

Suntec Real Estate Investment Trust and its Subsidiaries

Interim Financial Information
Six-month period ended 30 June 2023

Table of Contents

Description	Page No.
Introduction	2
Summary of Results	3
Statements of Financial Position	4
Statement of Total Return	6
Distribution Statement	7
Statements of Movements in Unitholders' Funds	9
Portfolio Statements	11
Statement of Cash Flows	14
Notes to Interim Financial Statements	16
Other Information Required Under Appendix 7.2 of the Listing Manual	25

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 822,000 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 151,000 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”), a 50.0 per cent interest in two grade A office buildings with ancillary retail in Victoria, West End, London, United Kingdom (“Nova Properties”) and a 100 per cent interest in a Grade A office building with ancillary retail located at 3 Minster Court, City of London, United Kingdom (“The Minster Building”).

As at 30 June 2023, Suntec REIT had granted Options to Purchase for three strata units in Suntec City Office to unrelated third parties. The estimated dates of completion will be in the half year ending 31 December 2023.

Summary of Results

	Group		
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000	Change %
Gross revenue	224,300	203,542	10.2
Net property income	153,304	152,902	0.3
Income from joint ventures	46,159	120,737	(61.8)
- <i>loans to joint ventures</i>	8,866	16,621	(46.7)
- <i>share of profits</i> ^(a)	37,293	104,116	(64.2)
Distribution income	100,502	138,137	(27.2)
- <i>from operations</i>	89,002	126,637	(29.7)
- <i>from capital</i>	11,500	11,500	–
Number of issued and issuable units at the end of the period entitled to distribution ('000) ^(b)	2,893,383	2,873,045	0.7
Distribution per Unit (“DPU”) (cents) ^{(b), (c)}	3.476	4.810	(27.7)
- <i>1 January to 31 March</i> ^(d)	1.737	2.391	(27.4)
- <i>1 April to 30 June</i>	1.739	2.419	(28.1)

n.m. – not meaningful

Footnotes:

- (a) Included in the share of profits for the half year ended 30 June 2023 (“1H FY23”) is a gain on fair value adjustments of \$nil (\$59,396,000 for the half year ended 30 June 2022 (“1H FY22”).
- (b) The computation of Distribution per Unit for the period from 1 April 2023 to 30 June 2023 is based on the number of units entitled to distribution:
- (i) The number of units in issue as at 30 June 2023 of 2,889,838,695; and
 - (ii) The units issuable to the Manager by 30 July 2023 as partial satisfaction of asset management base fees incurred for the period from 1 April 2023 to 30 June 2023 of 3,544,727.
- (c) Please refer to Page 7 for the distribution per unit computation.
- (d) Distribution of 1.737 cents per unit for the period 1 January 2023 to 31 March 2023 was paid on 30 May 2023.

Statements of Financial Position
As at 30 June 2023

	Note	Group		Trust	
		30/6/2023 \$'000	31/12/2022 \$'000	30/6/2023 \$'000	31/12/2022 \$'000
Non-current assets					
Plant and equipment		1,353	858	724	408
Investment properties	3	7,908,766	7,906,828	5,189,867	5,215,000
Rental guarantee receivables		–	314	–	–
Interests in joint ventures	4	2,889,776	3,424,076	901,918	1,472,073
Interests in subsidiaries		–	–	2,570,908	2,326,684
Long term investment		–	–	637	637
Derivative assets		58,963	81,642	20,754	23,785
		<u>10,858,858</u>	<u>11,413,718</u>	<u>8,684,808</u>	<u>9,038,587</u>
Current assets					
Investment properties held for sale	3	26,883	–	26,883	–
Derivative assets		13,839	2,804	3,573	2,804
Rental guarantee receivables		507	865	–	–
Trade and other receivables		59,954	24,368	33,632	9,472
Cash and cash equivalents		214,363	269,610	100,124	144,404
		<u>315,546</u>	<u>297,647</u>	<u>164,212</u>	<u>156,680</u>
Total assets		<u>11,174,404</u>	<u>11,711,365</u>	<u>8,849,020</u>	<u>9,195,267</u>
Current liabilities					
Interest-bearing borrowings	5	999,127	645,577	999,127	279,913
Trade and other payables		126,260	129,583	117,877	126,651
Derivative liabilities		561	36	561	36
Security deposits		24,536	24,149	19,639	17,450
Current tax liabilities		5,434	8,264	–	2
		<u>1,155,918</u>	<u>807,609</u>	<u>1,137,204</u>	<u>424,052</u>

Statements of Financial Position (cont'd)
As at 30 June 2023

	Note	Group		Trust	
		30/6/2023 \$'000	31/12/2022 \$'000	30/6/2023 \$'000	31/12/2022 \$'000
Non-current liabilities					
Interest-bearing borrowings	5	3,305,974	4,197,902	2,110,118	3,185,695
Security deposits		56,084	56,580	46,761	45,790
Derivative liabilities		106	3,182	106	3,182
Deferred tax liabilities		63,033	61,973	–	–
		<u>3,425,197</u>	<u>4,319,637</u>	<u>2,156,985</u>	<u>3,234,667</u>
Total liabilities		<u>4,581,115</u>	<u>5,127,246</u>	<u>3,294,189</u>	<u>3,658,719</u>
Net assets		<u>6,593,289</u>	<u>6,584,119</u>	<u>5,554,831</u>	<u>5,536,548</u>
Represented by:					
Unitholders' funds		6,126,375	6,116,353	5,206,829	5,188,508
Perpetual securities holders	6	348,002	348,040	348,002	348,040
Non-controlling interests		118,912	119,726	–	–
		<u>6,593,289</u>	<u>6,584,119</u>	<u>5,554,831</u>	<u>5,536,548</u>
Units in issue ('000)	7	<u>2,889,839</u>	<u>2,875,948</u>	<u>2,889,839</u>	<u>2,875,948</u>
Net asset value per Unit (\$)	8	<u>2.117</u>	<u>2.119</u>	<u>1.800</u>	<u>1.797</u>

Statement of Total Return
Six-month period ended 30 June 2023

		Group		
		Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000	Change %
Gross revenue		224,300	203,542	10.2
Property expenses		(70,996)	(50,640)	(40.2)
Net property income		153,304	152,902	0.3
Other income		2,379	4,103	(42.0)
Share of profit of joint ventures		37,293	104,116	(64.2)
Finance income		11,467	16,724	(31.4)
Finance costs		(84,930)	(64,500)	(31.7)
Net finance costs		(73,463)	(47,776)	(53.8)
Asset management fees				
- base fee		(20,387)	(20,261)	(0.6)
- performance fee		(9,966)	(10,004)	0.4
Trust expenses		(3,611)	(3,268)	(10.5)
Net income		85,549	179,812	(52.4)
Net change in fair value of financial derivatives		(7,290)	54,314	(113.4)
Net change in fair value of investment properties	3	578	54,157	(98.9)
Total return for the period before tax	9	78,837	288,283	(72.7)
Income tax expense		(7,533)	(8,720)	13.6
Total return for the period after tax		71,304	279,563	(74.5)
Attributable to:				
Unitholders of the Trust and perpetual securities holders		72,118	275,545	(73.8)
Non-controlling interests		(814)	4,018	(120.3)
		71,304	279,563	(74.5)
Earnings per Unit (cents)				
Basic	10	2.257	9.363	(75.9)
Diluted	10	2.251	9.344	(75.9)

Distribution Statement
Six-month period ended 30 June 2023

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Amount available for distribution to Unitholders at the beginning of the period	57,270	65,207
Total return attributable to Unitholders and perpetual securities holders before distribution	72,118	275,545
Less: Total return attributable to perpetual securities holders	(6,930)	(6,930)
Net tax adjustments (Note A)	(53,094)	(236,135)
Taxable income	12,094	32,480
Add:		
- Dividend income (Note B)	76,908	94,157
- Others (Note C)	11,500	11,500
Amount available for distribution to Unitholders	157,772	203,344
<i>Distribution to Unitholders</i>		
Distribution of 2.280 cents per Unit for period from 1/10/2021 to 31/12/2021	–	(65,382)
Distribution of 2.391 cents per Unit for period from 1/1/2022 to 31/3/2022	–	(68,628)
Distribution of 1.990 cents per Unit for period from 1/10/2022 to 31/12/2022	(57,445)	–
Distribution of 1.737 cents per Unit for period from 1/1/2023 to 31/3/2023	(50,197)	–
Distribution to Unitholders	(107,642)	(134,010)
Income available for distribution to Unitholders at end of the period	50,130	69,334
Distribution per Unit (cents) from 1 January to 30 June (Note D)	3.476	4.810

Distribution Statement (cont'd)
Six-month period ended 30 June 2023

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Note A		
Net tax adjustments comprise:		
- Asset management fee paid/payable in Units	14,075	14,064
- Amortisation of transaction costs	4,700	2,405
- Net profit from subsidiaries and joint ventures	(82,350)	(146,955)
- Net foreign currency exchange differences	(332)	2,654
- Net change in fair value of financial derivatives	8,653	(53,564)
- Net change in fair value of investment properties	(578)	(54,157)
- Sinking fund contribution	4,106	-
- Trustee's fees	1,024	996
- Deferred tax	948	3,105
- Other items ⁽¹⁾	(3,340)	(4,683)
Net tax adjustments	(53,094)	(236,135)

(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 and distribution of profits received from subsidiaries and a joint venture.

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Wholly-owned subsidiaries		
Comina Investment Limited	13,094	14,126
Suntec REIT Capital Pte. Ltd.	9,400	10,000
Suntec REIT (Australia) Trust	26,205	31,545
Suntec REIT UK 1 Pte. Ltd.	9,016	10,913
Victoria Circle Unit Trust 1	9	7
Victoria Circle Unit Trust 2	9	7
Suntec REIT UK (LP) Pte. Ltd.	2,996	9,249
	60,729	75,847
Joint venture		
BFC Development LLP	16,179	18,310
	76,908	94,157

Note C

This relates to a portion of the sales proceeds from disposal of an investment property in December 2015.

Note D

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 2023

	Group		Trust	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Unitholders' funds at the beginning of the period	6,116,353	6,051,805	5,188,508	5,110,695
Total return attributable to Unitholders and perpetual securities holders	72,118	275,545	123,802	142,142
Less: Total return attributable to perpetual securities holders	(6,930)	(6,930)	(6,930)	(6,930)
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges ⁽¹⁾	17	10,693	–	–
Foreign currency translation reserve				
Translation differences from financial statements of foreign operations	43,368	(81,744)	–	–
Net gain / (loss) recognised directly in Unitholders' funds	43,385	(71,051)	–	–
Unitholders' transactions				
Creation of Units				
- asset management fees payable in Units ⁽²⁾	4,495	4,526	4,495	4,526
Units to be issued				
- asset management fees payable in Units ⁽²⁾	4,596	4,535	4,596	4,535
Distributions to Unitholders	(107,642)	(134,010)	(107,642)	(134,010)
Net decrease in Unitholders' funds resulting from Unitholders' transactions	(98,551)	(124,949)	(98,551)	(124,949)
Unitholders' funds at end of the period	6,126,375	6,124,420	5,206,829	5,120,958

Notes:

- (1) This represents the Group's share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by subsidiaries and a joint venture. The decrease in 1H FY23 was due to termination of some interest rate swaps by a subsidiary on 30 June 2023.
- (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 to 30 June. The asset management base fee units for the quarter ended 30 June 2023 are to be issued within 30 days from quarter end.

Statements of Movements in Unitholders' Funds (cont'd)
Six-month period ended 30 June 2023

	Group		Trust	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Perpetual securities holders at the beginning of the period	348,040	348,047	348,040	348,047
Total return attributable to perpetual securities holders	6,930	6,930	6,930	6,930
Transactions with perpetual securities holders				
Issue expenses	–	(7)	–	(7)
Distribution to perpetual securities holders	(6,968)	(6,968)	(6,968)	(6,968)
Net decrease resulting from transactions with perpetual securities holders	(6,968)	(6,975)	(6,968)	(6,975)
Perpetual securities holders at the end of the period	<u>348,002</u>	<u>348,002</u>	<u>348,002</u>	<u>348,002</u>
Non-controlling interests at the beginning of the period	119,726	98,910	–	–
Total return attributable to non-controlling interests	(814)	4,018	–	–
Non-controlling interests at the end of the period	<u>118,912</u>	<u>102,928</u>	<u>–</u>	<u>–</u>

Portfolio Statements
As at 30 June 2023
Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy Rate as at 30/6/2023 %	Committed Occupancy Rate as at 31/12/2022 %	Carrying Value as at 30/6/2023 \$'000	Carrying Value as at 31/12/2022 \$'000	Percentage of Total Unitholders' funds as at 30/6/2023 %	Percentage of Total Unitholders' funds as at 31/12/2022 %
<i>Investment properties in Singapore</i>											
Suntec City Mall	Leasehold	99 years	65 years	3 Temasek Boulevard	Commercial	98.3	98.3	2,071,750	2,070,000	33.8	33.8
Suntec City Office Towers	Leasehold	99 years	65 years	5 - 9 Temasek Boulevard	Commercial	99.9	99.9	3,118,117 ⁽¹⁾	3,145,000	50.9	51.4
Suntec Singapore^	Leasehold	99 years	65 years	1 Raffles Boulevard	Commercial	n/m	n/m	700,100	699,400	11.4	11.4
<i>Investment properties in Australia</i>											
177 Pacific Highway	Freehold	–	–	177 – 199 Pacific Highway, North Sydney	Commercial	100	100	642,454	645,450	10.5	10.6
21 Harris Street	Freehold	–	–	21 Harris Street, Pyrmont, New South Wales	Commercial	95.3	97.0	271,156	270,777	4.4	4.4
55 Currie Street	Freehold	–	–	55 Currie Street, Adelaide	Commercial	100	100	130,050	130,540	2.1	2.1
Olderfleet, 477 Collins Street	Freehold	–	–	477 Collins Street, Melbourne	Commercial	100	99.5	432,959	433,321	7.1	7.1
<i>Investment property in United Kingdom</i>											
The Minster Building	Leasehold	999 years	967 years	21 Mincing Lane, EC3, London	Commercial	100	96.7	542,180	512,340 ⁽²⁾	8.9	8.4
Investment properties								7,908,766	7,906,828	129.1	129.2
Investment properties held for sale								26,883 ⁽¹⁾	–	0.4	–
Interests in joint ventures								2,889,776	3,424,076	47.2	56.0
Other assets and liabilities (net)								10,825,425	11,330,904	176.7	185.2
Net assets								(4,232,136)	(4,746,785)	(69.1)	(77.6)
Perpetual securities holders								6,593,289	6,584,119	107.6	107.6
Non-controlling interests								(348,002)	(348,040)	(5.7)	(5.7)
Unitholders' funds								(118,912)	(119,726)	(1.9)	(1.9)
								6,126,375	6,116,353	100.0	100.0

^ denotes Suntec Singapore Convention and Exhibition Centre.

(1) As at 30 June 2023, investment properties with a carrying value of \$26,883,000 relating to the proposed divestment of three strata units of Suntec City Office have been reclassified to investment properties held for sale (Note 3).

(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 \$567.0 million (2022: \$537.4 million).

Portfolio Statements (cont'd)
As at 30 June 2023

Trust

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Committed Occupancy	Committed Occupancy	Carrying Value	Carrying Value	Percentage of Total Unitholders' funds as at	Percentage of Total Unitholders' funds as at
						Rate as at 30/6/2023 %	Rate as at 31/12/2022 %	as at 30/6/2023 \$'000	as at 31/12/2022 \$'000	30/6/2023 %	31/12/2022 %
<i>Investment properties in Singapore</i>											
Suntec City Mall	Leasehold	99 years	65 years	3 Temasek Boulevard	Commercial	98.3	98.3	2,071,750	2,070,000	39.8	39.9
Suntec City Office Towers	Leasehold	99 years	65 years	5 - 9 Temasek Boulevard	Commercial	99.9	99.9	3,118,117 ⁽¹⁾	3,145,000	59.9	60.6
Investment properties								5,189,867	5,215,000	99.7	100.5
Investment properties held for sale								26,883 ⁽¹⁾	–	0.5	–
Interests in joint ventures								901,918	1,472,073	17.3	28.4
Interests in subsidiaries								2,570,908	2,326,684	49.4	44.8
Other assets and liabilities (net)								8,689,576	9,013,757	166.9	173.7
								(3,134,745)	(3,477,209)	(60.2)	(67.0)
Net assets								5,554,831	5,536,548	106.7	106.7
Perpetual securities holders								(348,002)	(348,040)	(6.7)	(6.7)
Unitholders' funds								5,206,829	5,188,508	100.0	100.0

(1) As at 30 June 2023, investment properties with a carrying value of \$26,883,000 relating to the proposed divestment of three strata units of Suntec City Office have been reclassified to investment properties held for sale (Note 3).

Portfolio Statements (cont'd)
As at 30 June 2023

Note:

Suntec City Mall is one of Singapore's largest shopping mall and comprises approximately 822,000 sq ft of net lettable area.

Suntec City Office Towers comprise 12 strata lots in Suntec City Office Tower One, 3 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 approximately 151,000 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 Pyrmont, 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 Minster Building is a 11-storey office building located in London, United Kingdom.

The carrying amount of the investment property – Suntec Singapore as at 30 June 2023 was based on independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 June 2023 for the purpose of refinancing of bank loan.

The carrying amounts of the other investment properties as at 30 June 2023 were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Cushman & Wakefield (Valuations) Pty Ltd, CIVAS (VIC) Pty Limited, Jones Lang LaSalle Limited and Savills (UK) Limited as at 31 December 2022, adjusted for capital expenditure incurred subsequent to the valuation date and translation differences. The Group has assessed that the carrying amounts of these investment properties as at 30 June 2023 approximate their fair values.

Statement of Cash Flows
Six-month period ended 30 June 2023

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Cash flows from operating activities		
Total return for the period before tax	78,837	288,283
Adjustments for:		
Reversal of impairment on trade receivables	(98)	(657)
Asset management fees paid/payable in Units	14,075	14,064
Depreciation of plant and equipment	317	348
Net change in fair value of financial derivatives	7,290	(54,314)
Net change in fair value of investment properties	(578)	(54,157)
Net finance costs	73,463	47,776
Share of profit of joint ventures	(37,293)	(104,116)
	136,013	137,227
Changes in:		
- Trade and other receivables	(33,890)	(3,419)
- Trade and other payables	11,724	(12,118)
Cash generated from operating activities	113,847	121,690
Tax paid	(19,554)	(2,845)
Net cash from operating activities	94,293	118,845
Cash flows from investing activities		
Capital expenditure on investment properties	(1,938)	(855)
Deposit received from sale of investment properties	254	-
Dividend received from joint ventures	19,089	23,130
Interest received from loan to joint ventures	18,302	19,332
Purchase of plant and equipment	(811)	(69)
Loan repayment by joint ventures	583,854	20,001
Net cash from investing activities	618,750	61,539

Statement of Cash Flows (cont'd)
Six-month period ended 30 June 2023

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Cash flows from financing activities		
Distributions to Unitholders	(107,642)	(134,010)
Distributions to perpetual securities holders	(6,968)	(6,968)
Financing cost paid	(80,506)	(58,370)
Repayment of medium term notes	(180,000)	(100,000)
Payment of transaction costs on issue of perpetual securities	–	(7)
Proceeds from interest-bearing loans	546,000	500,000
Repayment of interest-bearing loans	(940,961)	(400,000)
Net cash used in financing activities	(770,077)	(199,355)
Net decrease in cash and cash equivalents	(57,034)	(18,971)
Cash and cash equivalents at beginning of the period	269,610	268,311
Effects on exchange rate fluctuations on cash held	1,787	(3,274)
Cash and cash equivalents at end of the period	214,363	246,066

Significant non-cash transactions

There were the following non-cash transactions:

Six-month period ended 30 June 2023

The Group had issued or would be issuing a total of 6,702,762 Units to the Manager, amounting to approximately \$9.1 million at unit prices ranging from \$1.2967 to \$1.4234 as satisfaction of the asset management fees payable in Units in respect of the period ended 30 June 2023.

Six-month period ended 30 June 2022

The Group had issued or would be issuing a total of 5,402,502 Units to the Manager, amounting to approximately \$9.5 million at unit prices ranging from \$1.6308 to \$1.7267 as satisfaction of the asset management fees payable in Units in respect of the period ended 30 June 2022.

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 2022. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Financial Reporting Standards in Singapore (“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.

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.

2 Basis of preparation (cont'd)

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 2022.

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 2022, except revised standards that are effective for annual periods beginning on 1 January 2023. 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 2023 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	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the period	7,906,828	7,913,100	5,215,000	4,997,000
Capital expenditure capitalised	5,734	22,735	1,750	733
Reclassification to investment properties held for sale	(26,883)	–	(26,883)	–
	<u>7,885,679</u>	<u>7,935,835</u>	<u>5,189,867</u>	<u>4,997,733</u>
Net change in fair value of investment properties	578	159,120	–	217,267
Effects of movements in exchange rates	22,509	(188,127)	–	–
Balance at end of the period	<u><u>7,908,766</u></u>	<u><u>7,906,828</u></u>	<u><u>5,189,867</u></u>	<u><u>5,215,000</u></u>

As at 30 June 2023, the Trust had entered into Options to Purchase for three strata units in Suntec City Office with unrelated third parties. The carrying amount of these office units have been reclassified to investment properties held for sale.

The carrying amount of the investment property – Suntec Singapore as at 30 June 2023 was based on independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 June 2023 for the purpose of refinancing of a bank loan.

The carrying amounts of the other investment properties as at 30 June 2023 were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Cushman & Wakefield (Valuations) Pty Ltd, CIVAS (VIC) Pty Limited, Jones Lang LaSalle Limited and Savills (UK) Limited as at 31 December 2022, adjusted for capital expenditure incurred subsequent to the valuation date and translation differences. The Group has assessed that the carrying amounts of these investment properties as at 30 June 2023 approximate their fair values.

3 Investment properties (cont'd)

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	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Investment in joint ventures	2,295,396	2,281,581	850,574	850,574
Loans to joint ventures	594,380	1,142,495	51,344	621,499
	<u>2,889,776</u>	<u>3,424,076</u>	<u>901,918</u>	<u>1,472,073</u>

Included in the Group's loans to joint ventures as at 30 June 2023 are amounts of \$331.0 million (2022: \$885.8 million which bear interest ranging from 5.00% to 6.41% (2022: 2.64% to 5.70%) per annum. The remaining balances are interest-free.

The Trust's loans to joint ventures bear interest between 5.80% to 6.41% (2022: 2.64% to 5.70%) per annum.

In 1H FY23, the Trust's joint venture – BFCDLLP had replaced its loan from shareholders with an external bank loan and repaid \$570.2 million of loan to the Trust.

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.

4 Interests in joint ventures (cont'd)

Details of the material joint ventures are as follows:

Name of joint ventures	Principal place of business	Effective equity interest held by the Group	
		30/6/2023 %	31/12/2022 %
One Raffles Quay Pte. Ltd. (“ORQPL”)	Singapore	33.33	33.33
BFC Development LLP (“BFCDLLP”)	Singapore	33.33	33.33
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

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.

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.

5 Interest-bearing borrowings

	Group		Trust	
	30/06/2023 \$'000	31/12/2022 \$'000	30/06/2023 \$'000	31/12/2022 \$'000
Term loans				
- secured	1,476,582	1,988,574	536,555	893,240
- unsecured	2,828,519	2,854,905	2,572,690	2,572,368
	<u>4,305,101</u>	<u>4,843,479</u>	<u>3,109,245</u>	<u>3,465,608</u>
<i>Classified as:</i>				
Current	999,127	645,577	999,127	279,913
Non-current	3,305,974	4,197,902	2,110,118	3,185,695
	<u>4,305,101</u>	<u>4,843,479</u>	<u>3,109,245</u>	<u>3,465,608</u>

5 Interest-bearing borrowings (cont'd)

The Trust received a total of \$570.2 million of loan repayment from its joint venture, BFCDLLP and have utilised these proceeds to prepay the Group's external borrowings of approximately S\$564.0 million.

Secured loans

As at 30 June 2023, the Group has in place the following loan facilities:

- S\$388 million secured term loan facility, bank guarantee facility and revolving credit facility (2022: S\$406 million secured term loan facility and revolving credit facility);
- S\$540 million (2022: S\$900 million) secured syndicated term loan facility;
- A\$450 million (2022: A\$450 million) secured term green loan facility; and
- GBP100 million (2022: GBP200 million) secured syndicated term loan facility.

As at 30 June 2023, the Group has drawn down S\$1,484.4 million (2022: S\$2,000.0 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 (2022: 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 (2022: 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 (2022: 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 (2022: Suntec Singapore and Suntec City Mall);
- An assignment of the rights, title and interest in the insurance policies in relation to Suntec Singapore and Suntec City Mall (2022: Suntec Singapore and Suntec City Mall);
- A fixed and floating charge over the assets of a subsidiary in relation to Suntec Singapore (2022: 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 (2022: 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 (2022: 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\$600.0 million (2022: S\$780.0 million).

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\$348.0 million (2022: S\$348.0 million) presented on the Statements of Financial Position represents the S\$350.0 million (2022: S\$350.0 million) 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	
	30/6/2023	31/12/2022
	'000	'000
Units in issue:		
At the beginning of the period	2,875,948	2,853,000
Issue of units:		
- asset management fees paid in Units	13,891	22,948
Issued units at the end of the period	2,889,839	2,875,948
Units to be issued:		
- asset management fees payable in Units	3,544	10,733
Total issued and issuable Units at the end of the period	2,893,383	2,886,681

8 Net asset value per Unit

	Note	Group		Trust	
		30/6/2023 \$'000	31/12/2022 \$'000	30/6/2023 \$'000	31/12/2022 \$'000
Net asset value per Unit is based on:					
Net assets attributable to Unitholders		6,126,375	6,116,353	5,206,829	5,188,508
		'000	'000	'000	'000
Total issued and issuable Units at the end of the period	7	2,893,383	2,886,681	2,893,383	2,886,681

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 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Interest income	11,467	16,724
Finance income	11,467	16,724
Interest expense	(77,136)	(57,085)
Amortisation of transaction costs	(7,764)	(3,857)
Net foreign exchange loss	(30)	(3,558)
Finance costs	(84,930)	(64,500)

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Depreciation of plant and equipment	(317)	(348)
Reversal of impairment on trade receivables	98	657

10 Earnings per Unit

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

	Group	
	Six-month period ended 30/6/2023 \$'000	Six-month period ended 30/6/2022 \$'000
Total return for the period after tax attributable to Unitholders and perpetual securities holders	72,118	275,545
Less: Total return for the period attributable to perpetual securities holders	(6,930)	(6,930)
Total return attributable to Unitholders	65,188	268,615

	Number of Units Group	
	Six-month period ended 30/6/2023 '000	Six-month period ended 30/6/2022 '000
Weighted average number of Units:		
- outstanding during the period	2,888,286	2,868,975
- to be issued as payment of asset management fees payable in Units	19	15
	2,888,305	2,868,990

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 30/6/2023 '000	Six-month period ended 30/6/2022 '000
Total return for the period after tax attributable to Unitholders	72,118	275,545
Less: Total return for the period attributable to perpetual securities holders	(6,930)	(6,930)
Adjusted total return for the period after tax	65,188	268,615

10 Earnings per Unit (cont'd)

	Number of Units Group	
	Six-month period ended 30/6/2023 '000	Six-month period ended 30/6/2022 '000
Weighted average number of Units used in calculation of basic earnings per Unit	2,888,305	2,868,990
Weighted average number of Units to be issued in relation to asset management fees	7,368	5,833
Weighted average number of Units used in calculation of diluted earnings per Unit	2,895,673	2,874,823

11 Financial ratios

	Group		Trust	
	Six-month period ended 30/6/2023 %	Six-month period ended 30/6/2022 %	Six-month period ended 30/6/2023 %	Six-month period ended 30/6/2022 %
Expenses to weighted average net assets ¹				
- including performance component of asset management fees	1.06	1.05	1.12	1.13
- excluding performance component of asset management fees	0.75	0.74	0.76	0.76
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 Events

On 19 July 2023, the Trust entered into a S\$100.0 million revolving credit facility agreement with The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch to refinance part of its outstanding borrowings and/or for general working capital purposes.

Other Information Required by Listing Rule Appendix 7.2

Explanatory Notes

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

- i. Plant and equipment*
The increase in plant and equipment for the Trust and the Group was due to additions made during the year.
- ii. Rental guarantee receivables*
This represents the rental guarantee receivables under rental guarantee arrangements with the seller of 21 Harris Street.
- iii. Interests in joint ventures*
The decrease in interests in joint ventures for the Trust and the Group was mainly due to shareholder loan repayment from joint venture, BFCDLLP.
- iv. Interests in subsidiaries*
The increase in interests in subsidiaries for the Trust was mainly due to additional shareholder loans made to subsidiaries during the year and translation on GBP loans made to subsidiaries as a result of stronger GBP against SGD.
- v. 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.
- vi. Derivative assets & liabilities*
This relates to foreign currency exchange contracts and interest rate swaps. The decrease in net derivative assets for the Group was mainly due to termination of some interest rate swaps by a subsidiary during the period.
- vii. Trade and other receivables*
The increase for the Trust was mainly due to dividend receivable from joint ventures and a subsidiary.

The increase for the Group was mainly due to dividend receivable from joint ventures, and higher trade receivables from advance bookings at Suntec Singapore for corporate events, conferences and long-term licences bookings.
- viii. Cash and cash equivalents*
Please refer to Statement of Cash Flows on Pages 14-15.

ix. Interest-bearing borrowings

The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 30 June 2023 for the Trust and the Group relates to a S\$400.0 million and a S\$500.0 million loan facility and S\$100.0 million notes due in the next 12 months. The S\$100.0 million notes will be refinanced with a S\$100.0 million revolving credit facility signed on 19 July 2023.

The increase in current borrowings was mainly due to reclassification of borrowings due in the next 12 months from non-current to current, partially offset by loan repayments during the period.

x. Current tax liabilities

The decrease in current tax liabilities at the Group was mainly due to payment of tax during the period.

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		
	1H FY23	1H FY22	Change
	\$'000	\$'000	%
Gross Revenue			
Suntec City	126,979	117,317	8.2
Suntec Singapore	34,730	21,376	62.5
177 Pacific Highway	17,926	19,212	(6.7)
21 Harris Street	9,195	9,632	(4.5)
55 Currie Street	7,650	8,011	(4.5)
Olderfleet, 477 Collins Street	13,464	14,223	(5.3)
The Minster Building	14,356	13,771	4.2
	224,300	203,542	10.2

For 1H FY23, the gross revenue was \$224.3 million, \$20.8 million or 10.2% higher year-on-year. The increase was mainly due to higher revenue from Suntec City, Suntec Singapore, and The Minster Building. This was partially offset by lower revenue from 177 Pacific Highway, 21 Harris Street, 55 Currie Street and Olderfleet, 477 Collins Street due to impact of the weaker Australian Dollar.

Suntec City revenue increased by \$9.7 million or 8.2% year-on-year, mainly due to higher retail revenue of \$4.3 million arising from higher occupancy, higher fixed and turnover rent, and higher marcoms revenue. Revenue from Suntec City Office increased by \$5.4 million due to higher occupancy and rent. As at 30 June 2023, committed occupancy of Suntec City Mall was 98.3%, an improvement of 2.2 percentage point year-on-year while the committed occupancy of Suntec City Office was 99.9%, an increase of 0.5 percentage point year-on-year.

Suntec Singapore's revenue contribution of \$34.7 million in 1H FY23 comprises \$24.2 million from convention and \$10.5 million from retail as compared to \$12.4 million from convention and \$9.0 million from retail in 1H FY22.

The convention revenue increased \$11.8 million as a result of higher revenue from more corporate events, conferences and long-term licences. Suntec Singapore's retail revenue improved as compared to 1H FY22 mainly due to higher occupancy and rent.

Gross revenue from 177 Pacific Highway was lower by 6.7% as compared to 1H FY22 and gross revenue from 21 Harris Street and Olderfleet, 477 Collins Street were both lower by 4.5% compared to 1H FY22 due to the weaker Australian dollar. As at 30 June 2023, the committed occupancy for 177 Pacific Highway, 477 Collins Street and 55 Currie Street were all 100% while the committed occupancy for 21 Harris Street was 95.3%.

The committed occupancy for The Minster Building stood at 100% as at 30 June 2023, with income guarantee over the vacant spaces and retail leases.

ii. *Net property income*

	Group		
	1H FY23	1H FY22	Change
	\$'000	\$'000	%
Net Property Income			
Suntec City	91,387	90,092	1.4
Suntec Singapore	10,607	9,781	8.4
177 Pacific Highway	14,711	15,957	(7.8)
21 Harris Street	7,255	7,533	(3.7)
55 Currie Street	5,127	5,417	(5.4)
Olderfleet, 477 Collins Street	10,464	11,346	(7.8)
The Minster Building	13,753	12,776	7.6
	153,304	152,902	0.3

The net property income for 1H FY23 was \$153.3 million, \$0.4 million or 0.3% higher year-on-year, mainly attributable to higher revenue from Suntec City, Suntec Singapore and The Minster Building, partially offset by higher maintenance fund contribution and commencement of sinking fund contribution in 2023 at Suntec City and Suntec Singapore, as well as impact of the weaker Australian dollar and Pound Sterling.

iii. *Other income*

This relates to the income support in relation to 21 Harris Street, Olderfleet, 477 Collins Street, Nova Properties and The Minster Building. Other income for 1H FY23 was lower mainly due to lower income support claimed during the period.

iv. *Share of profit of joint ventures*

	Group		
	1H FY23	1H FY22	Change
	\$'000	\$'000	%
Share of profit of joint ventures ⁽¹⁾			
One-third interest in ORQ	13,053	36,752	(64.5)
One-third interest in MBFC Properties	16,104	52,623	(69.4)
50% interest in Southgate Complex	2,687	6,471	(58.5)
50% interest in Nova Properties	5,449	8,270	(34.1)
	37,293	104,116	(64.2)

⁽¹⁾ Includes share of profits relating to gain on fair value adjustments of \$nil for 1H FY23 and \$59,396,000 for 1H FY22.

The decrease for 1H FY23 was mainly due to absence of revaluation gain from investment properties held by joint ventures. Excluding the revaluation gain in 1H FY22, share of profits of joint ventures decreased \$7.5 million or 16.6% due to interest expense on bank loan taken up at MBFC Properties, higher interest expense at ORQ, and Southgate Complex as a result of higher interest rates, impairment for prior years' receivables due to change in accounting policy at Nova Properties and weaker AUD and GBP against SGD.

The committed occupancy for ORQ was 100%, 6.2 percentage point higher year-on-year. The committed occupancy at MBFC Towers 1 & 2 remained stable at 97.6% while the committed occupancy at Marina Bay Link Mall improved 10.2 percentage point year-on-year to 95.6%. Southgate Complex's committed occupancy declined 2.9 percentage point to 88.6%. Nova Properties maintained 100% committed occupancy as at 30 June 2023.

v. *Finance income*

	Group		
	1H FY23	1H FY22	Change
	\$'000	\$'000	%
Interest income			
- Fixed deposits and current account	2,601	103	n.m.
- Loans to joint ventures	8,866	16,621	(46.7)
	11,467	16,724	(31.4)

n.m. – not meaningful

Finance income was lower for 1H FY23 mainly due to lower interest earned from loans to joint ventures as the shareholder's loan to BFCDLLP was being repaid by an external bank loan taken at the entity level.

vi. *Finance costs*

	Group		
	1H FY23	1H FY22	Change
	\$'000	\$'000	%
Interest expense	(77,136)	(57,085)	(35.1)
Amortisation and transaction costs	(7,764)	(3,857)	(101.3)
Net foreign exchange differences	(30)	(3,558)	99.2
	(84,930)	(64,500)	(31.7)

Interest expense, comprising interest on bank loans, notes and interest rate swaps for 1H FY23 was higher compared to the corresponding period mainly due to higher interest rates. Interest expense for 1H FY23 included a one-off income arising from the termination of some interest rate swaps by a subsidiary during the period.

Amortisation of transaction costs for 1H FY23 was higher compared to the corresponding period mainly due to a one-time write off of unamortised transaction costs in relation to prepayment of the Group's external borrowings during the period.

The all-in financing cost for the Group was 3.64% per annum for 1H FY23 (1H FY22: 2.51%). The aggregate leverage ratio ("ALR") was 42.6% as at 30 June 2023, 0.2 percentage point higher than the ALR as at 31 December 2022 of 42.4%.

As at 30 June 2023, the 12-months trailing interest coverage ratio and adjusted interest coverage ratio was 2.2 times and 2.1 times respectively (30 June 2022: 3.0 times and 2.7 times).

- vii. *Trust expenses*
Trust expenses for 1H FY23 was higher compared to the corresponding period mainly due to under accrual of professional fees recorded during the period.
- viii. *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 and interest rate swaps. These have no significant impact on distributable income.
- ix. *Net change in fair value of investment properties*
This relates to the net revaluation gain on investment properties and have no impact on distributable income. The gain in 1H FY23 relates due to revaluation gain from Suntec Singapore, where a valuation was required for the purpose of bank loan refinancing. For the Group's other investment properties, there was no valuation exercise undertaken as at 30 June 2023.
- x. *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 lower year-on-year mainly due to lower deferred tax arising from the valuation of investment properties. This was partially offset by higher income tax on operating profits on the properties in United Kingdom.
- xi. *Earnings per Unit (cents)*
EPU is lower in 1H FY23 mainly due to lower gain on change in fair value of financial derivatives, lower gain on change in fair value of investment properties as well as higher interest expenses.

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

The distribution income, comprising distribution income from operations and distribution income from capital for 1H FY23 was \$100.5 million, 27.2% lower compared to the corresponding period. The distributable income from operations for 1H FY23 was \$89.0 million, 29.7% lower year-on-year.

The DPU for 1H FY23 was 3.476 cents per unit, 27.7% lower year-on-year mainly due to the lower distributable income from operations.

Distribution of 1.737 cents per unit, or approximately \$50.2 million for the period from 1 January 2023 to 31 March 2023 was paid on 30 May 2023.

Distribution of 1.739 cents per unit, or approximately \$50.3 million for the period from 1 April 2023 to 30 June 2023 will be paid by end of August 2023.

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 interim financial statements as set out on pages 4 to 24 have been reviewed by Ernst & Young 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 FY2022 Financial Results Announcement under item G. 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 25 May 2023, the Singapore economy grew 0.4% on a year-on-year basis in the first quarter of 2023. The Singapore economy is expected to grow between 0.5% to 2.5% in 2023.

Singapore Office

Occupiers are expected to focus on cost management in view of global macroeconomic uncertainties. Office demand is expected to be muted with rents likely to plateau, and the rental gap between Core CBD Grade A and Grade B segment to widen. Leasing demand is supported by the private wealth and asset management companies and law firms.

While the Singapore office market remains soft, Core CBD Grade A office market will still be supported by the limited new supply pipeline. As such, revenue for our Singapore Office Portfolio is likely to strengthen on the back of past twenty consecutive quarters of positive rent reversions. Rent reversion for our Singapore Office Portfolio is also expected to remain positive.

Singapore Retail

The Singapore Retail market continued to recover with retail sales for April and May 2023 growing 2.4% and 0.8% year-on-year respectively¹. This was despite the high base and pent-up demand spending in the same period last year with the easing of COVID19 restrictions. However, retailers remain cautious in light of the headwinds from operating challenges such as manpower shortages, rising operating costs and an impending GST hike.

Overall tenant sales is expected to remain above pre-COVID levels though the growth in retail sales is likely to slow. The recovery of Meetings, Incentives, Conventions and Exhibitions (“MICE”) events and the return of tourists will help boost mall traffic and tenant sales. Revenue from Suntec City Mall is expected to improve, underpinned by higher occupancy, rent and marcoms revenue.

Singapore Convention

The return of international headline events will continue to gather pace while the domestic market remains an important pillar for business recovery and growth. The easing of China’s travel restrictions is expected to have a positive impact to the convention business from the second half of 2023. Income contribution will remain impacted in 2023 with full recovery for Suntec Convention expected in 2024.

¹ CBRE, Singapore Figures Report 2Q 2023

Australia Office and Retail

According to the Australian Bureau of Statistics, the Australian economy grew by 2.3% on a year-on-year basis in the first quarter of 2023.

The national office CBD occupancy stood at 85.7% in the first quarter of 2023, a marginal increase of 0.1 percentage point. Prime office occupancy rate in Adelaide decreased 0.6 percentage point to 82.4%. In Melbourne, the prime office occupancy rate decreased slightly by 0.2 percentage point to 83.8%. In contrast, the prime office occupancy rate in Sydney increased slightly by 0.4 percentage point to 85.7%².

Despite the positive net absorption in first quarter of 2023, the slight decrease in national CBD office occupancy level was due to completion of new office buildings. Leasing momentum is expected to slow due to the macroeconomic uncertainty. Office vacancy in Sydney and Melbourne CBD is expected to increase from slowing demand and onstream supply. In Adelaide, significant new supply in the second half of 2023 is also expected to increase vacancy in the office market. Revenue from the Suntec REIT Australia office portfolio is expected to be impacted by leasing downtime and incentives though positive rent reversion is expected.

The CBD retail market in Melbourne continues to be weak. Retail rents in the CBD sub-sector was the only sub-sector to register negative growth in first quarter of 2023.

United Kingdom Office and Retail

According to the Office for National Statistics, the United Kingdom GDP increased only slightly by 0.1% on a year-on-year basis in the first quarter of 2023³. The economic outlook is expected to be dampened by inflationary pressures. Leasing activity was driven mainly by Technology, Media and Telecommunications, Banking & Finance, and the Services sectors. Occupancy in the Central London Office market decreased by 0.4 percentage point quarter-on-quarter, to 91.9%³ due to an increase in supply.

Suntec REIT's office revenue from the United Kingdom will remain resilient underpinned by strong occupancy and long WALE with minimal lease expiry until 2027.

² JLL, Australia Office Overview and Outlook, Sydney CBD Office, North Shore Office and Melbourne CBD Office Market Reports 1Q 2023

³ JLL, Central London Office Market Report 1Q 2023

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 2023 to 30 June 2023

Distribution rate:	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	2.971
	Tax-exempt income	0.107
	Capital distribution	0.398
	Total	3.476

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.

Capital distribution
 Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital gain distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remark Taxable income comprised 1.528 cents per unit for the period 1 January 2023 to 31 March 2023 and 1.443 cents per unit for the period 1 April 2023 to 30 June 2023.

Tax exempt income comprised 0.010 cents per unit for the period 1 January 2023 to 31 March 2023, and 0.097 cents per unit for the period 1 April 2023 to 30 June 2023.

Capital distribution comprised 0.199 cents per unit for the period 1 January 2023 to 31 March 2023, and 0.199 cents per unit for the period 1 April 2023 to 30 June 2023.

A distribution of 1.737 cents per unit for the period 1 January 2023 to 31 March 2023 was paid on 30 May 2023.

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 2022 to 30 June 2022

Distribution rate:	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	3.242
	Tax-exempt income	1.168
	Capital distribution	0.400
	Total	4.810

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 1.635 cents per unit for the period 1 January 2022 to 31 March 2022 and 1.607 cents per unit for the period 1 April 2022 to 30 June 2022.

Tax exempt income comprised 0.556 cents per unit for the period 1 January 2022 to 31 March 2022, and 0.612 cents per unit for the period 1 April 2022 to 30 June 2022.

Capital distribution comprised 0.200 cents per unit for the period 1 January 2022 to 31 March 2022, and 0.200 cents per unit for the period 1 April 2022 to 30 June 2022.

A distribution of 2.391 cents per unit for the period 1 January 2022 to 31 March 2022 was paid on 30 May 2022.

b) Date Payable

A distribution of 1.739 cents per unit for the period 1 April 2023 to 30 June 2023 will be paid on/about 29 August 2023.

c) Books Closure Date

Date on which Registrable Transfers received by the Trust will be registered before entitlements to the distributions are determined: 3 August 2023, 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.

M. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Suntec REIT for the half year ended 30 June 2023:

- a. Suntec REIT will declare a distribution which is classified as capital distribution from a tax perspective, being derived from a portion of the sales proceeds from the sale of Park Mall in December 2015, in addition to the income available for distribution for the half year ended 30 June 2023.
- b. The Manager is satisfied on reasonable grounds that, immediately after making the distributions, Suntec REIT will be able to fulfil, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of Suntec REIT for the half year ended 30 June 2023 and is verified by our external tax consultant.

Suntec REIT’s current distribution policy is to distribute at least 90.0% of its taxable income to Unitholders.

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
26 July 2023