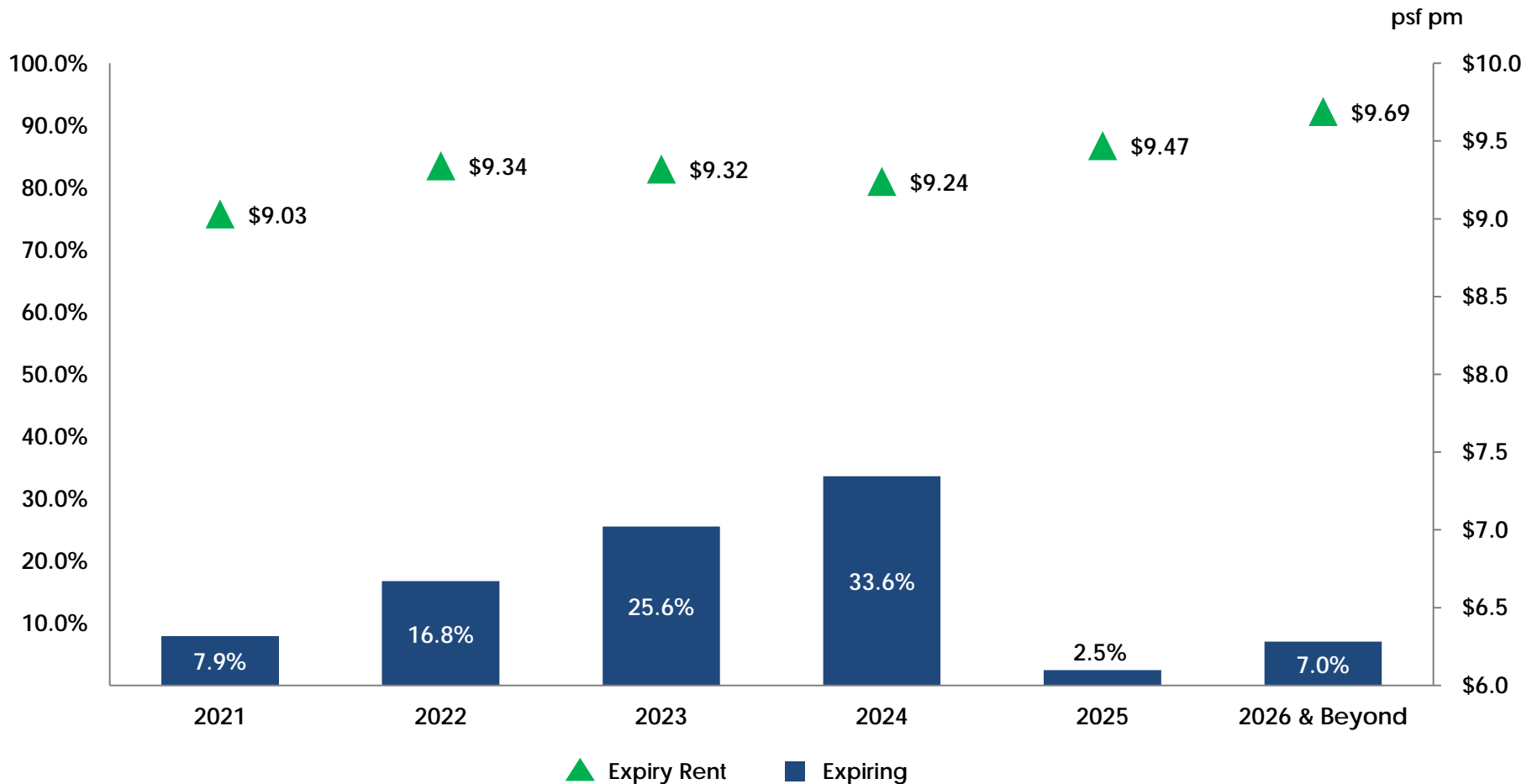
New Tenants by Sector in 1H 21 (sq ft)



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 & Expiry Rent

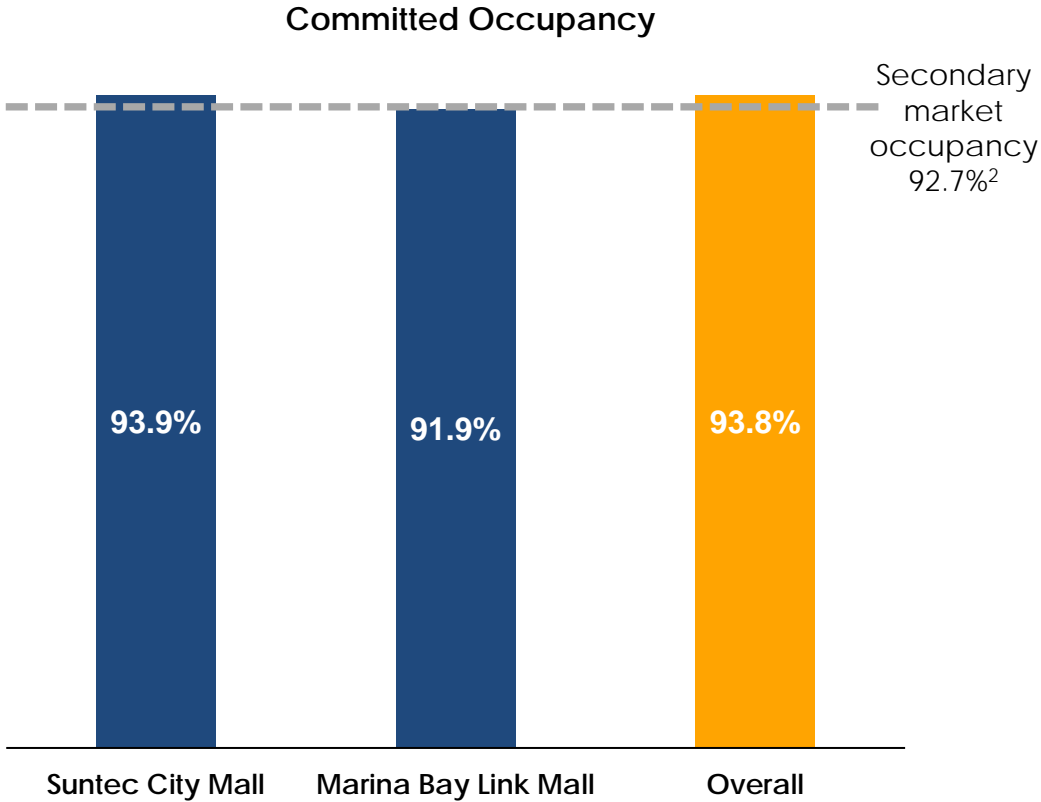
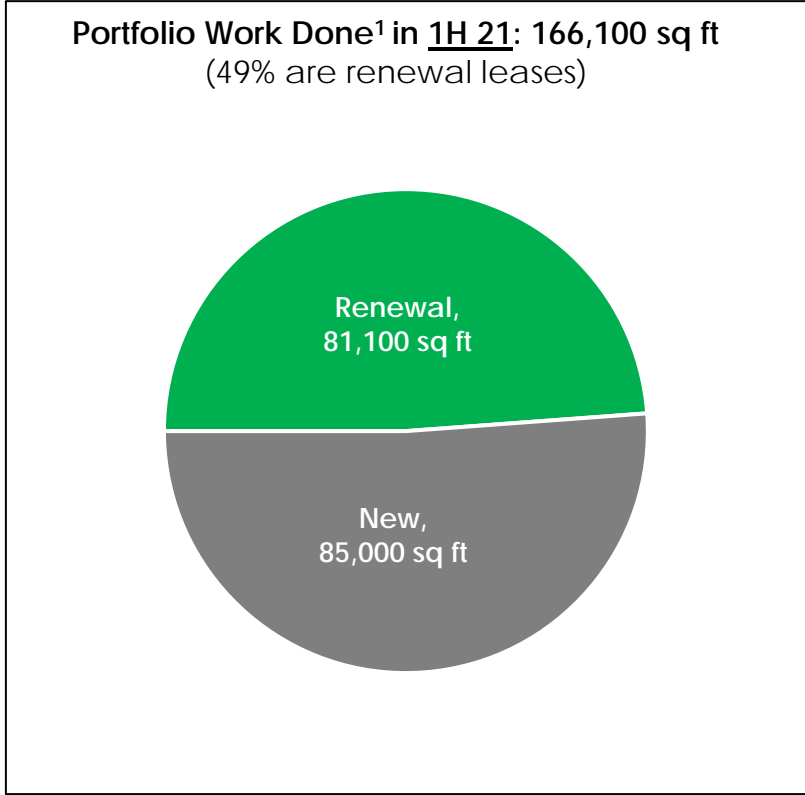


Proactive Management of Lease Expiries



SG RETAIL PORTFOLIO
PERFORMANCE

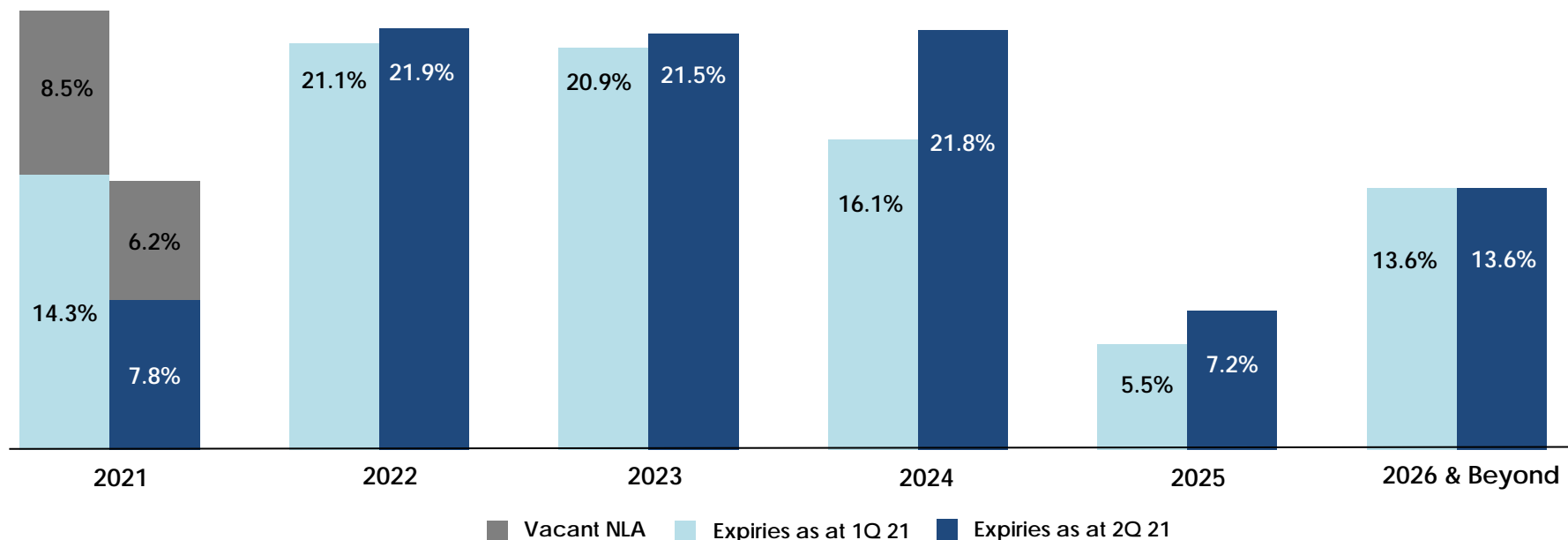
Singapore Retail Portfolio - Leasing Activity



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 2Q 2021

Singapore Retail Lease Expiry

% of Total NLA¹ Q-o-Q Comparison



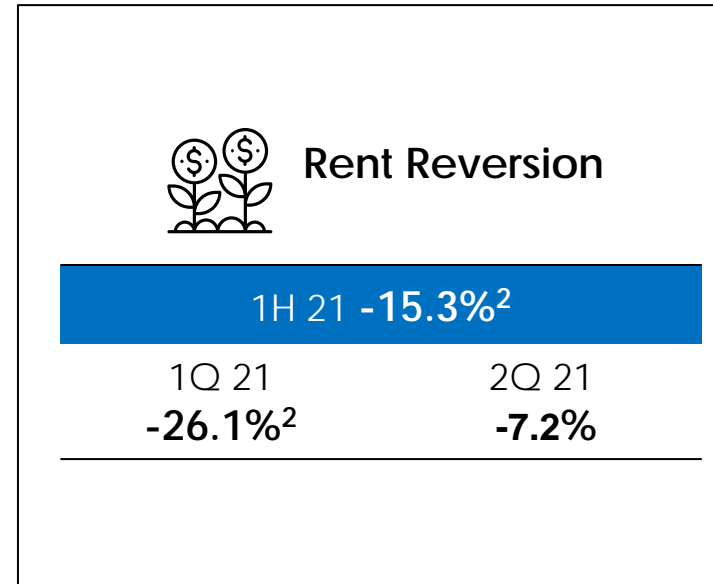
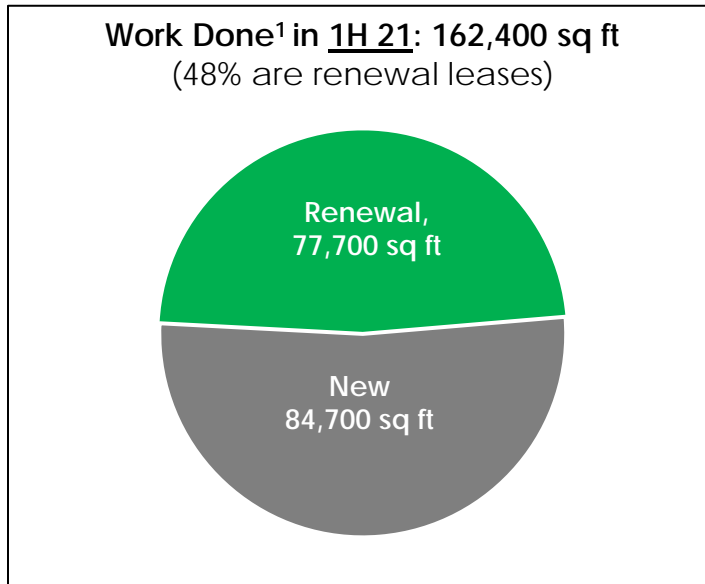
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 & Beyond
Sq ft	70,956	199,423	197,057	198,843	65,608	124,139
%	7.8%	21.9%	21.5%	21.8%	7.2%	13.6%

Weighted Average Lease Expiry 2.53 Years

Note:

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

Suntec City Mall – Leasing Activity



New store openings:

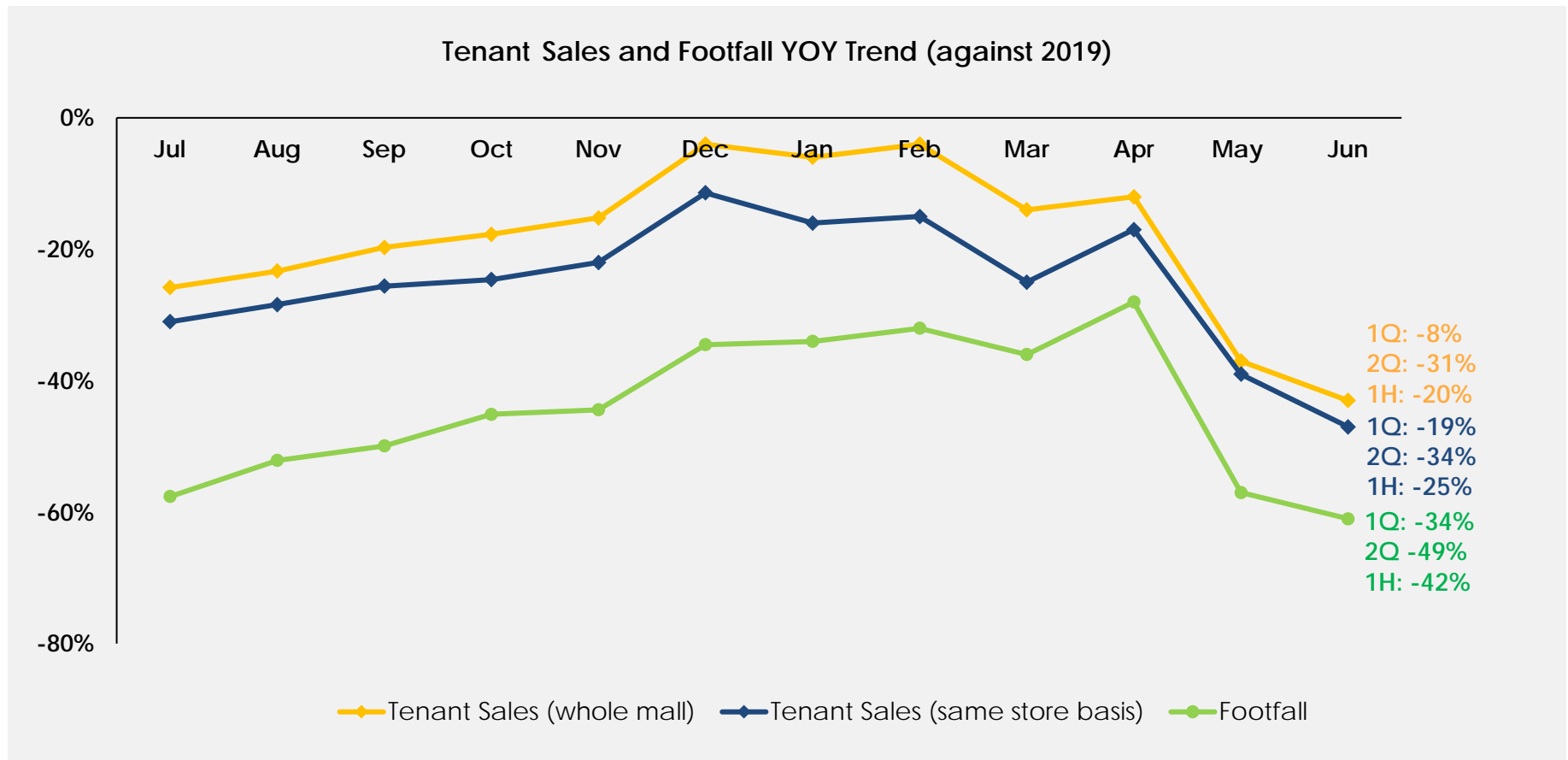


Notes:

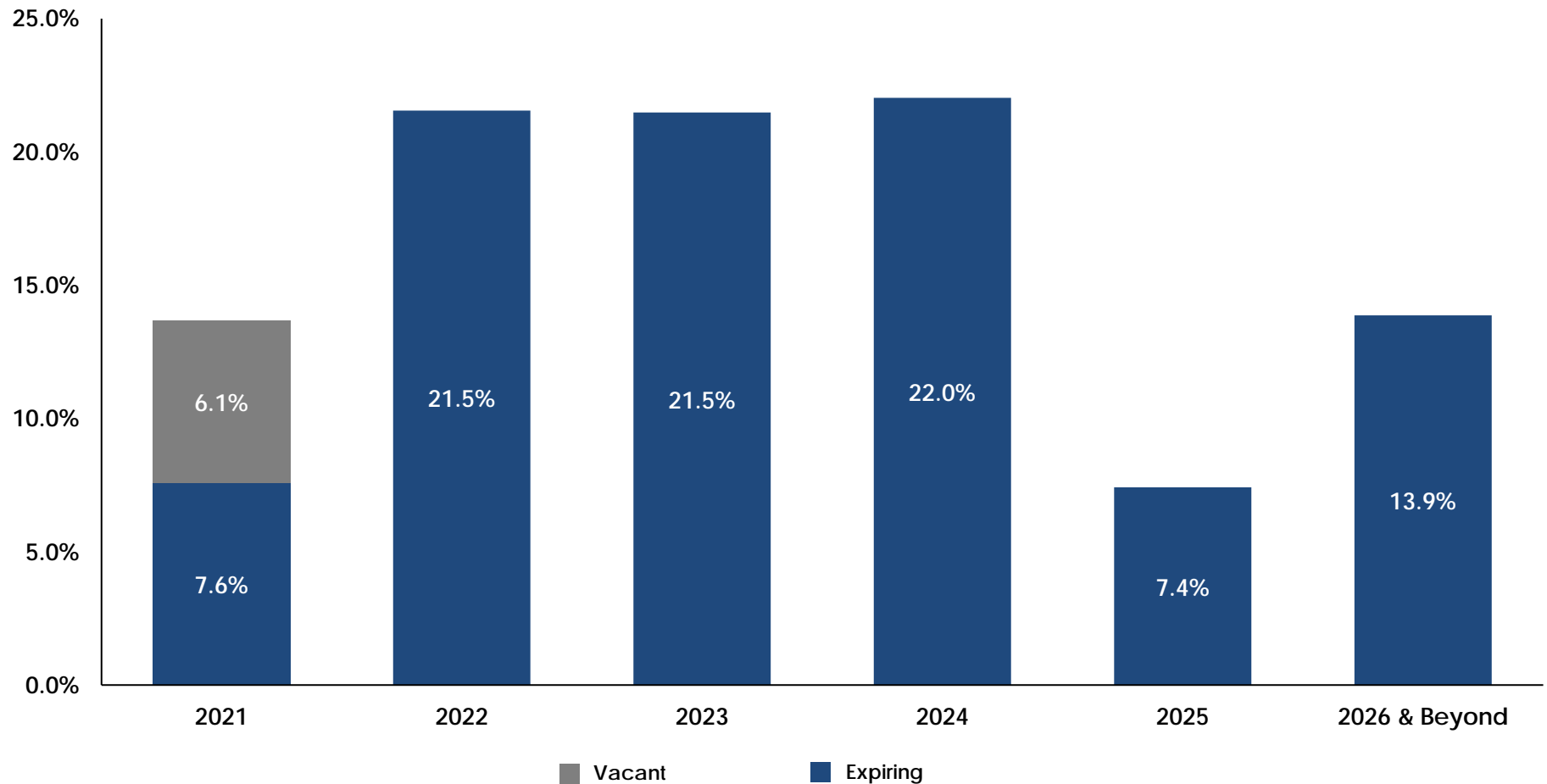
1. Reflects net lettable area of new leases and renewals committed.
2. Excluding the anchor leases signed, the rent reversion for 1H 2021 and 1Q 21 would be -9.3% and -16.0% respectively.

Suntec City Mall – Footfall and Tenant Sales

- Drop in tenant sales in May and June 21 largely due to dining restrictions during P2(HA) and P3(HA)
- Drop in tenant sales (whole mall) more moderate vs. drop in tenant sales (same store) due to introduction of new brands/concepts



Suntec City Mall – Lease Expiry

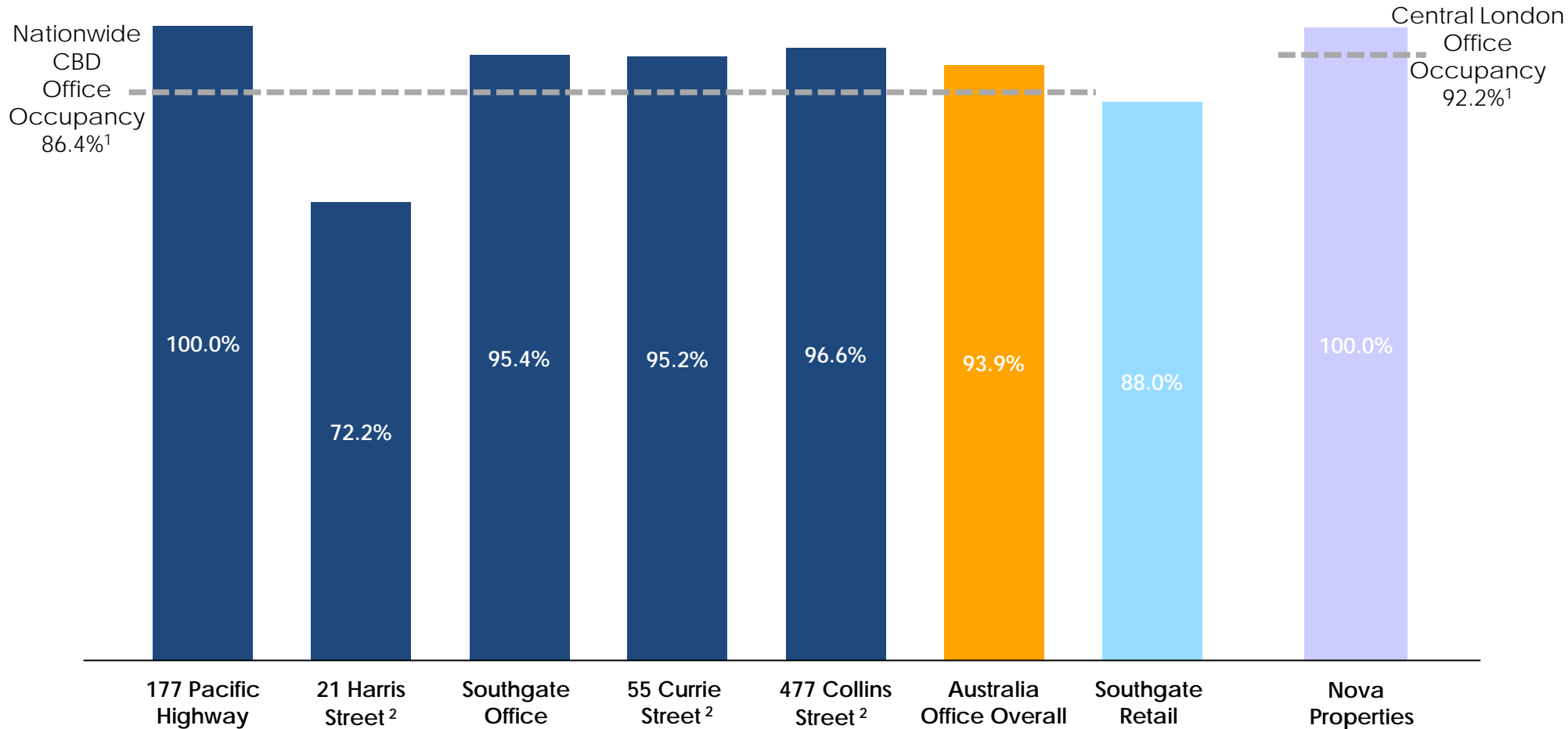


Proactive Management of Lease Expiries



AUSTRALIA & UK PORTFOLIO PERFORMANCE

Australia & UK Committed Occupancy

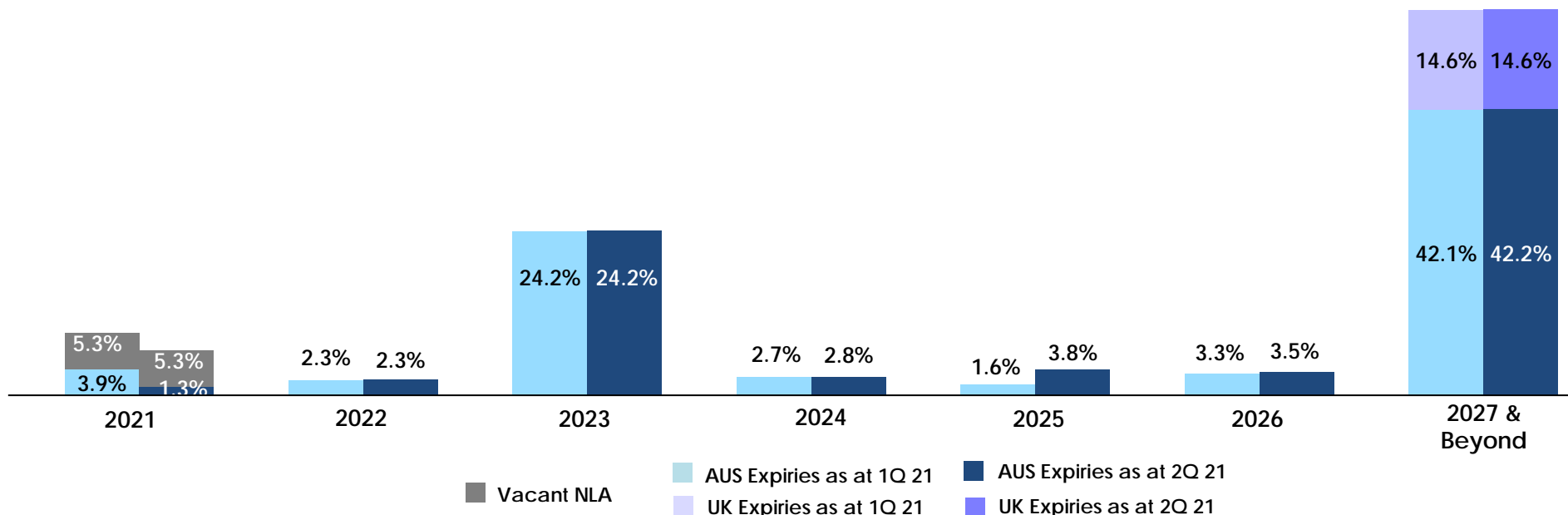


Notes:

- 1. Source: JLL as at 1Q 2021
- 2. Rent guarantee on vacant spaces.

Australia & UK Portfolio Lease Expiry

% of Total NLA¹ Q-o-Q Comparison



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027 & Beyond
Sq ft	25,680	44,892	464,968	52,680	72,748	67,120	1,088,193
%	1.3%	2.3%	24.2%	2.8%	3.8%	3.5%	56.8%

Minimal Lease Expiries in 2021 & 2022 and Weighted Average Lease Expiry 6.47 Years

Notes:

1. Based on Suntec REIT's interests in 177 Pacific Highway, 21 Harris Street, Southgate Complex (Office and Retail), 477 Collins Street, 55 Currie Street and Nova Properties.
2. 4.1% of NLA is covered by rent guarantees (55 Currie Street, 21 Harris Street and 477 Collins Street).



**LOOKING
AHEAD**

Outlook

- Workforce expected to return to about 50% from current level 15% if safe management measures (SMM) ease
- Revitalization of Marina Centre/ Beach Road with completion of Guoco Midtown and Shaw Tower in next two years
- Improved market sentiment from brighter economic outlook expected
- Space rationalization by Standard Chartered Bank in 4Q 2022 presents opportunity in market uptick
- Positive rent reversion expected with robust occupancy in the mid 90% range
- Stable revenue resulting from positive rent reversions for past 12 quarters expected

Outlook

- Increased uncertainty in recovery of mall traffic and tenant sales due to recent wave of community cases
- Tenant sales recovery likely to be led by F&B, jewellery, watches, wellness, supermarkets, homeware and home furnishings categories
- Short-term rent restructuring extended to 3Q 21 for some tenants most affected by P2(HA) and P3(HA) restrictions
- Rent reversion to remain weak due to cautious sentiments of retailers
- Mall occupancy not affected by P2(HA) and P3(HA) restrictions; remains on track to reach around 95% by end 2021
- Revenue recovery will be supported by higher occupancy and higher GTO rent, but will be slowed by negative rent reversion from past few quarters

Outlook

- Recovery continues to be slow due to weak international business and leisure travel
- Domestic market remains key target market in the short term, aided by easing of restrictions on larger-scale events in tandem with acceleration of vaccination programme
- Demand for physical-virtual hybrid events continues to be steady
- New demand for domestic consumer and corporate dining events emerging
- All our staff expected to complete vaccination by Sep; competitive advantage to host events for fully vaccinated attendees in future
- 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

- Economy expected to recover in 2021 but may be slowed down due to sporadic lockdowns
- Return of workforce around 70% in Adelaide and 40-50% in Sydney / Melbourne before respective states' lockdowns
- Flexible remote working arrangement to remain; 'flight to quality' trend emerging
- Leasing activity continues to pick up although nationwide CBD vacancy of 13.6%¹ expected to increase further as supply growth exceeds demand
- 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 protected by rent guarantee
- Revenue to remain resilient underpinned by strong occupancy, annual rent escalations and long WALE with minimal lease expiries in 2021 and 2022

Note:

1. Source: JLL as at 1Q 2021

Outlook

- Return to work at about 50% for the month of June since lockdown ended in April
- Flexible remote working arrangement to remain
- Gradual pick up in leasing activity driven by Banking & Finance, Professional Services and Technology sectors
- High quality office buildings located near London's key transport hubs remain sought after
- Retail tenant sales and traffic to improve with further easing of restrictions aided by rapid vaccination roll-out
- Retail income is supported by 2-year guarantee
- Revenue remain resilient underpinned by full occupancy, long WALE and no lease expiry until 2027

- 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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www.ara-group.com



About Suntec REIT

Singapore's first composite REIT



S\$4.1 Billion¹

Market Capitalisation

S\$11.5 Billion²

Assets Under Management

- Listed on **9 Dec 2004** on the SGX-ST
- High quality **office** assets, complemented by **retail** and **convention** components
- **9** properties – **3** in Singapore, **2** in Sydney, **2** in Melbourne, **1** in Adelaide and **1** in UK

Notes:

1. Based on 30/6/21 closing price of \$1.46
2. Based on exchange rates of S\$1.0203=A\$1.00 and S\$1.8692=£\$1.00 as at 30 June 2021

Portfolio Snapshot

	Suntec City		One Raffles Quay	MBFC Properties
	Suntec City – Office & Retail	Suntec Singapore		
Description	Integrated commercial development comprising five office towers and one of Singapore largest retail mall	World-class convention and exhibition centre	Two premium Grade A office towers	Two premium Grade A office towers and a subterranean mall
Ownership	100%	66.3%	33.33%	33.33%
City/Country	Singapore	Singapore	Singapore	Singapore
Segment	Office Retail	Convention	Office	Office Retail
NLA¹ (sq ft)	Office: ~1.3 mil Retail: ~0.9 mil	~430,000	~441,000	Office: ~547,000 Retail: ~32,000
Valuation	Office: S\$3,098.0 mil Retail: S\$2,225.4 mil	S\$179.0 mil	S\$1,247.3 mil	S\$1,682.0 mil
Cap rate	Office: 3.75% Retail: 4.75%	6.00%	3.625%	Office: 3.625% Retail: 4.50%



Suntec City

One Raffles Quay

MBFC Properties

Portfolio Snapshot

	177 Pacific Highway	Southgate Complex	Olderfleet 477 Collins Street	55 Currie Street	21 Harris Street	Nova Properties
Description	31-storey Grade A office building	Integrated waterfront development comprising two A-Grade office towers and a retail podium	Premium Grade, 40-level state-of-the-art building	Twelve-storey, Grade A office building	Nine-storey, Grade A office building	Two Grade A Office buildings with ancillary retail development
Ownership	100%	50%	50%	100%	100%	50%
City/Country	Sydney, Australia	Melbourne, Australia	Melbourne, Australia	Adelaide, Australia	Sydney, Australia	London, United Kingdom
Segment	Office	Office Retail	Office	Office	Office	Office
NLA¹ (sq ft)	~431,000	Office: ~355,000 Retail: ~53,000	~315,000	~282,000	~203,000	~280,000
Valuation	A\$645.0 mil	A\$385.5 mil	A\$445.0 mil	A\$150.0 mil	A\$300.0 mil	£436.0 mil
Cap rate	5.00%	Office: 5.25% Retail: 5.75%	4.63%	6.75%	5.13%	4.73%

Note:

1. Based on Suntec REIT's interests in the respective properties.



177 Pacific Highway



Southgate Complex



Olderfleet, 477 Collins Street



55 Currie Street



21 Harris Street



Nova Properties

This presentation is focused on the comparison of actual results for the half year ended 30 June 2021 versus results achieved for half year ended 30 June 2020. It should be read in conjunction with Suntec REIT's financial results for the half year ended 30 June 2021 announced on SGXNET.

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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.