

# SUNTEC REIT FINANCIAL RESULTS

For the 1<sup>st</sup> Quarter ended 31 March 2019

24 April 2019



# Agenda

- 03** 1Q 19 Highlights
- 05** Financial Highlights
- 13** Capital Management
- 17** Office Portfolio Performance
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- 32** Convention Performance
- 35** Projects Under Development
- 38** FY19 Outlook



## 1Q 19 HIGHLIGHTS

# 1Q 19 Highlights

1Q 19 Distributable Income

**S\$65.4** million

**+0.8%** YOY

1Q 19 DPU

**2.434** cents

**+0.04%** YOY

Trading Yield <sup>1</sup>

**5.06%**

Issued

**S\$100 mil EMTN**

due 2025

All-in Financing Cost

**3.04% p.a.**

Portfolio Occupancy <sup>2</sup>

**98.9%** Office

**97.4%** Retail <sup>3</sup>

9 Penang Road (office)

**100% pre-leased**

as at 17 April 2019

Note:

1. Based on 31/3/19 closing price of \$1.95
2. Committed basis
3. Due to on-going asset enhancement works at Suntec City

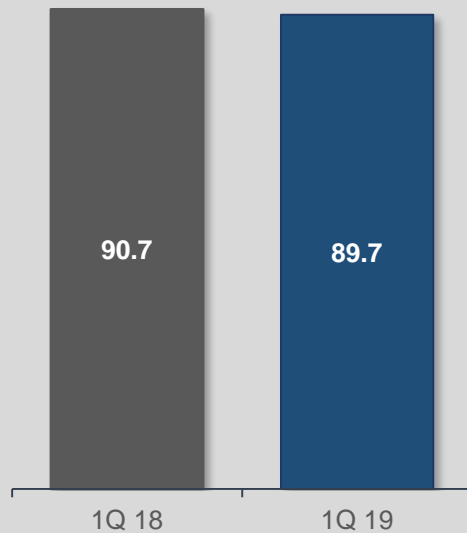




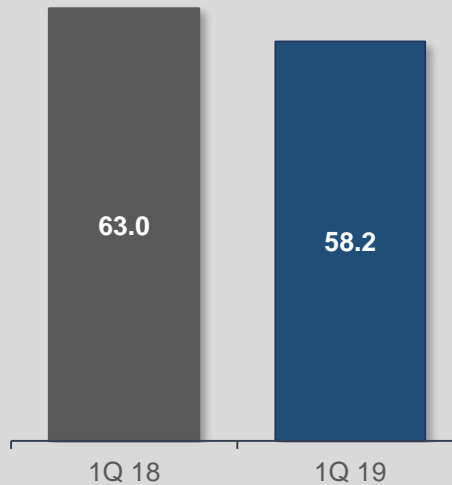
## FINANCIAL HIGHLIGHTS

# 1Q 19 Financial Performance

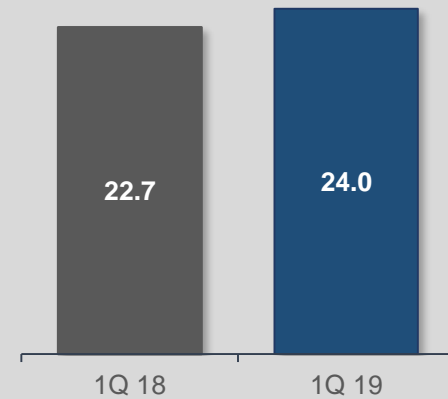
Gross Revenue (S\$ mil)



Net Property Income (S\$ mil)



Income Contribution from JV (S\$ mil)



## Gross Revenue

**S\$89.7**  
million

-1.1% y-o-y

## Net Property Income

**S\$58.2**  
million

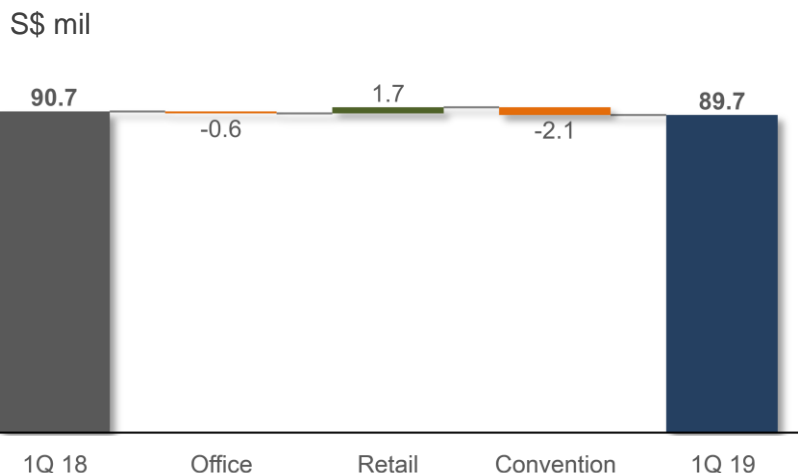
-7.6% y-o-y

## Income Contribution from JV

**S\$24.0**  
million

+5.7% y-o-y

# Achieved 1Q 19 Gross Revenue of S\$89.7 mil

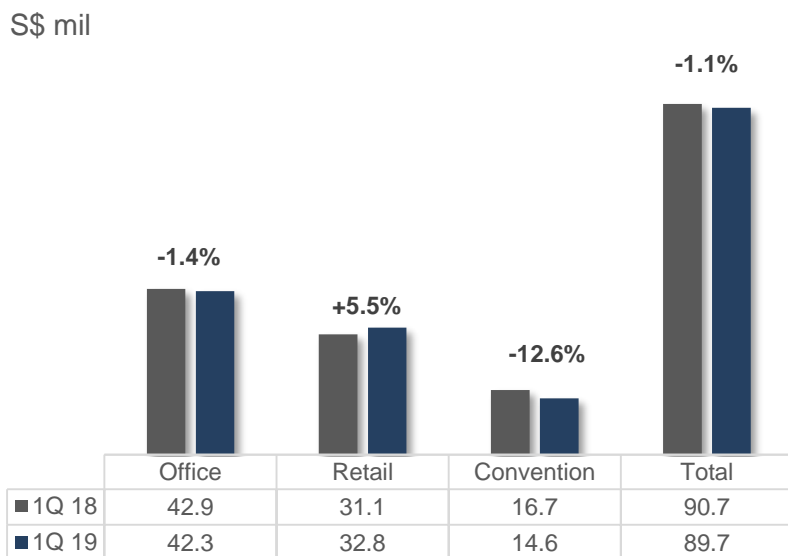


- Lower contribution from convention and office partially offset by higher contribution from retail

Office	S\$ mil	Remarks
177 Pacific Highway	-0.6	AUD movements
Suntec City	n.m. <sup>1</sup>	Improved by 0.1% as replacement leases from prior quarters commence operations
<b>DOWN</b>	<b>0.6</b>	

Retail	S\$ mil	Remarks
Suntec City	+1.7	Higher occupancy and rental rates
<b>UP</b>	<b>1.7</b>	

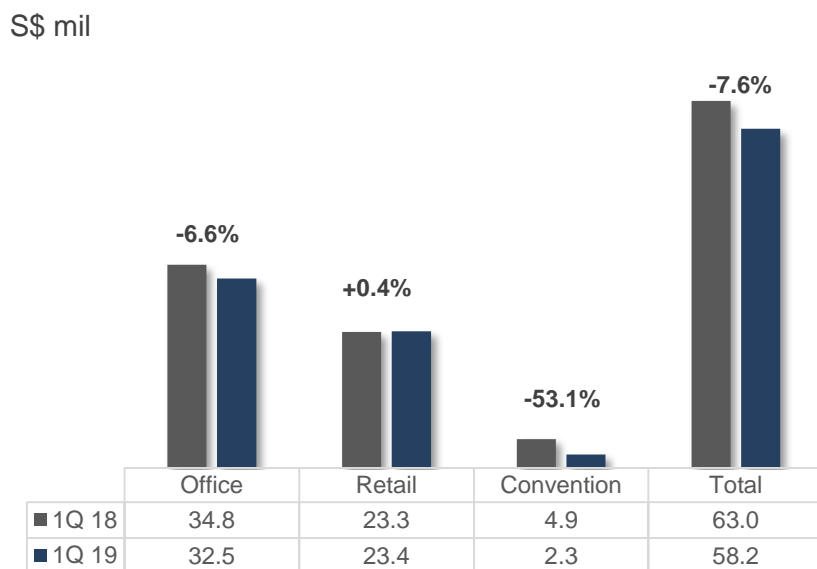
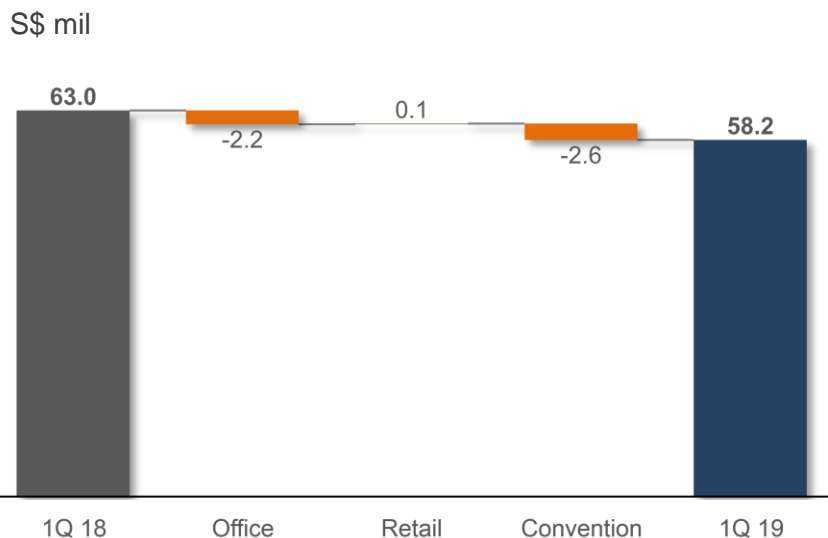
Convention	S\$ mil	Remarks
Suntec Singapore	-2.1	Fewer major convention events despite more corporate events
<b>DOWN</b>	<b>2.1</b>	



Notes:

1. n.m. refers to not meaningful

# Achieved 1Q 19 Net Property Income of S\$58.2 mil



- Lower income contribution from office and convention.

Office	S\$ mil	Remarks
Suntec City <sup>1</sup>	-1.6	Excluding sinking fund contribution, NPI +S\$0.5 mil
177 Pacific Highway	-0.6	AUD movements
<b>DOWN</b>	<b>2.2</b>	

Retail	S\$ mil	Remarks
Suntec City <sup>1</sup>	+0.1	Excluding sinking fund contribution, NPI +\$2.2 mil
<b>UP</b>	<b>0.1</b>	

Convention	S\$ mil	Remarks
Suntec Singapore <sup>1</sup>	-2.6	Excluding sinking fund contribution, NPI -\$2.0 mil
<b>DOWN</b>	<b>2.6</b>	

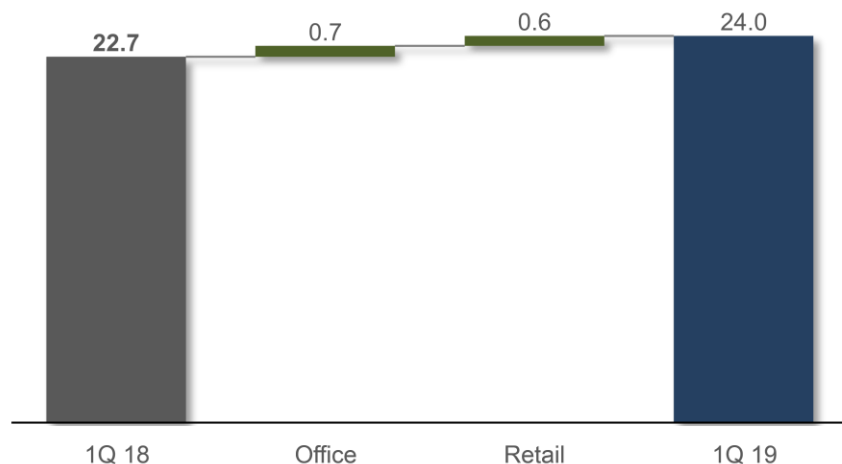
Notes:

- The sinking fund contribution Suntec City Office, Suntec City Retail and Convention were \$2.1 mil, \$2.1 mil and \$0.6 mil respectively. The sinking fund contribution has no impact on DPU.



# 1Q 19 Income Contribution from JV up 5.7% y-o-y

S\$ mil



+3.3% (Office)      +5.7% (Total)

+46.2% (Retail)

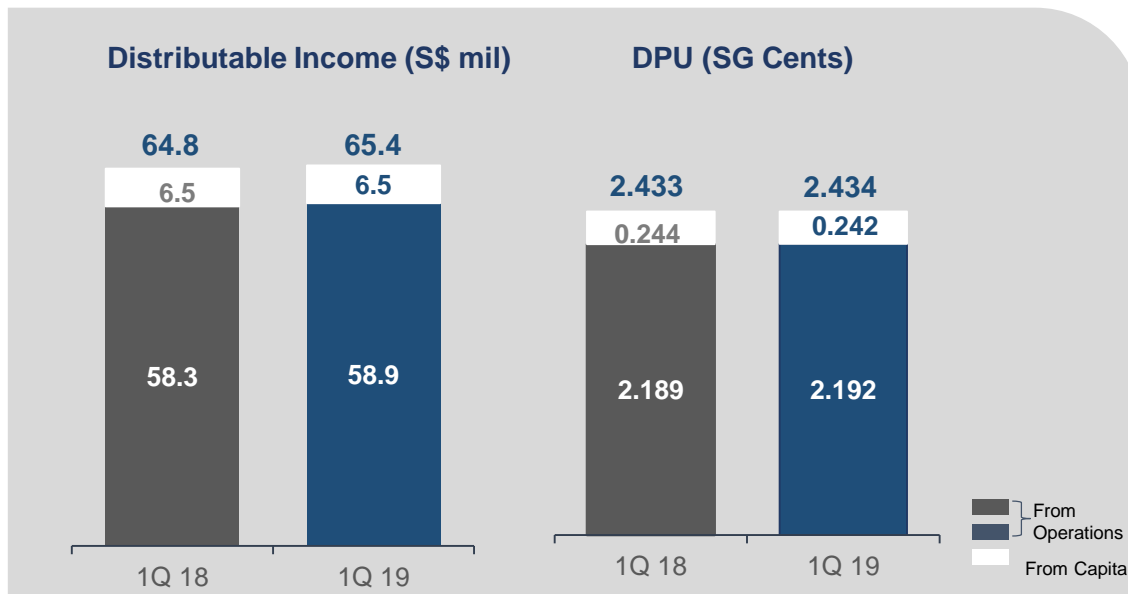
	Office	Retail	Total
■ 1Q 18	21.4	1.3	22.7
■ 1Q 19	22.1	1.9	24.0

- Higher contribution from both office and retail

Office	S\$ mil	Remarks
Southgate Complex	+1.5	Stronger performance and additional 25% interest
ORQ	-0.7	Lower occupancy offset by higher rental rates
MBFC Properties	-0.1	One-off compensation received in 1Q 18. Higher rental rates in 1Q 19
<b>UP</b>	<b>0.7</b>	

Retail	S\$ mil	Remarks
Southgate Complex	+0.4	Additional 25% interest
MBLM	+0.2	Higher occupancy
<b>UP</b>	<b>0.6</b>	

# 1Q 19 Distributable Income up 0.8% y-o-y



Mainly due to:

- Higher contribution from Southgate Complex, Suntec City and MBFC Properties
- Offset by higher financing costs

## Distributable Income

**S\$65.4**  
million

+0.8% y-o-y

## Distribution Per Unit

**2.434**  
cents

+0.04% y-o-y

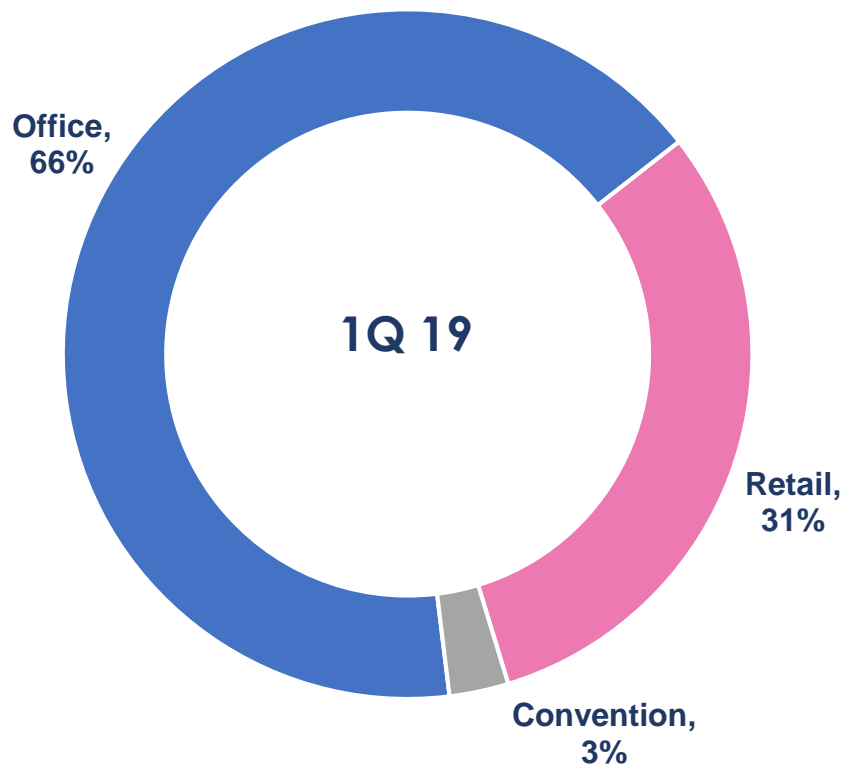
<b>Distribution Payment</b>	
<b>Distribution Period</b>	<b>1 January – 31 March 2019</b>
Amount (cents/unit)	2.434

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Ex-date	7 May 2019
Books closure date	8 May 2019
Payment date	30 May 2019

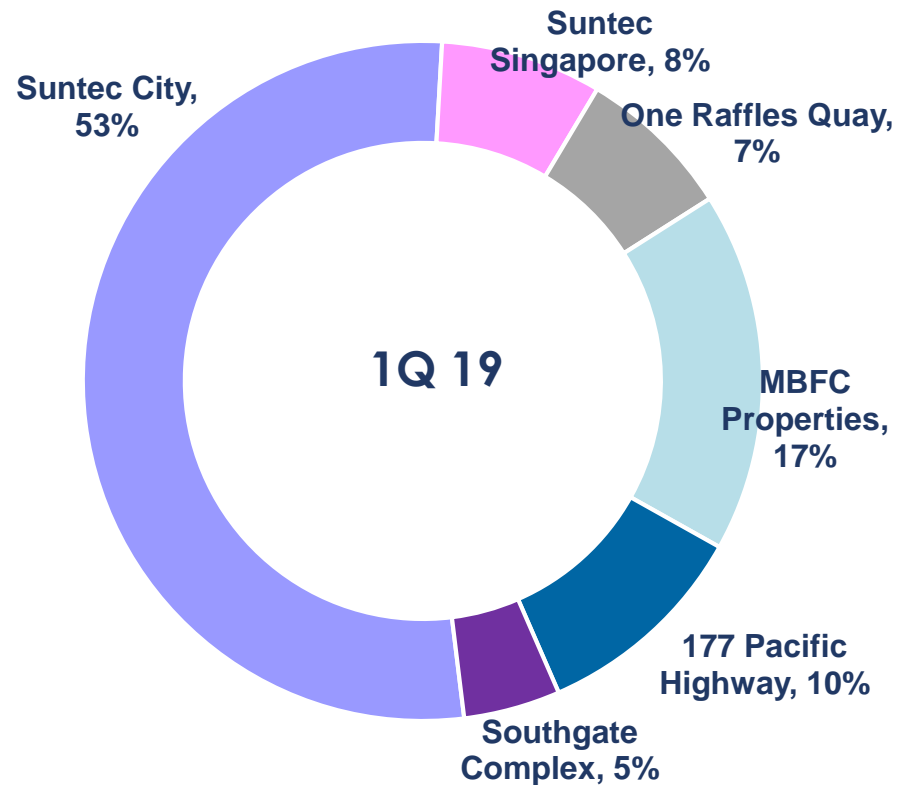
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## Contribution by Segment



- Office portfolio accounts for 66% of NPI & Income

## Contribution by Asset



- Singapore properties account for 85% of NPI & Income



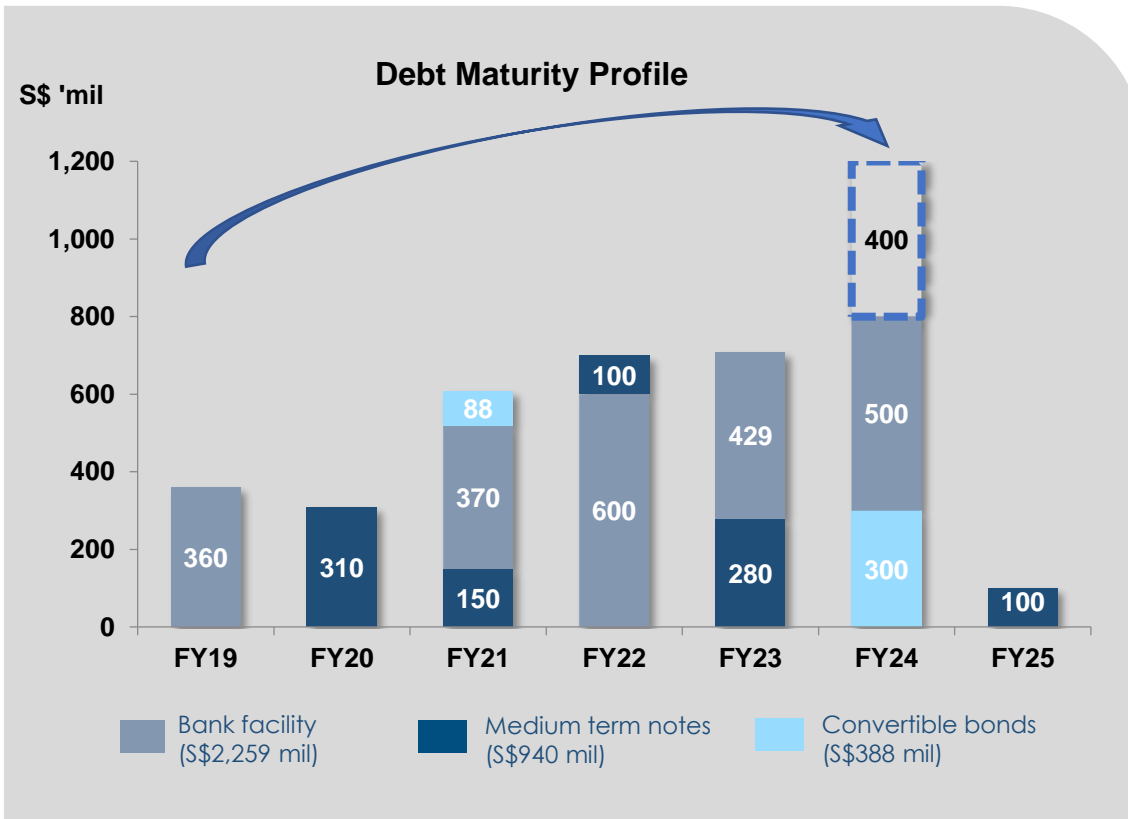
southgate

CAPITAL MANAGEMENT

# Balance Sheet

As of 31 Mar 2019	
<b>Total Assets</b>	<b>S\$9,537 mil</b>
<b>Total Liabilities</b>	<b>S\$3,794 mil</b>
<b>Net Assets Attributable to Unitholders</b>	<b>S\$5,613 mil</b>
<b>Units in Issue ('000)</b>	<b>2,680,537</b>
<b>NAV Per Unit</b>	<b>S\$2.092</b>

# Proactive Capital Management

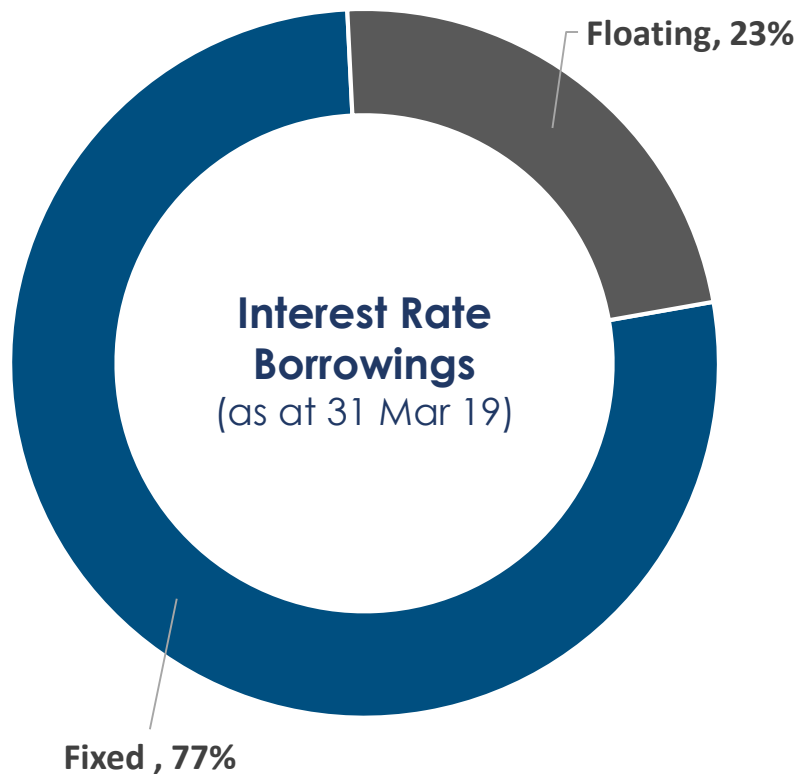


31 Mar 2019	
Total Debt Outstanding	S\$3,587 mil
Aggregate Leverage Ratio <sup>1</sup>	38.6%
Weighted Average Debt Maturity	Approx. 3.3 years

Note:

1. "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.

- Issued 3.355% 6-yr medium term notes in Jan 2019
- Secured S\$400 mil 5-yr loan facility in Apr 2019, no more loans due in 2019
- Upon drawdown of the S\$400 mil loan facility, the weighted average debt maturity will be extended to 3.72 years.



31 Mar 2019	
All-in Financing Cost	3.04% p.a.
Interest Coverage Ratio	2.9x
Weighted average interest maturity	Approx. 2.3 years





## OFFICE PORTFOLIO PERFORMANCE

# Office Portfolio Summary

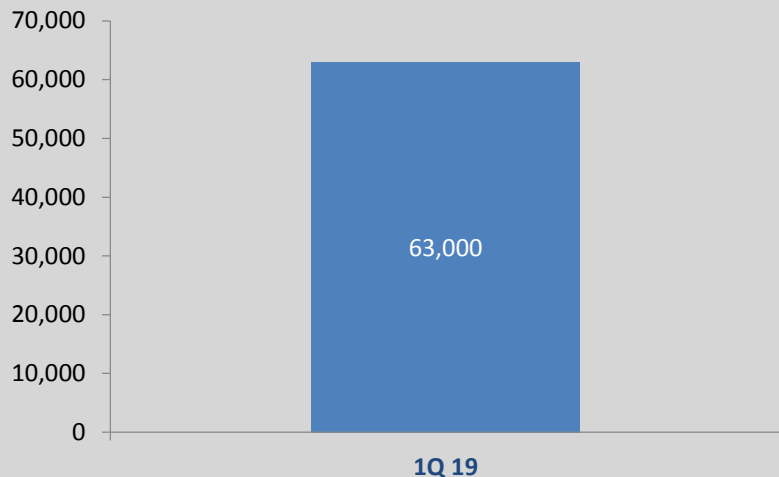
Office Portfolio	Suntec City Office	One Raffles Quay (1/3)	MBFC Towers 1 & 2 (1/3)	SG Office Portfolio	177 Pacific Highway	Southgate Complex (50%)	AUS Office Portfolio	Total Office Portfolio
NLA (sq ft)	1.3 mil	443,000	548,000	2.3 mil	431,000	355,000	786,000	3.1 mil
Committed Occupancy (%)	<b>98.9</b> (1Q 19)	<b>96.1</b> (1Q 19)	<b>100.0</b> (1Q 19)	<b>98.6</b> (1Q 19)	<b>100.0</b> (1Q 19)	<b>99.5</b> (1Q 19)	<b>99.8</b> (1Q 19)	<b>98.9</b> (1Q 19)
	99.1 (1Q 18)	100 (1Q 18)	100 (1Q 18)	99.5 (1Q 18)	100 (1Q 18)	92.5 (1Q 18)	97.8 (1Q 18)	99.1 (1Q 18)
Gross Revenue (\$ mil)	<b>32.4</b> (1Q 19)	-	-	<b>32.4</b> (1Q 19)	<b>9.9</b> (1Q 19)	-	<b>9.9</b> (1Q 19)	<b>42.3</b> (1Q 19)
	32.4 (1Q 18)			32.4 (1Q 18)	10.5 (1Q 18)		10.5 (1Q 18)	42.9 (1Q 18)
Net Property Income (\$ mil)	<b>24.0</b> (1Q 19)	-	-	<b>24.0</b> (1Q 19)	<b>8.5</b> (1Q 19)	-	<b>8.5</b> (1Q 19)	<b>32.5</b> (1Q 19)
	25.7 (1Q 18)			25.7 (1Q 18)	9.1 (1Q 18)		9.1 (1Q 18)	34.8 (1Q 18)
Income Contribution from JVs <sup>1,2,3</sup> (\$ mil)	-	<b>6.2</b> (1Q 19)	<b>12.8</b> (1Q 19)	<b>19.0</b> (1Q 19)	-	<b>3.1</b> (1Q 19)	<b>3.1</b> (1Q 19)	<b>22.1</b> (1Q 19)
		6.9 (1Q 18)	12.9 (1Q 18)	19.8 (1Q 18)		1.6 (1Q 18)	1.6 (1Q 18)	21.4 (1Q 18)
% Contribution <sup>4</sup>	<b>44%</b> (1Q 19)	<b>11%</b> (1Q 19)	<b>23%</b> (1Q 19)	<b>78%</b> (1Q 19)	<b>16%</b> (1Q 19)	<b>6%</b> (1Q 19)	<b>22%</b> (1Q 19)	<b>100%</b> (1Q 19)
	46% (1Q 18)	12% (1Q 18)	23% (1Q 18)	81% (1Q 18)	16% (1Q 18)	3% (1Q 18)	19% (1Q 18)	100% (1Q 18)

Note:

1. Refers to MBFC Properties & Southgate Complex
2. Total Income contribution from MBFC Properties is based on approx. 91% split between office and 9% retail
3. Total Income contribution from Southgate Complex is based on approx. 81% split between office and 19% retail
4. Refers to net property income and income contribution from JVs

# Office Portfolio Summary

Office Portfolio Work Done (sq ft)



## 1Q 19

Total leases signed in 1Q 19	63,000 sq ft
Portfolio Committed Occupancy (as at 31 Mar)	98.9%
Tenant retention ratio <sup>1</sup>	80%

Note:

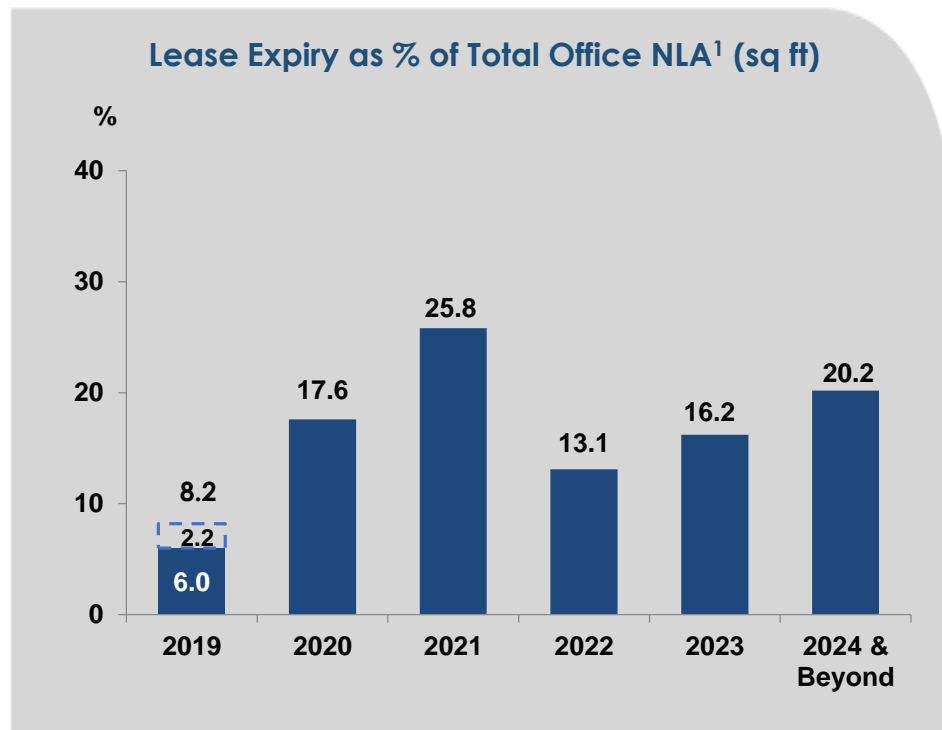
1. Tenant retention ratio = Net lettable area renewed for leases due in 1Q 19 divided by total net lettable area due for renewal in 1Q 19



**SINCERE**  
ESTD 1954

# FY19 Office Portfolio Expiring Leases Reduced to 6.0%

Expiry Profile As at 31 Mar 19	Net Lettable Area <sup>1</sup>	
	Sq ft	% of Total
FY 2019	185,008	6.0%
FY 2020	547,919	17.6%
FY 2021	802,546	25.8%
FY 2022	405,968	13.1%
FY 2023	504,584	16.2%
FY 2024 & Beyond	628,321	20.2%



- Balance of office leases expiring in FY 2019 reduced to 6.0%
- Portfolio WALE: 3.64 years
  - Singapore Portfolio: 2.98 years
  - Australia Portfolio: 5.58 years

Note:

1. Assumes one third of total office net lettable area of One Raffles Quay and Marina Bay Financial Centre Office Towers 1 and 2 and 50% interest in Southgate Complex (Office).

# Suntec City Office

- 1Q19 revenue marginal increase of 0.1% y-o-y
  - Replacement leases from prior quarters fully commenced operations, full contribution to flow through in 2019
- Average rent secured improved from S\$9.14 psf/mth in 4Q18 to S\$9.37 psf/mth in 1Q19
- Office upgrading works in progress → entire project to complete by end 2021



Average rent:  
**S\$9.37 psf/mth**

**Leases  
secured**

1Q  
19

**Renewals** and **new demand**  
mainly from **Shipping &  
Freight Forwarding, Trading &  
Investments** and **TMT** sectors

**Demand**

1Q  
19

Approx.  
**164,000 sq ft** of  
**NLA**

**Work to  
be done**

FY  
19

*New Lift Lobby*



← Improved finishes

*New Female Washroom*



Increased number of cubicles →

# One Raffles Quay & MBFC Properties

- ORQ committed occupancy of 96.1%
- MBFC Properties (Office) achieved 100% committed occupancy
- Grade A rents expected to continue to improve in 2019 amidst tight supply



177 Pacific Highway, Sydney



- Maintained **100%** committed occupancy
- No lease expiry until 2023

Southgate Complex, Melbourne



- Committed occupancy improved to **99.5%**

Olderfleet, 477 Collins Street, Melbourne



- Pre-committed occupancy of **76.0%**
- Additional **~13.1% of NLA** with HOA signed to-date





**RETAIL PORTFOLIO PERFORMANCE**

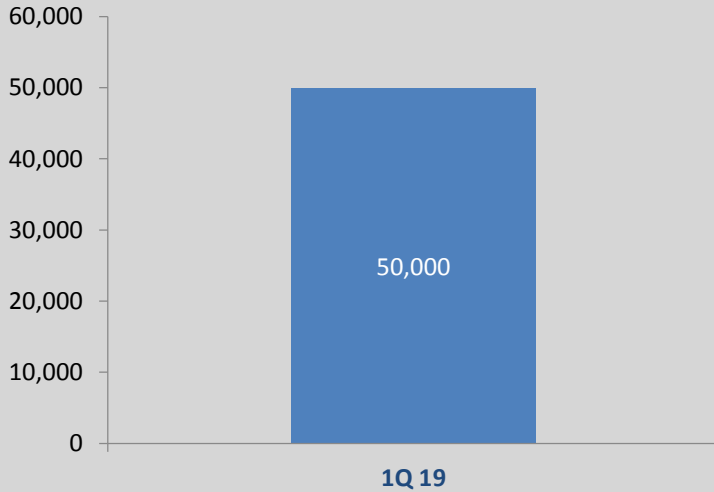
# Retail Portfolio Summary

Retail Portfolio	Suntec City Mall	Marina Bay Link Mall (1/3)	SG Retail Portfolio	Southgate Complex (50%)	AUS Retail Portfolio	Total Retail Portfolio
NLA (sq ft)	0.9 mil	32,000	0.93 mil	53,000	53,000	1.0 mil
Committed Occupancy (%)	97.7 (1Q 19) 98.6 (1Q 18)	99.5 (1Q 19) 98.9 (1Q 18)	97.8 (1Q 19) 98.6 (1Q 18)	90.9 (1Q 19) 91.0 (1Q 18)	90.9 (1Q 19) 91.0 (1Q 18)	97.4 (1Q 19) 98.4 (1Q 18)
Gross Revenue (\$ mil)	32.8 (1Q 19) 31.1 (1Q 18)	-	32.8 (1Q 19) 31.1 (1Q 18)	-	-	32.8 (1Q 19) 31.1 (1Q 18)
Net Property Income (\$ mil)	23.4 (1Q 19) 23.3 (1Q 18)	-	23.4 (1Q 19) 23.3 (1Q 18)	-	-	23.4 (1Q 19) 23.3 (1Q 18)
Income Contribution from JVs <sup>1,2,3</sup> (\$ mil)	-	1.2 (1Q 19) 1.0 (1Q 18)	1.2 (1Q 19) 1.0 (1Q 18)	0.7 (1Q 19) 0.3 (1Q 18)	0.7 (1Q 19) 0.3 (1Q 18)	1.9 (1Q 19) 1.3 (1Q 18)
% Contribution <sup>4</sup>	92% (1Q 19) 95% (1Q 18)	5% (1Q 19) 4% (1Q 18)	97% (1Q 19) 99% (1Q 18)	3% (1Q 19) 1% (1Q 18)	3% (1Q 19) 1% (1Q 18)	100% (1Q 19) 100% (1Q 18)

Note:

1. Refers to MBFC Properties & Southgate Complex
2. Total Income contribution from MBFC Properties is based on approx. 91% split between office and 9% retail
3. Total Income contribution from Southgate Complex is based on approx. 81% split between office and 19% retail
4. Refers to net property income and income contribution from JVs

Retail Portfolio Work Done (sq ft)



## 1Q 19

Total leases signed in 1Q 19	50,000 ft
Portfolio Committed Occupancy (as at 31 Mar)	97.4%
Tenant retention ratio <sup>1</sup>	39%

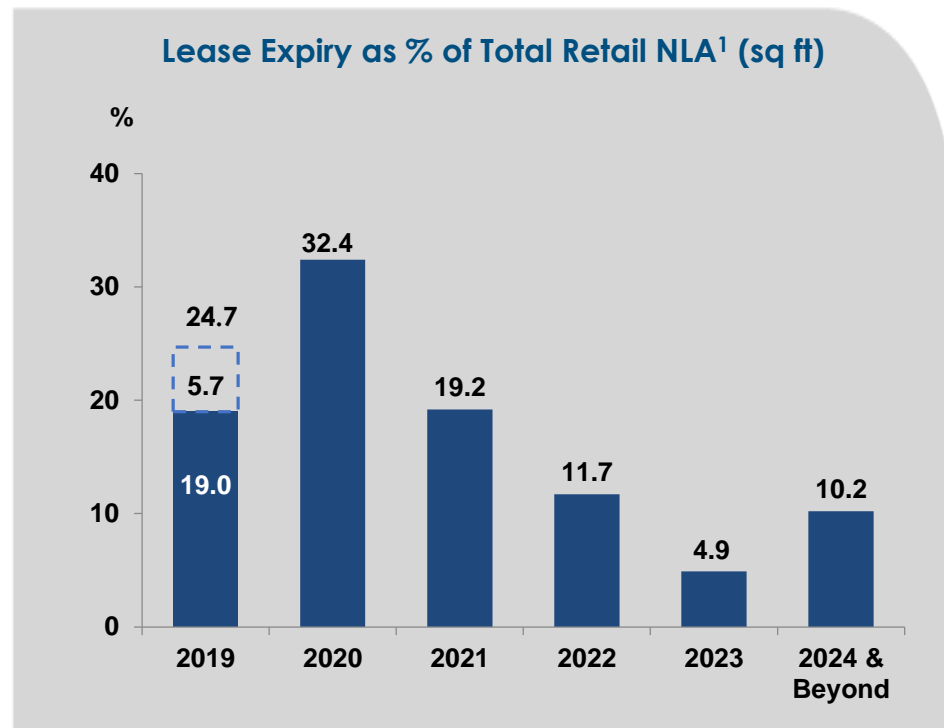
Note:

1. Tenant retention ratio = Net lettable area renewed for leases due in 1Q 19 divided by total net lettable area due for renewal in 1Q 19



# Retail Portfolio Lease Expiry Profile

Expiry Profile As at 31 Mar 19	Net Lettable Area <sup>1</sup>	
	Sq ft	% of Total
FY 2019	181,011	19.0%
FY 2020	308,966	32.4%
FY 2021	182,702	19.2%
FY 2022	111,951	11.7%
FY 2023	47,164	4.9%
FY 2024 & Beyond	97,241	10.2%



- Portfolio WALE: 2.40 years
  - Singapore Portfolio: 2.24 years
  - Australia Portfolio: 5.37 years

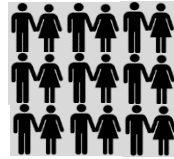
Note:

1. Assumes one third of total retail net lettable area of Marina Bay Link Mall, 60.8% interest in Suntec Singapore and 50% in Southgate Complex (Retail).

# Suntec City Mall – Improved Operational Performance



Committed  
Occupancy  
**97.7%<sup>1</sup>**



Footfall  
**+3.3% YOY**

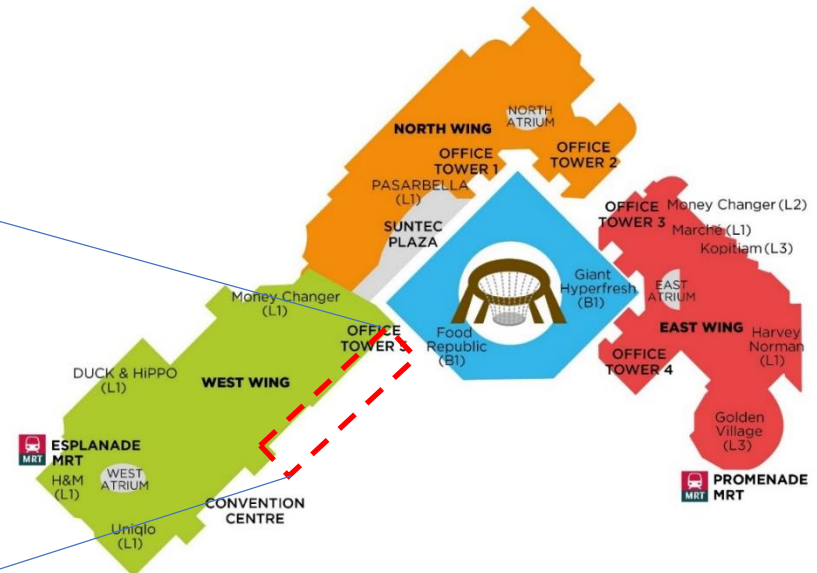


Tenants sales per sq ft  
**+1.3% YOY**

- 1Q19 revenue increased 5.5% y-o-y
  - Driven by improvement in occupancy and positive rental reversion
- Commencement of asset enhancement works at basement one in March '19
  - Reconfiguration of 5 units into multi F&B concepts
  - Works to complete in Jul '19

Note:

1. Due to on-going asset enhancement works



# New Stores Opening



# Wide range of events & activities at Suntec City



Alfa Romeo Car Show



Pokemon Carnival



Baby Shark meet & greet



Chinese New Year Fair



**LG**

THE ARTS IS A PART OF YOUR *Life*

THE ARTS INSPIRES ME

THE ARTS DEFINES ME

THE ARTS FOR LIFE

Season's Greetings from Suntec City

A doctor case - A Pakistani court hearing the ret

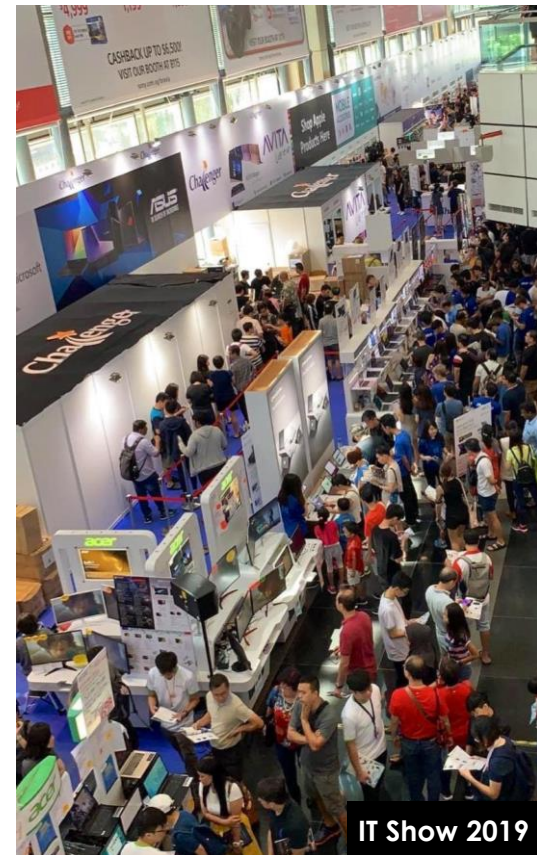
 **Suntec**  
SINGAPORE  
Convention & Exhibition Centre

**CONVENTION PERFORMANCE**



# 453 events held in 1Q 19

- Hosted several key consumer events including the Singapore Motorshow, Chan Brothers Travel Fair and the ever-popular IT Show.
- Back at Suntec Singapore for the third consecutive year, WCA Worldwide Conference gathered more than 2,000 freight forwarding professionals.
- Other key conferences include DevSecCon, Medlab Asia Pacific and Supercomputing Asia.



IT Show 2019



11th WCA Worldwide Conference



Singapore Motorshow 2019



Medlab Asia Pacific 2019



DevSecCon 2019

# Events in 2Q 19





**PROJECTS UNDER DEVELOPMENT**

## 9 Penang Road, Singapore



- Office component 100% pre-leased to UBS
  - UBS to occupy all eight floors of office space amounting to 381,000 sq ft
  - Target occupation in the second half of 2020
- Pre-leasing for 15,000 sq ft of retail NLA on-going, to work with UBS to curate an array of exciting retail offerings
- Approx. 81.0% completed to-date, on-track to complete in 4Q 2019

# Projects Under Development

- Leasing update: 76.0% pre-committed with additional 13.1% with HOA signed to-date
- Tenants committed include:
  - Deloitte
  - Lander & Rogers
  - Norton Rose Fulbright
  - Urbis
- Approx. 61.0% completed
- Scheduled to complete in mid 2020

Olderfleet, 477 Collins Street, Australia





Vodafone

Vodafone

To City

NO RIGHT TURN

ONLY

FY19 OUTLOOK

## Office

- Given the limited supply coming on-stream in 2019, the occupancy and rental levels for the Singapore office portfolio is expected to further improve.
- Occupancy and rental levels to remain high given the strong demand and limited new supply in the Sydney and Melbourne office markets.

## Retail

- Suntec City Mall is poised to continue to perform well notwithstanding the continuing challenges in the retail sector.

In view of the higher interest rate environment, the Manager will continue with its prudent capital management strategy, improve the underlying performance of its assets and source for accretive acquisitions to enhance unitholders value.



*THANK YOU*





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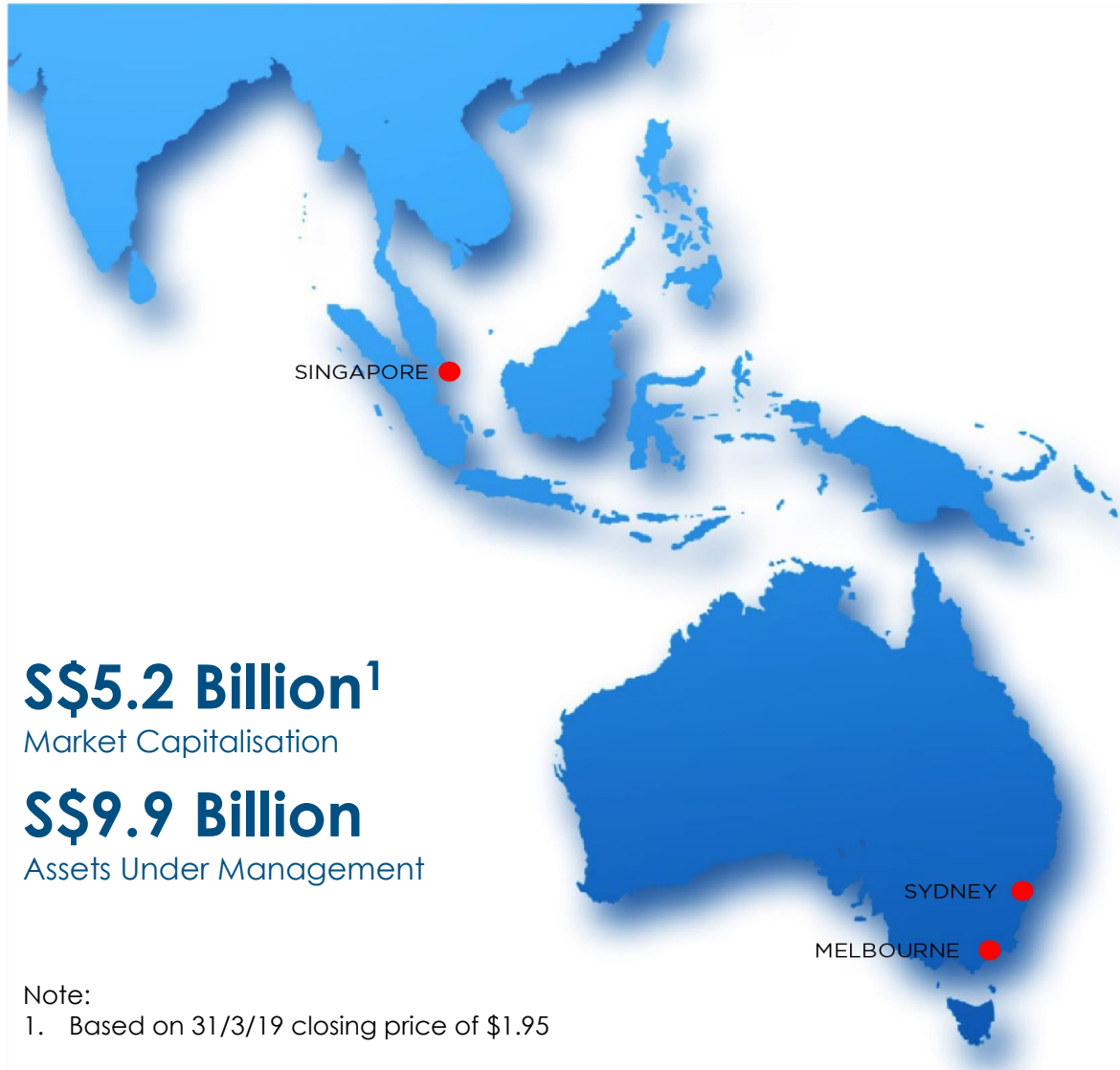
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[www.suntecreit.com](http://www.suntecreit.com)  
[www.ara-group.com](http://www.ara-group.com)



# About Suntec REIT

*Singapore's first and largest composite REIT*



**S\$5.2 Billion<sup>1</sup>**

Market Capitalisation

**S\$9.9 Billion**

Assets Under Management

Note:

1. Based on 31/3/19 closing price of \$1.95

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

# Portfolio Snapshot

	Suntec City		9 Penang Road	One Raffles Quay	MBFC Properties	177 Pacific Highway	Southgate Complex	Olderfleet 477 Collins Street
	Suntec City – Office & Retail	Suntec Singapore						
<b>Description</b>	Integrated commercial development comprising five office towers and one of Singapore largest retail mall	World-class convention and exhibition centre	New Grade A commercial building	Two premium Grade A office towers	Two premium Grade A office towers and a subterranean mall	31-storey A-Grade office building	Integrated waterfront development comprising two A-Grade office towers and a retail podium	Premium Grade, 40-level state-of-the-art building
<b>Ownership</b>	100%	60.8%	30%	33.33%	33.33%	100%	50%	50%
<b>Geography</b>	Singapore	Singapore	Singapore	Singapore	Singapore	Australia	Australia	Australia
<b>Segment</b>	Office Retail	Convention	Office	Office	Office Retail	Office	Office Retail	Office
<b>NLA (sq ft)</b>	Office:~1.3 mil Retail:~0.9 mil	~275,000	~119,000	~443,000	Office:~548,000 Retail:~32,000	~431,000	Office:~355,000 Retail:~53,000	~312,000



This presentation is focused on the comparison of actual results for the quarter ended 31 March 2019 versus results achieved for the quarter ended 31 March 2018. It should be read in conjunction with Paragraph 8 of Suntec REIT's financial results for the quarter ended 31 March 2019 announced on SGXNET.

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.