

Press Release

27 July 2022

Manager of



Suntec REIT Delivers 1H 22 Distributable Income of S\$138.1 million

Distributable income and DPU 16.8% and 15.8% higher year-on-year

Singapore, 27 July 2022 – Suntec REIT reported distribution per unit (“DPU”) of 4.810 cents for the period from 1 January to 30 June 2022 (“1H 22”) which was 15.8% higher than the period ended 30 June 2021 (“1H 21”).

The increase in DPU was a result of higher distributable income from operations of S\$126.6 million, and capital distribution of S\$11.5 million. The increase in distributable income from operations of 7.1% year-on-year was driven mainly by contributions from The Minster Building and Nova Properties in London as well as robust income contributions from Suntec City. This strong operational performance was partially offset by higher financing costs to fund acquisitions and higher interest rates.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, “We are continuing to see good recovery of our businesses at Suntec City Mall and Suntec Convention. Following the significant easing of safe management measures in April 2022, both mall traffic and tenant sales posted strong growth, with tenant sales exceeding pre-pandemic levels for three consecutive months from April to June. Suntec Convention recorded positive Net Property Income for the first time in 10 quarters, with higher revenue from corporate events, conferences and long-term licences.”

Mr. Chong added, “The office portfolio in Singapore, Australia and United Kingdom remained resilient, with the Singapore office portfolio achieving positive rent reversion for 16 quarters.”

Outlook

Singapore Office Portfolio

Revenue contribution from the Singapore Office portfolio is expected to remain strong, driven by tight vacancy and limited supply despite global headwinds weighing on economic growth. Continual demand from Technology, Media and Telecommunications and Financial Services sectors will continue to support robust occupancy and healthy positive rent reversion for the Singapore Office portfolio.

Suntec City Mall

Suntec City Mall's revenue is expected to be supported by higher occupancy and increase in marcoms activities. Mall traffic recovery is expected to continue with the resumption of more atrium events and stronger return of the office, convention and tourist crowds. However, increase in tenant sales may be subdued by weaker consumer sentiments resulting from inflationary pressures. Retailers will also remain cautious due to operating challenges such as manpower shortages and rising costs.

Suntec Convention

The Convention business is on the road to recovery, driven by domestic consumer and corporate events and the return of small scale international MICE events. Income contribution from Suntec Convention remains impacted for 2022 notwithstanding increased optimism on a return to profitability for the full year.

Australia Portfolio

Economic conditions continued to improve with GDP growth and lower unemployment rates. Despite a slight increase in nationwide CBD office vacancy, prime gross effective rents in Sydney and Melbourne are forecasted to improve as flight to quality trend continues. With the strong occupancy, annual rent escalations and long lease tenures with minimal lease expiries in 2022, the Australia Portfolio revenue will remain resilient. Vacant spaces at 21 Harris Street and 477 Collins Street continue to be protected by rent guarantees, lending support to the stability of the Australia Portfolio.

United Kingdom

Macroeconomic headwinds will weigh on market growth and business sentiments although limited new office supply in Central London should bolster the resilience of the office market. With the high occupancy and long WALE with minimal lease expiry until 2027, revenue from the UK Office portfolio is expected to remain resilient and stable while retail income continues to be protected by income support at Nova Properties and The Minster Building.

Mr. Chong concluded, "Suntec REIT unitholders will continue to benefit from our diversified portfolio of good quality assets. In particular, income stability of our office assets in Singapore, Australia and the United Kingdom and the recovery of the retail and Convention businesses will further strengthen the overall resilience of our portfolio. 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 and a 100% interest in The Minster Building both located in London, United Kingdom. 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").

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More information is available at www.ara-group.com, www.esr.com.

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