



# SUNTEC REIT BUSINESS UPDATES

For Quarter ended 31 March 2022

## LH Fund Webinar – Asian REITs: Time to Invest Now

12 May 2022



# Agenda

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# About Suntec REIT



21 Harris Street, Sydney

# About Suntec REIT

Singapore's First Composite REIT



**Market Capitalisation**  
**S\$5.0 Billion<sup>1</sup>**

**Asset Under Management**  
**S\$12.2 Billion**

Listed on **9 Dec 2004** on the SGX-ST

High quality **office** assets, complemented by **retail and convention** components

**10** properties – **3** in Singapore, **2** in Sydney, **2** in Melbourne, **1** in Adelaide and **2** in UK

Note:

1. Based on 31/3/22 closing price of \$1.75.

# 1Q 22 Highlights

## Distributable Income to Unitholders

**S\$68.7 million**

+18.2% y-o-y

Distribution Income from Operations

**S\$62.9 million**

+8.3% y-o-y

Capital Distribution

**S\$5.8 million**

## Distribution Per Unit to Unitholders

**2.391 cents**

+16.9% y-o-y

DPU from Operations

**2.191 cents**

+7.1% y-o-y

DPU from Capital

**0.200 cents**

## Capital Management

**S\$500 million**

**Sustainability-linked loan secured in**

**Apr '22**

Completed re-financing requirements for 2022

## Sustainability

**Green Mark**

**Platinum Award**

for Suntec City Office Towers

# Financial Highlights



Suntec City



MBFC Properties



One Raffles Quay



Olderfleet, 477 Collins Street



The Minster Building



177 Pacific Highway



55 Currie Street



Nova Properties



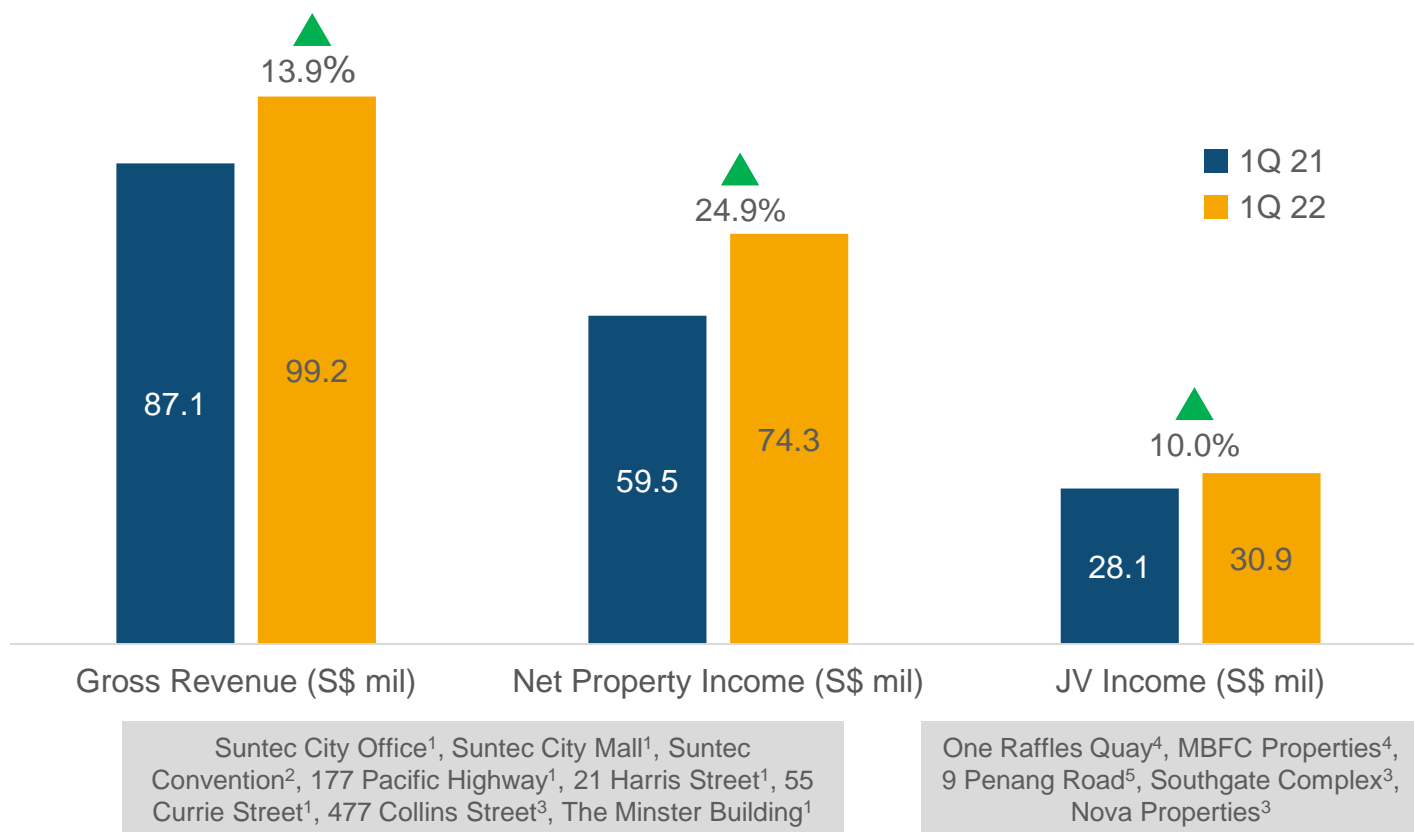
21 Harris Street



Southgate Complex

# Strong Financial Performance in 1Q 22

NPI and JV Income Increased by 24.9% and 10.0%



## Mainly due to:

### Gross Revenue & Net Property Income:

- ▲ New contribution from The Minster Building
- ▲ Higher contribution from Suntec City Mall, Suntec Convention and 21 Harris Street
- ▼ Lower occupancy at 177 Pacific Highway
- ▼ Weaker Australian dollar

### JV Income:

- ▲ Absence of performance fees paid to fund manager for 9 Penang Road in 1Q 21
- ▼ Absence of one-off compensation sums received at One Raffles Quay & MBFC Tower 1 & 2 in 1Q 21
- ▼ Lower occupancy at Southgate Complex

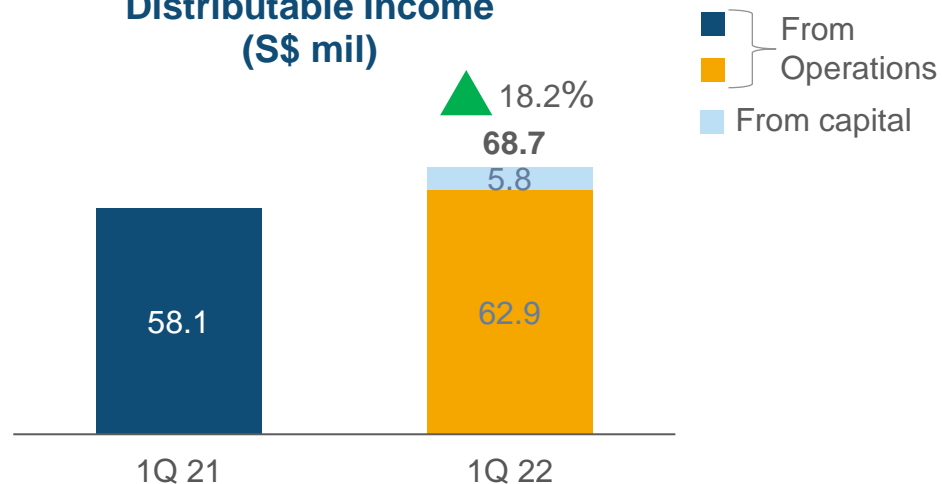
#### Notes:

1. Ownership interest of 100.0% for Suntec City Office, Suntec City Mall, 177 Pacific Highway, 21 Harris Street, 55 Currie Street and The Minster Building.
2. Ownership interest of 66.3% for Suntec Convention.
3. Ownership interest of 50.0% for 477 Collins Street, Southgate Complex and Nova Properties.
4. Ownership interest of 33.3% for One Raffles Quay and MBFC Properties.
5. 9 Penang Road was divested on 16 June 2021.

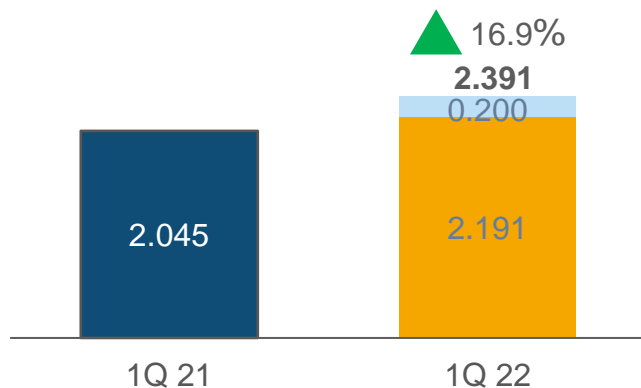
# Delivered Strong Improvement in DI & DPU

DPU (Including Capital Distribution) Increased 16.9% YoY

**Distributable Income  
(S\$ mil)**



**DPU  
(SG cents)**



**Mainly due to:**

- ▲ New contribution from The Minster Building
- ▲ Higher contributions from Suntec City Office and Suntec City Mall
- ▼ Higher financing costs to fund acquisitions

**Distribution Payment**

<b>Distribution Period</b>	<b>1 Jan 2022 – 31 March 2022</b>
Amount (cents/unit)	2.391 <sup>1</sup>

Ex-date	5 May 2022
Record date	6 May 2022
Payment date	30 May 2022

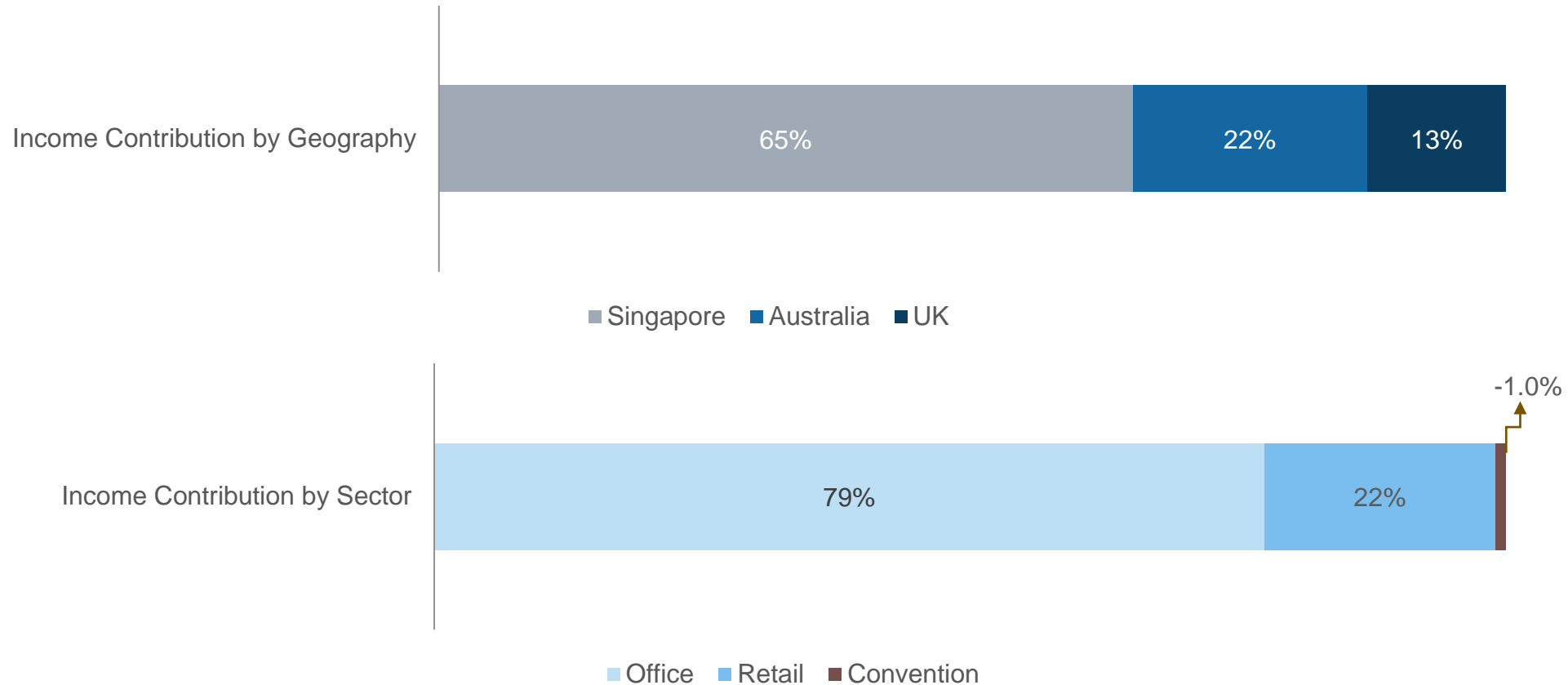
Note:

1. The Manager has elected to receive 50% of its asset management fees in units and balance in cash.



# Diversified Portfolio across Geography and Sector

## Singapore Market and Office Assets are Mainstays



# Capital Management



# Key Financial Indicators

## NAV Per Unit and ALR Improved Against 31 Dec 2021

	As at 31 Dec '21	As at 31 Mar '22
<b>NAV Per Unit<sup>1</sup></b>	<b>S\$2.110</b>	<b>S\$2.132</b>
<b>Total Debt Outstanding</b>	<b>S\$4,944 mil</b>	<b>S\$4,949 mil</b>
<b>Aggregate Leverage Ratio<sup>2</sup></b>	<b>43.7%</b>	<b>43.3%</b>
<b>Weighted Average Debt Maturity</b>	<b>2.92 years</b>	<b>2.67 years</b>
<b>All-in Financing Cost</b>		
	<b>2.35% p.a.</b>	<b>2.31% p.a.</b>
<b>Adjusted ICR<sup>3</sup></b>	<b>2.6X</b>	<b>2.6X</b>
<b>Weighted Average Interest Maturity</b>	<b>2.33 years</b>	<b>2.32 years</b>
<b>Interest Rate Borrowings (fixed)</b>	<b>~53%</b>	<b>~51%</b>
<b>% of AUD Income Hedged</b>		
	<b>~45%</b>	<b>~60%</b>

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).

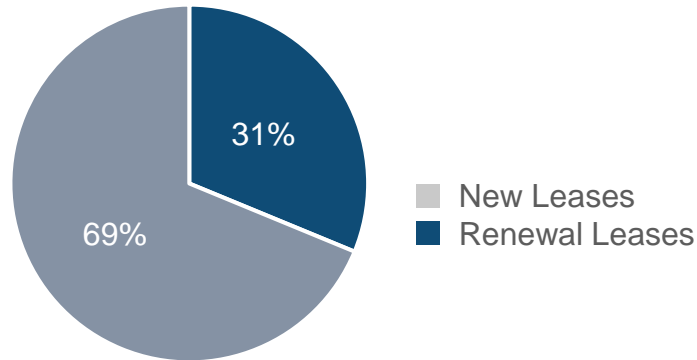
# Suntec City Office Performance



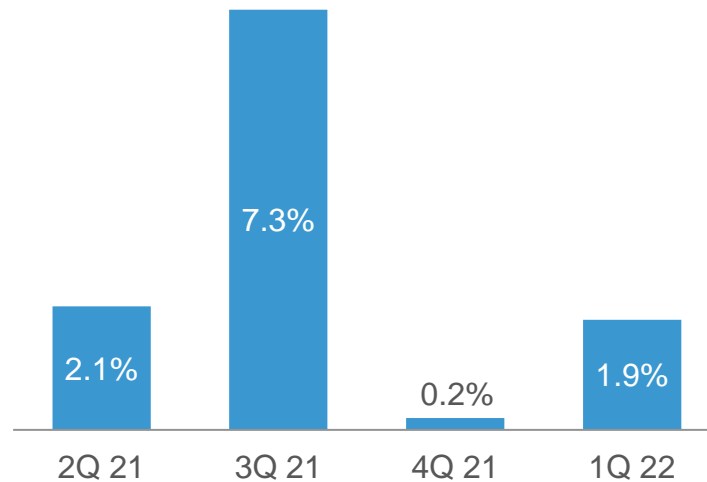
# Robust Leasing Activities

Technology, Media and Telecommunications were Key Demand Drivers

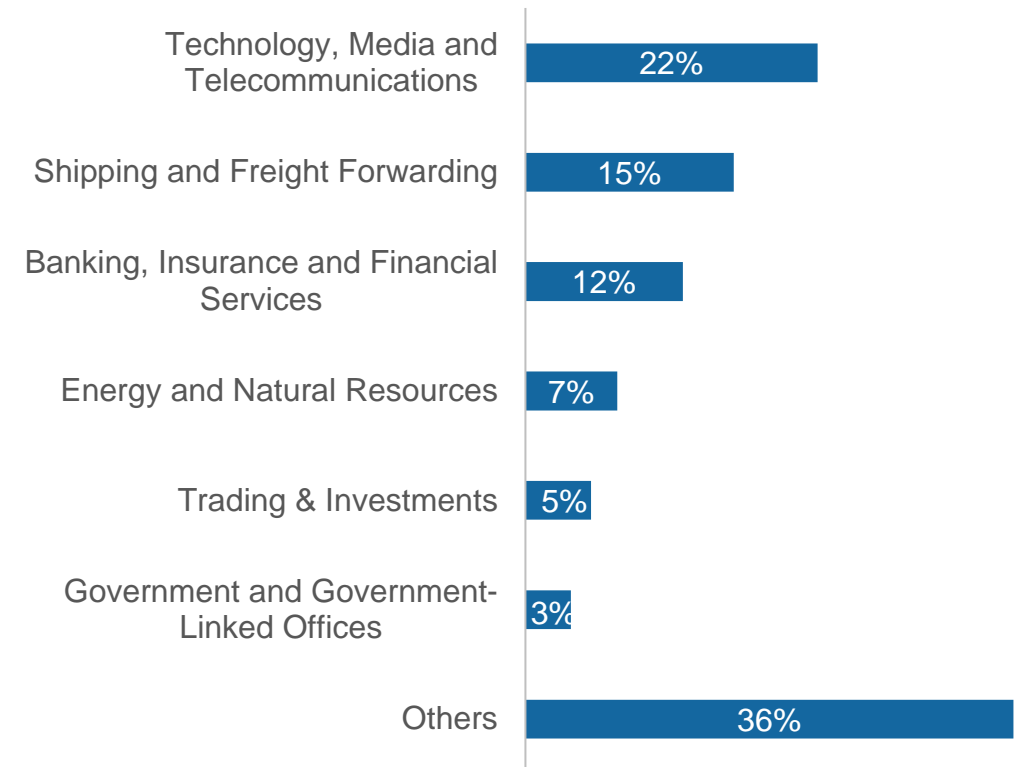
**Work Done<sup>1</sup>**  
**89,900** sq ft



**Rent Reversion<sup>2</sup>**  
**+1.9%** for 1Q 22



## New Tenants by Sector (sq ft)

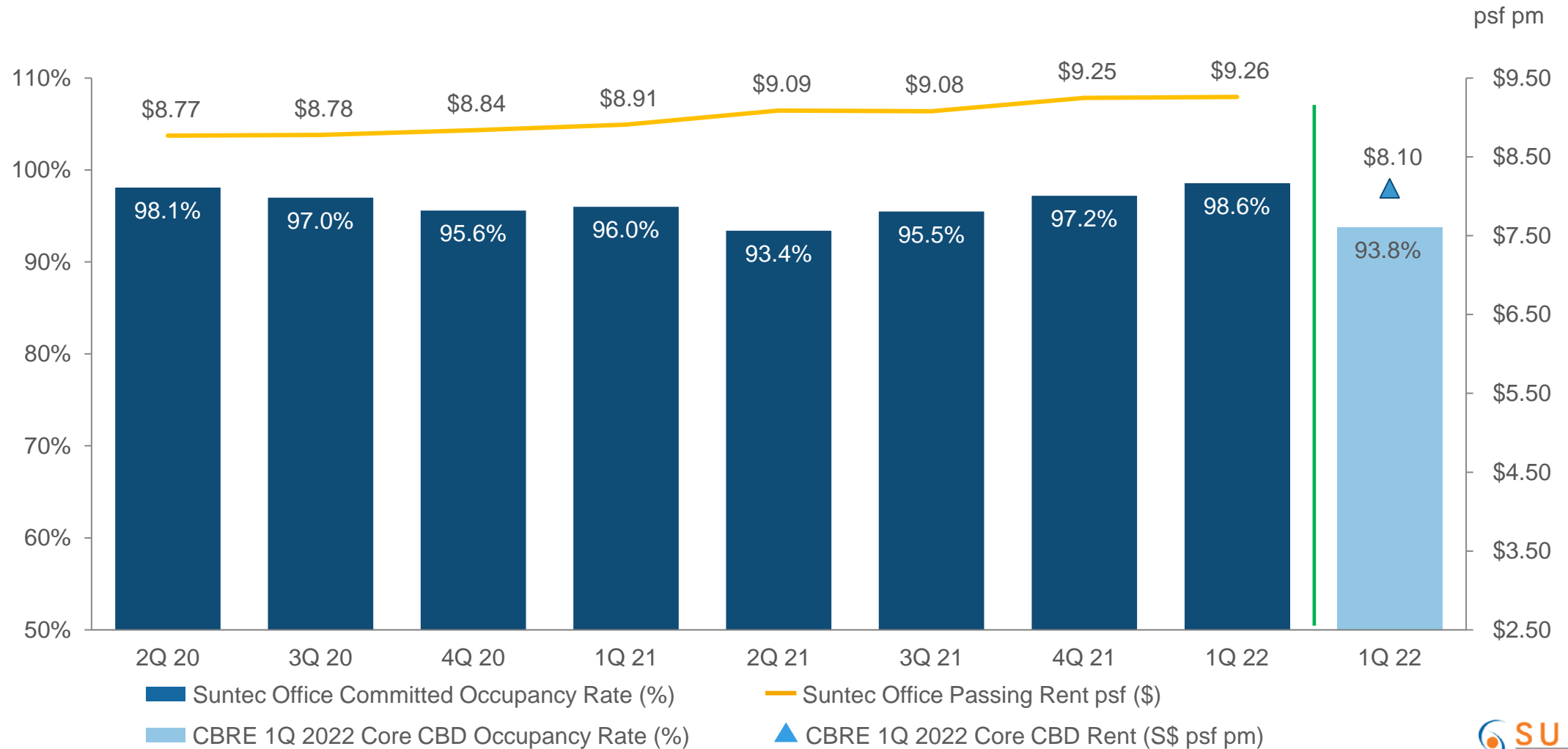


Notes:

1. Reflects net lettable area of new leases and renewals committed.
2. Excludes new leases (about 10,870 sq ft) committed for units that were vacant for more than 1 year.

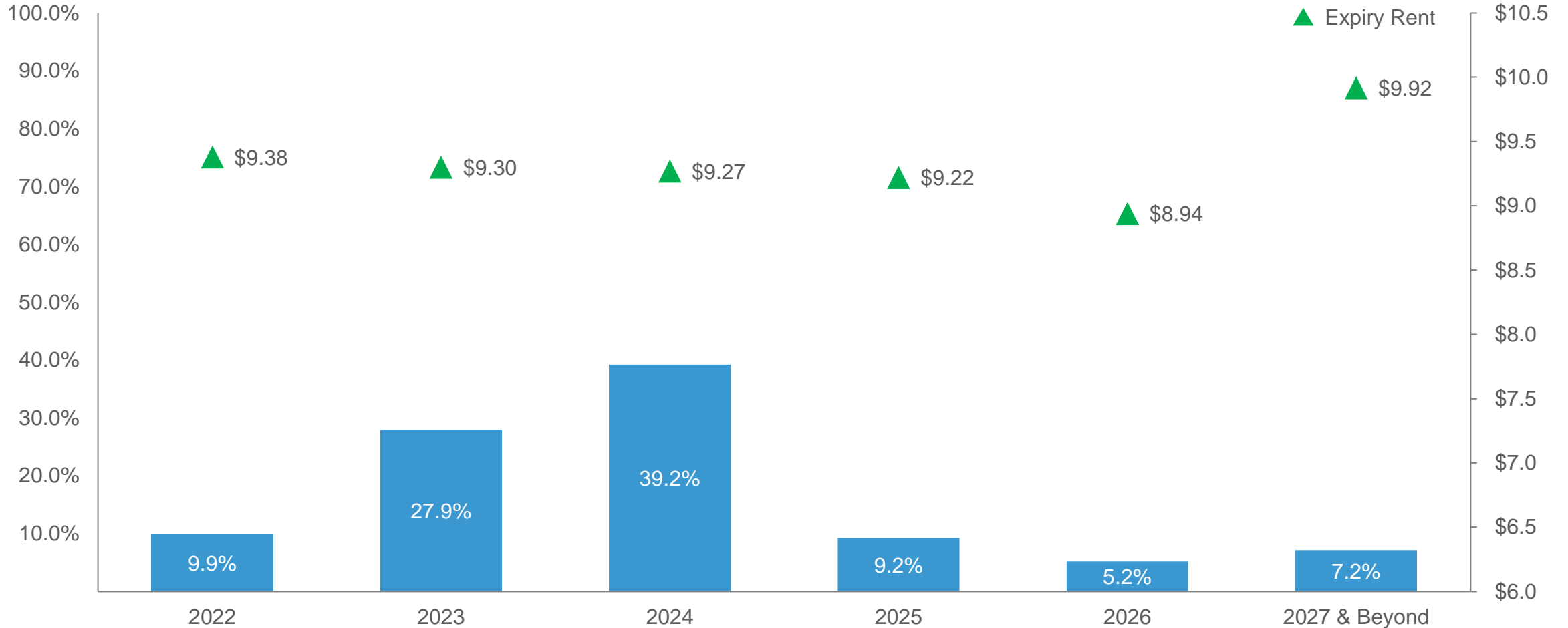
# Occupancy and Rent Outperformed Market Level

## Strong Occupancy and Higher Rent Across Quarters



# Healthy Rents Across Lease Expiry Profile

Proactive Lease Management to Forward Renew Leases





One Raffles Quay, Singapore

# Singapore Office Outlook and Focus

**Positive economic outlook** with major easing of SMM<sup>1</sup> and borders reopening

Robust office market underpinned by **limited new supply and tightening vacancies**

Singapore remains the **preferred base** for companies. Demand driven by **TMT and Financial Services**

**Proactively forward renew leases** to retain tenants

FY22 occupancy to remain **high** with **moderate positive** rent reversion due to high expiry rents

**Strong office income** expected from past 15 quarters of positive rent reversions

Note:

1. Safe Management Measures.



# Australia Portfolio Performance

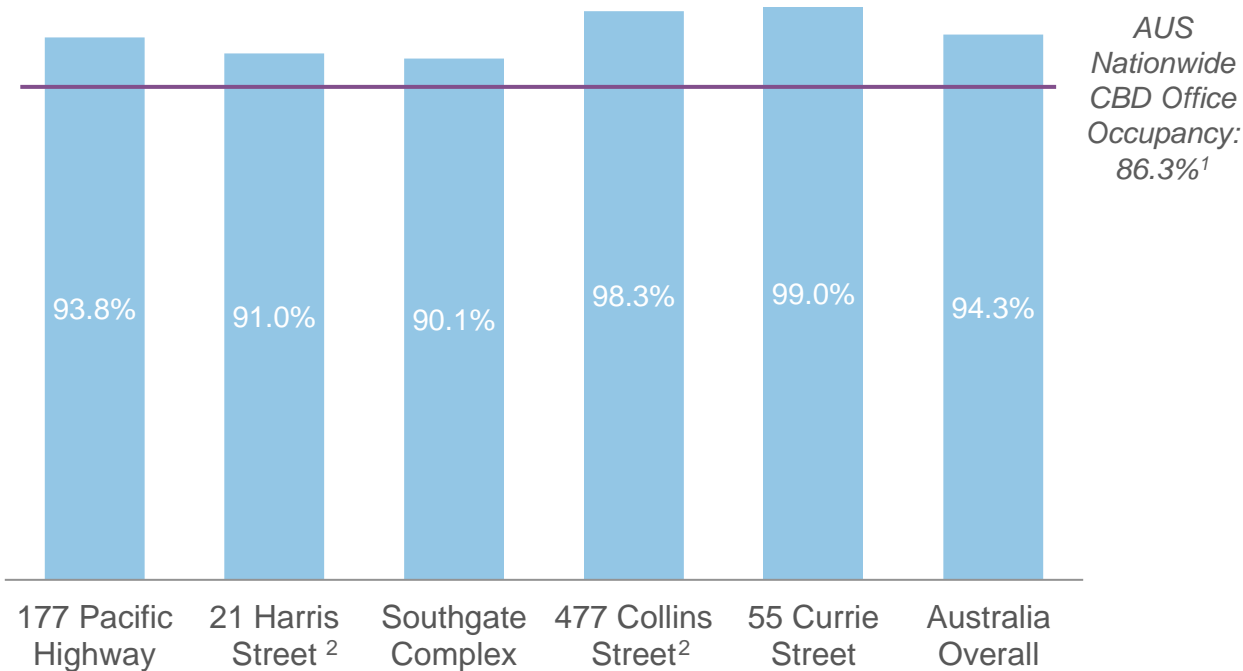


Southgate Complex, Melbourne

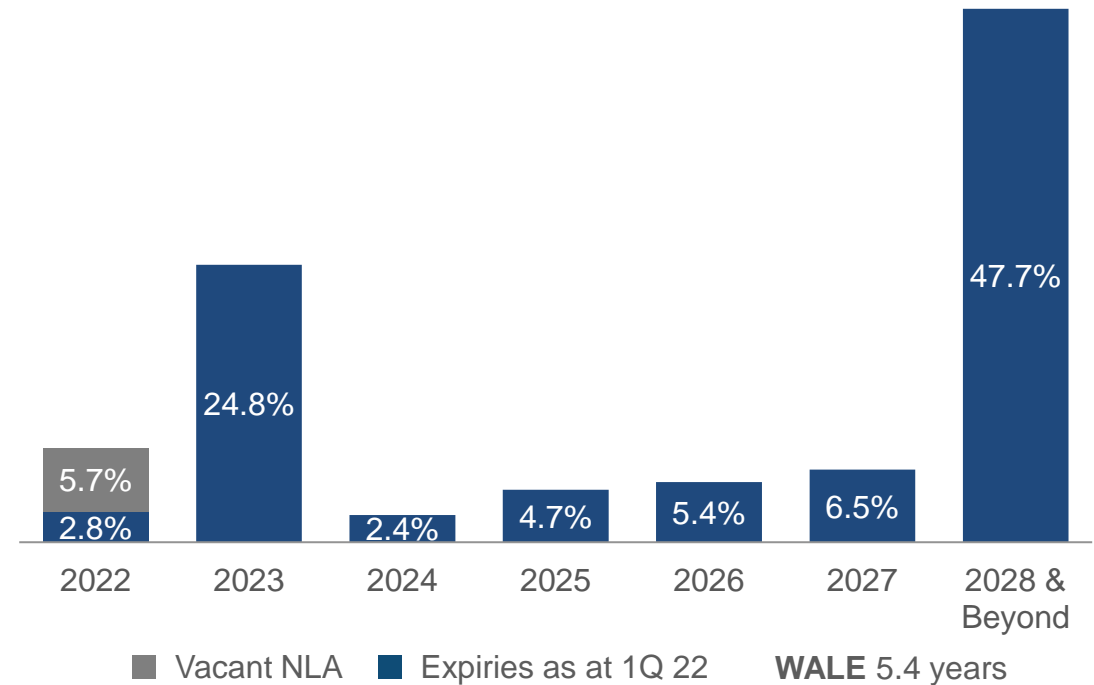
# Australia Portfolio Occupancy above Industry Level

## Healthy WALE with Minimal Lease Expiry in 2022

### Committed Occupancy As at 31 Mar 22

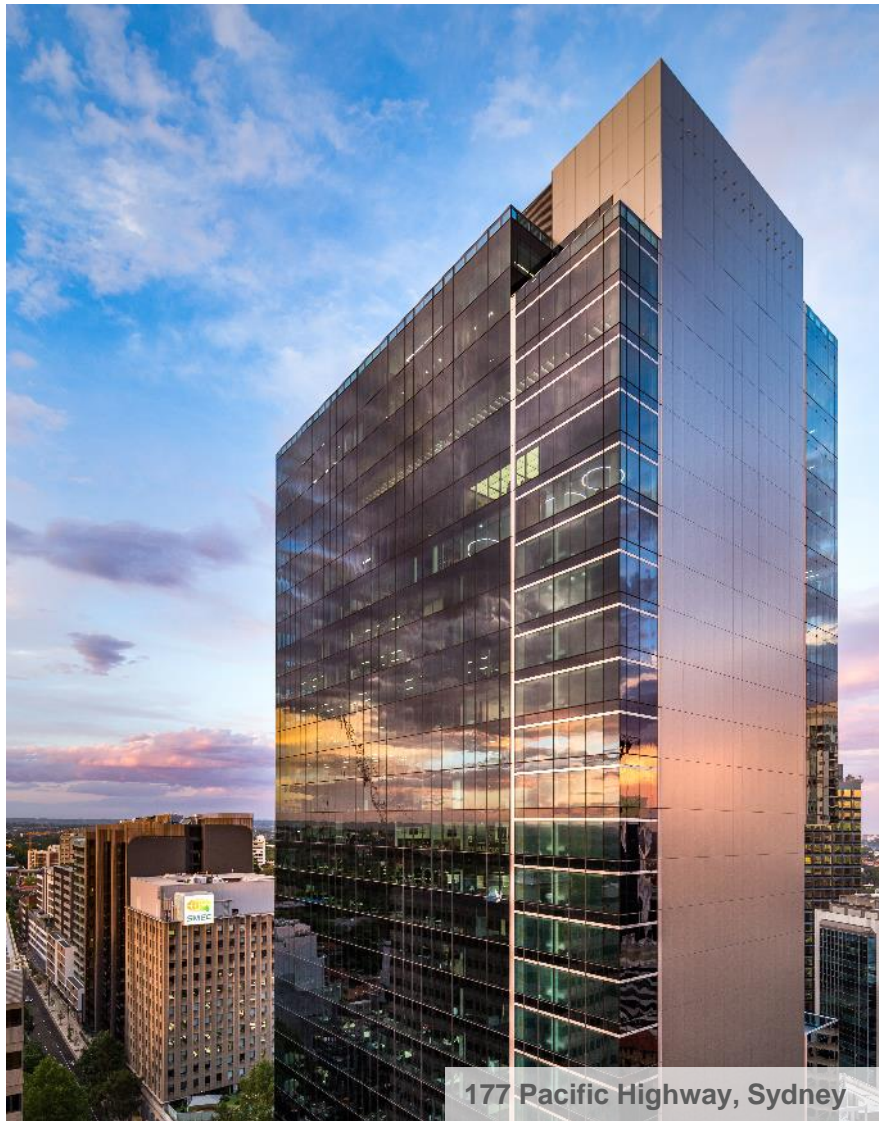


### Lease Expiry Profile % of Total NLA<sup>3</sup> Comparison



Notes:

1. Source: JLL as at 4Q 2021.
2. Rent guarantee on vacant spaces.
3. Based on Suntec REIT's interest in 177 Pacific Highway, 21 Harris Street, Southgate Complex, 477 Collins Street and 55 Currie Street.



177 Pacific Highway, Sydney

# Australia Outlook and Focus

**Economic conditions and employment improved** driven by strong household demand and business investment

**Office market recovery underway** - nationwide CBD office vacancy fell from 14.1% to 13.7%<sup>1</sup>

**Prime gross effective rents** in Sydney and Melbourne **expected to improve** in 2022

**Proactive lease management** for leases expiring in 2023

**Enhance building amenities** and create fully-fitted office suites to attract new tenants

**Revenue resilient** underpinned by strong office occupancy, annual rent escalations and long WALE

Note:

1. Source: JLL as at 4Q 2021.

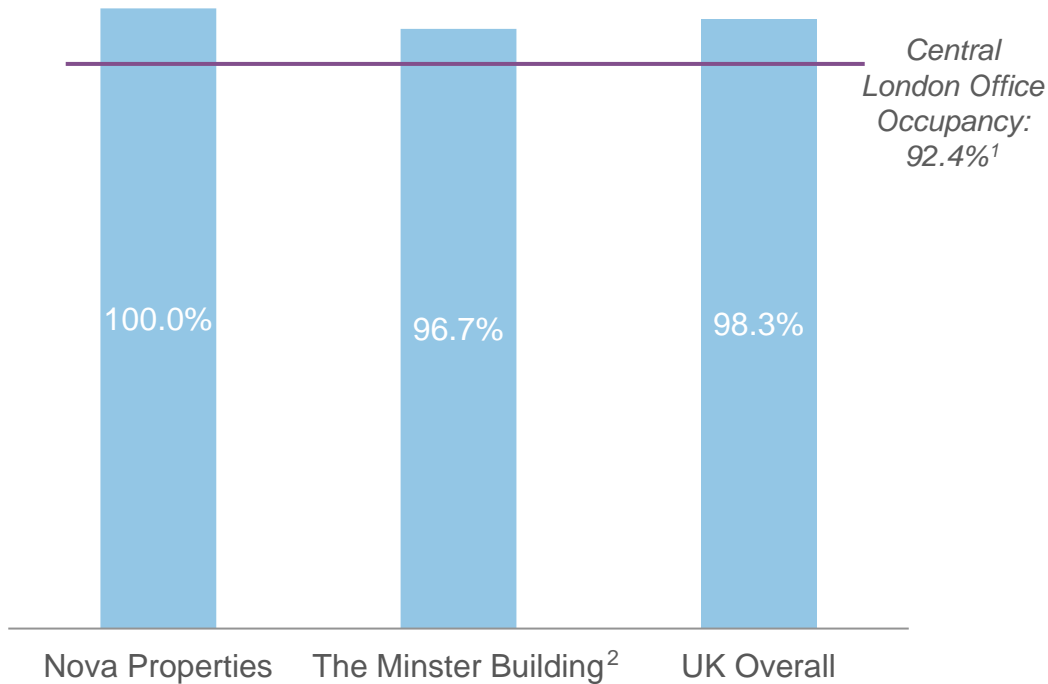
# UK Portfolio Performance



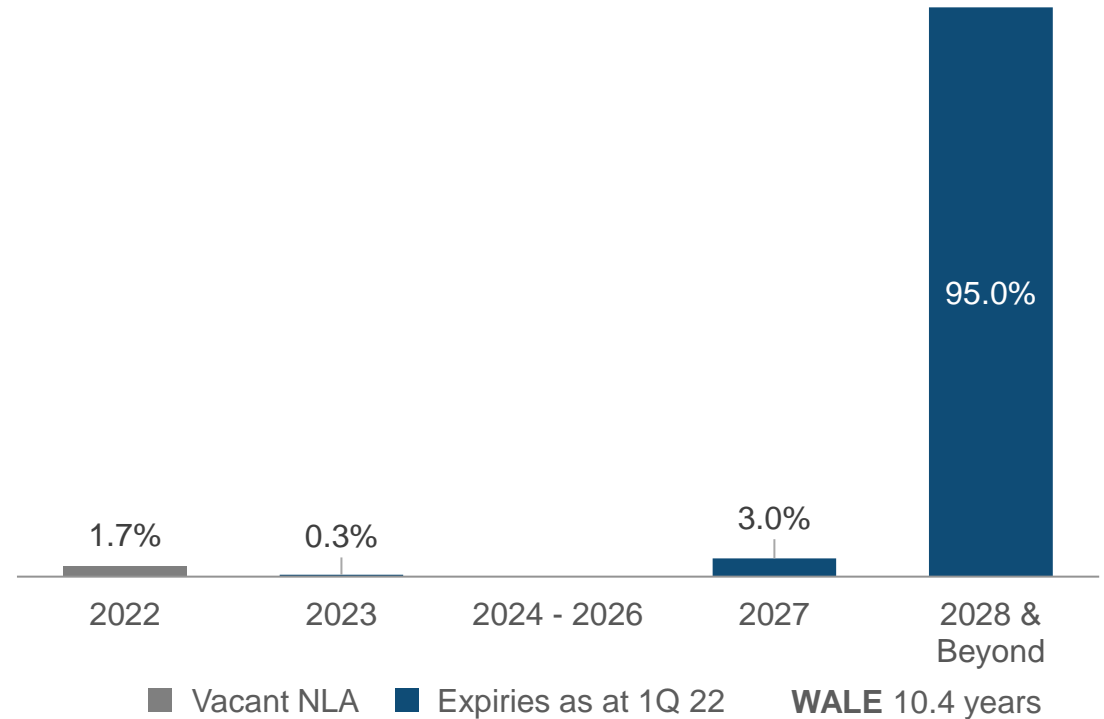
# Strong UK Portfolio Occupancy

Long WALE of 10.4 Years

## Committed Occupancy As at 31 Mar 22



## Lease Expiry Profile % of Total NLA<sup>3</sup> Comparison



Notes:

1. Source: JLL as at 4Q 2021.
2. Rent guarantee on vacant spaces.
3. Based on Suntec REIT's interest in Nova Properties and The Minster Building.



The Minster Building, London

# UK Office Outlook and Focus

**GDP grown** beyond pre-pandemic level with unemployment at record low rates

Leasing demand in West End and City of London markets **recovered** to pre-pandemic levels

92.4%<sup>1</sup> Occupancy across Central London office markets expected to **improve further**

**Improve retail tenant mix** with new dining options

**Asset enhancement** of building amenities for better tenant experience

**Revenue resilient** underpinned by high occupancy, long WALE and minimal lease expiry until 2027

Note:

1. Source: JLL as at 4Q 2021.

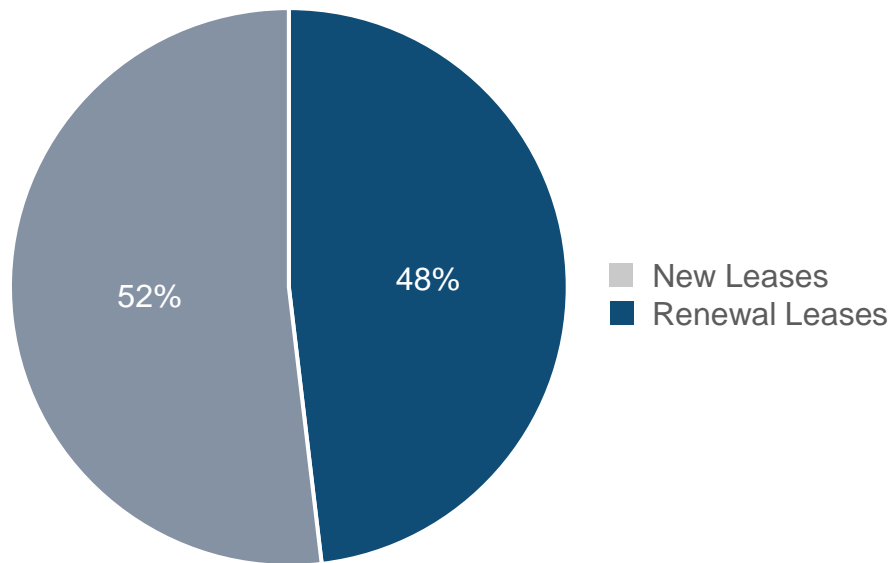
# Suntec City Mall Performance



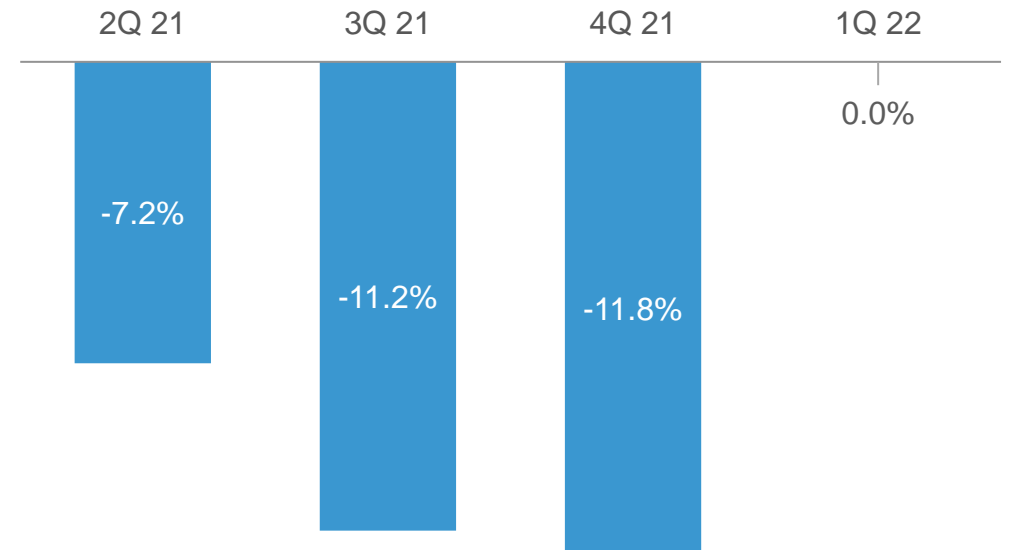
# Flat Rent Reversion Registered in 1Q 22

## Leasing Activities Gained Traction but Retailers Remain Cautious

**Work Done<sup>1</sup>**  
**46,300** sq ft



**Rent Reversion**  
**0%** for 1Q 22



Notes:

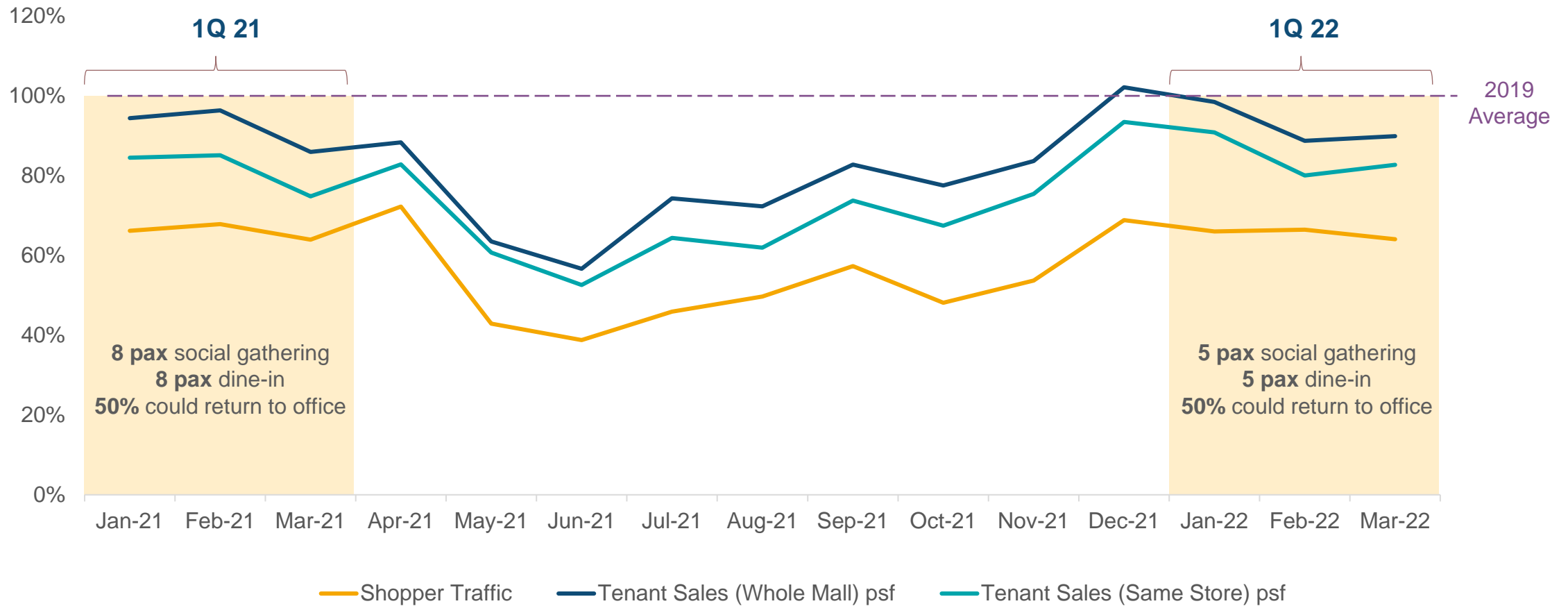
1. Reflects net lettable area of new leases and renewals committed based on Suntec REIT's interests in Suntec City Mall and Suntec Singapore (Retail).



# 1Q 22 Tenant Sales and Footfall Comparable to 1Q 21

Despite Tighter Restrictions on Dine-In and Social Gatherings

Shopper Traffic and Tenant Sales psf





# Singapore Retail Outlook and Focus

**Stable leasing demand<sup>1</sup>** with F&B, athleisure and furniture stores increasing their presence

Major easing of SMM and reopening of economy will **boost recovery of footfall and tenant sales**

**Rent reversion expected to be weak** as retailers remain cautious due to manpower shortages and rising operating costs

Enhance mall offerings with **activity-based concepts and new dining options**

Mall occupancy likely to **remain stable at >95%**

Revenue recovery supported by **higher occupancy, marcoms revenue and GTO rent**

Note:

1. Source: CBRE as at 1Q 2022.

# Suntec Convention Performance



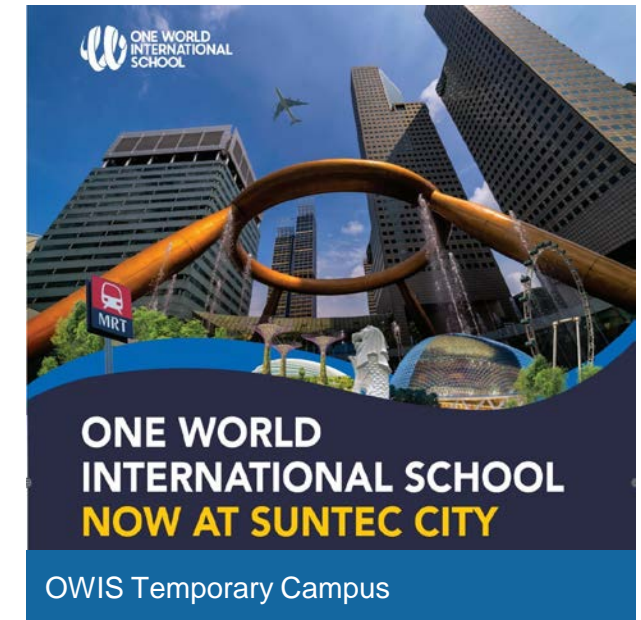
# Revenue Performance Aided by Easing of Restrictions

## Diversification of Revenue Streams Helped to Mitigate Losses

### Larger-Scale Conferences and Corporate Events<sup>1</sup>



### Diversification of Revenue<sup>2</sup>



Note:

1. Source: Singhealth Facebook and Lazada
2. Source: One World International School



Suntec Convention, Singapore

# Suntec Convention Outlook and Focus

**Increased optimism** from major easing of SMM and entry requirements for travellers

**Domestic market** for consumer and corporate events remains key driver for recovery

**Slower recovery of international MICE events** due to longer lead time for planning

**Strict cost control**

**Existing new revenue streams** to cushion slower recovery of MICE events

Income contribution remains **significantly impacted**

# Our Focus



# Pursuing Growth from a Position of Strength



Proactive Lease Management to Enhance Resilience of Properties



Strengthen Balance Sheet through Active Capital and Portfolio Management



Further Enhance Suntec REIT's Income Stability by Sourcing for Good Quality, Accretive Assets



Deliver Sustainable Returns and Long-Term Value to Unitholders



Thank you

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# Disclaimer

This presentation is focused on the comparison of business update for the quarter ended 31 March 2022 and the quarter ended 31 March 2021.

The information included in this release does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for units in Suntec REIT (“Units”) in Singapore or any other jurisdiction.

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in the expected levels of occupancy rates, property rental income, changes in operating expenses, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Past performance is not necessarily indicative of future performance. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of Suntec REIT. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

## IMPORTANT NOTICE

1. The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA Trust Management (Suntec) Limited (as the manager of Suntec REIT) (the “Manager”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.
2. Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.
3. The past performance of Suntec REIT is not necessarily indicative of the future performance of Suntec REIT.

# Portfolio Snapshot

## Singapore and UK Properties

	Suntec City		One Raffles Quay	MBFC Properties	Nova Properties	The Minster Building
	Suntec City – Office & Retail	Suntec Convention				
<b>Description</b>	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	Two Grade A Office buildings with ancillary retail development	Grade A Office building
<b>Ownership</b>	100%	66.3%	33.33%	33.33%	50%	100%
<b>City/Country</b>	Singapore	Singapore	Singapore	Singapore	London, UK	London, UK
<b>Segment</b>	Office Retail	Convention	Office	Office Retail	Office	Office
<b>NLA<sup>1</sup> (sq ft)</b>	Office:~1.3 mil Retail:~0.9 mil	~430,000	~441,000	Office:~546,000 Retail:~32,000	~280,000	~293,000
<b>Valuation</b>	Office: S\$2,975.0 mil Retail: S\$2,262.0 mil	S\$198.9 mil	S\$1,250.0 mil	S\$1,683.3 mil	£449.8 mil <sup>2</sup>	£348.4 mil <sup>3</sup>
<b>Cap rate</b>	Office: 3.55% Retail: 4.50%	5.75%	3.45%	Office: 3.45% Retail: 4.25%	4.55%	4.34%

Notes:

1. Based on Suntec REIT's interests in the respective properties.
2. The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is £471.8 million.
3. The valuation reflects the price that would be received from the sale of the investment property where the Purchaser's cost (including stamp duty) is assumed to be 6.8%, in line with accounting standards. The valuation based on the price that would be received for the sale of the special purpose vehicle holding the investment property where the Purchaser's cost (excluding stamp duty) is assumed to be 1.8% is £365.5 million.

# Portfolio Snapshot

## Australia Properties

	177 Pacific Highway	Southgate Complex	Olderfleet 477 Collins Street	55 Currie Street	21 Harris Street
<b>Description</b>	31-storey Grade A office building	Integrated 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
<b>Ownership</b>	100%	50%	50%	100%	100%
<b>City/ Country</b>	Sydney	Melbourne	Melbourne	Adelaide	Sydney
<b>Segment</b>	Office	Office Retail	Office	Office	Office
<b>NLA<sup>1</sup> (sq ft)</b>	~431,000	Office:~355,000 Retail:~52,000	~315,000	~282,000	~203,000
<b>Valuation</b>	A\$720.0 mil	A\$396.0 mil	A\$474.5 mil	A\$152.2 mil	A\$307.0 mil
<b>Cap rate</b>	4.88%	Office: 5.25% Retail: 6.00%	4.50%	6.50%	5.00%

Note:

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