



Trust Management (Suntec) Limited

Press Release

20 January 2023

Manager of



Suntec REIT Delivers FY 22 Distributable Income of S\$255.5 million

Distributable Income Increased 3.4% Year-on-Year

Singapore, 20 January 2023 – Suntec REIT reports distributable income of S\$255.5 million for the period from 1 January to 31 December 2022 (“FY 22”), which was 3.4% higher than the year ended 31 December 2021 (“FY 21”). Distribution per unit (“DPU”) to unitholders of 8.884 cents for FY 22 was 2.5% higher year-on-year.

The increase in DPU was attributed to a capital distribution of S\$23.0 million, with improvement in distributable income from better operating performance being eroded by higher financing costs.

For the period 1 July to 31 December 2022 (“2H 22”), the Singapore and United Kingdom portfolios remained resilient while contribution from the Australia portfolio was lower year-on-year due to leasing downtime and absence of surrender fee received in 2H 21. 2H 22 DPU of 4.074 cents was weighed down by a sharp increase in financing costs.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, “We are pleased to have achieved stronger operating performance across our portfolio despite a higher cost and interest rate environment.”

Mr. Chong added, “While we have increased our fixed interest rate borrowings and foreign currency income hedge, the expected continued rising interest rates, weaker exchange rates and higher energy costs are expected to erode operational gains and impact our distribution significantly in the near term. We are also actively looking at the potential divestment of our mature assets to strengthen our balance sheet.”

Outlook

Singapore Office Portfolio

The cautious economic outlook will slow the pace of demand for office spaces. Office market is expected to soften notwithstanding tightness in new office supply. Rent reversion is expected to remain positive, though moderated. Revenue of the Singapore Office Portfolio is expected to strengthen on the back of past quarters of positive rent reversion.

Suntec City Mall

Revenue performance from Suntec City Mall is expected to improve, underpinned by higher occupancy, rent and marcoms revenue. The rebound of Meetings, Incentives, Conventions and Exhibitions ("MICE") events and the return of tourists will help boost tenant sales and mall traffic. However, the growth of tenant sales, which is currently above pre-pandemic level, is expected to slow down in 2023.

Suntec Convention

The recovery of Suntec Convention will be driven by a strong pipeline of international MICE events and the return of larger-scale consumer and corporate events. The easing of China's travel restrictions will have a positive impact to the convention business from the second half of 2023. Despite recovery gaining strong momentum, income contribution will remain impacted in 2023. Full recovery of the convention business is expected in 2024.

Australia

A slight increase in Nationwide CBD office vacancy is expected due to an increase in new supply. Prime rents in Melbourne and Sydney are expected to improve as the flight to quality trend continues. Australia Portfolio rent reversion is expected to be positive but revenue will be impacted by leasing downtime and incentives.

United Kingdom

Economic outlook remains weak in light of recessionary challenges and slowing employment rates. While office demand remains active, take up rate will slow. Revenue for the UK Office Portfolio will remain resilient, underpinned by high portfolio occupancy and long weighted average lease expiry with minimal lease expiry until 2028.

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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.

Suntec REIT is committed towards the sustainable management of its real estate portfolio, and to ensure good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources to support its economic growth and the delivery of long-term value to unitholders.

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").

ARA is part of the ESR Group (the "Group"), APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$140 billion in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – Space and Investment Solutions for a Sustainable Future – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

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

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The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, 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 have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. 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.

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