
**Suntec REIT Announces Distributable Income
of S\$52.2 million for 3Q 2020**

Singapore, 22 October 2020 – Suntec REIT reports distributable income from operations of S\$52.2 million for the period 1 July to 30 September 2020 (“3Q 2020”) which was 12.6% lower than the quarter ended 30 September 2019 (“3Q 2019”). Distribution per unit (“DPU”) to unitholders was 1.848 cents for 3Q 2020.

The COVID-19 continued to affect both the convention and retail businesses. The rent assistance granted to tenants at Suntec City Mall, Marina Bay Link Mall and Southgate Complex Retail, absence of contribution from Suntec Singapore and one-off compensation received at MBFC Properties in 3Q 19 contributed to the decrease in distributable income from operations. This was mitigated by the better performance and contributions from the Australia office portfolio, stronger performance of One Raffles Quay and lower financing costs.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, “The 3Q results is underpinned by the resilience of our office portfolio in Singapore and Australia. There are encouraging signs of recovery in our retail business in 3Q 2020 as tenant sales recovery at Suntec City Mall has been stronger than improvement in footfall. As a result, there will be a full distribution of the 3Q distributable income.”

On 8 October 2020, Suntec REIT announced the acquisition of a 50.0% interest in two Grade A office buildings with ancillary retail (the “Nova Properties”) in the heart of Victoria, West End, London for an agreed value of £430.6 million¹.

Mr. Chong Kee Hiong, added, “The Nova Properties are a strategic fit with Suntec REIT’s existing portfolio of high quality commercial assets in Singapore and Australia. The asset will

¹ Approximately S\$766.5 million based on the exchange rate of £1: S\$1.78.

enhance the resilience, diversification and quality of Suntec REIT's portfolio with income contribution from high quality office tenants and long weighted average lease expiry of 11.1 years. The net property income yield of 4.6%² will provide a DPU accretion of 3.4%³ upon completion of the acquisition in December 2020. There is also a 2-year guarantee on the retail income which will provide rental protection to ride out the current pandemic."

Outlook

Singapore Office Portfolio

The positive rent reversions secured from previous ten quarters will continue to provide stability to rental revenue. With demand expected to remain subdued in the face of economic uncertainties and companies focusing on cost containment, positive rent reversion is likely to be moderate in 4Q 2020. Portfolio occupancy is expected to remain above market range of 93%⁴ notwithstanding moderate increase in vacancy going forward. Tenant retention, proactive arrears and lease management, deferment of non-critical expenditure and prudent cost management become key focus in the quarter ahead.

Suntec City Mall

Tenant sales and shopper traffic are expected to further improve when more office workers return to work and safe distancing measures are relaxed. However, rent reversion is expected to remain weak.

To navigate through this challenging period, the Manager's key strategies include adopting a pro-active approach to lease management, such as the short-term and calibrated restructuring of rents for sustainable tenants, targeted marketing efforts to capture incremental sales from returning office workers and shoppers, and attracting new and inviting retail concepts.

Suntec Convention

Singapore's Meetings, Incentives, Conventions and Events ("MICE") industry continues to face difficult challenges. While MICE events of up to 250 attendees are allowed with effect from 1 October 2020 and church services of up to 100 attendees have resumed, revenue from small-scale events will not make up for the loss in revenue from international and large-

² Based on passing income as at 30 June 2020 divided by total acquisition cost of £439.4 million (approximately S\$782.1 million).

³ Illustrative DPU accretion based on passing income as at 30 June 2020 compared with actual annualised 1H2020 DPU (before retention of 10.0% distribution).

⁴ Source: JLL 3Q 20

scale consumer events. Suntec Singapore's income contribution to Suntec REIT will be significantly reduced for FY 2020.

With fixed costs significantly reduced, a comprehensive business review is being undertaken to identify medium and long-term opportunities to pivot Suntec Convention's core business.

Australia Portfolio

The Australia Office portfolio will remain resilient underpinned by strong occupancy, long lease tenure with minimum lease expiries in 2020 and 2021. New contributions from 477 Collins in Melbourne and 21 Harris in Sydney, will improve the overall income of the Australia Office portfolio.

Mr. Chong concluded, "We will continue to manage risks proactively to enhance the resilience of our properties and undertake active capital management to strengthen our balance sheet. We will continue to source for good quality assets that are accretive and further enhance the income stability of the REIT."

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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 60.8% interest in Suntec Singapore Convention & Exhibition Centre, a one-third interest in One Raffles Quay, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall, and a 30.0% interest in 9 Penang Road. 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. Its aim is to invest in income-producing real estate which is primarily used for office and/or retail purposes. Suntec REIT is managed by an external manager, ARA Trust Management (Suntec) Limited. For more details, please visit www.suntecreit.com.

ABOUT ARA TRUST MANAGEMENT (SUNTEC) LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA" or the "Group").

ARA is a leading APAC real assets fund manager with a global reach. With S\$110 billion⁵ in gross assets under management as at 30 June 2020, ARA manages listed and unlisted real estate investment trusts (REITs), private real estate equity and credit funds, and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA's multi-platform, multi-product global fund management business is supported by dedicated local teams with in-depth knowledge and expertise and empowered by a forward-looking real estate technology strategy. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information, please visit <http://www.ara-group.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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⁵ Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 30 June 2020