



Suntec Real Estate Investment Trust 2020 First Half Unaudited Financial Statements & Distribution Announcement

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 813,753 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 60.8 per cent effective interest in Suntec Singapore Convention & Exhibition Centre and 141,959 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") and a 30.0 per cent interest in 9 Penang Road (formerly known as Park Mall). Suntec REIT also holds a 100 per cent interest in the commercial building located at 177 Pacific Highway, Sydney, Australia ("177 Pacific Highway"), a 50.0 per cent interest in Southgate Complex, Melbourne, Australia ("Southgate Complex"), a 50.0 per cent interest in a commercial building to be developed located at Olderfleet, 477 Collins Street, Melbourne, Australia ("Olderfleet, 477 Collins Street") and a 100 per cent interest in a freehold office building at 55 Currie Street, Adelaide, Australia ("55 Currie Street").

On 6 April 2020, Suntec REIT completed the acquisition a freehold property at 21 Harris Street, Pyrmont, Sydney, Australia for approximately A\$295.0 million ("21 Harris Street").

The financial information for the period from 1 January 2020 to 30 June 2020 has not been audited but has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410.

**Financial Statements Announcement
For First Half ended 30 June 2020**

SUMMARY OF SUNTEC REAL ESTATE INVESTMENT TRUST RESULTS

	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Gross revenue	149,448	178,073	-16.1%
Net property income	90,905	114,561	-20.6%
Income contribution from joint ventures	46,871	49,749	-5.8%
Distributable income	103,130	130,508	-21.0%
- from operations	103,130	117,508	-12.2%
- from capital ^(a)	-	13,000	-100.0%
Amount available for distribution ^(b)	92,817	130,508	-28.9%
Distribution per unit ("DPU") (cents) ^{(b)(c)}	3.293	4.795	-31.3%
- 1 January to 31 March ^(d)	1.760	2.434	-27.7%
- 1 April to 30 June	1.533	2.361	-35.1%

Footnote:

- (a) This was related to a portion of the sale proceeds from the disposal of Park Mall in December 2015 and was classified as capital distribution from a tax perspective. 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.
- (b) In view of the current COVID-19 outbreak, the Manager had retained 10.0% of the distributable income for the half year ended 30 June 2020 ("1H FY20"). Without the retention, the DPU for 1H FY20 would be 3.659 cents per unit.
- (c) Please refer to Page 12 for the distribution per unit computation.
- (d) Distribution of 1.760 cents per unit for the period 1 January 2020 to 31 March 2020 was paid on 28 May 2020.

**Financial Statements Announcement
For First Half ended 30 June 2020**

1 (a)(i) Statements of Total Return and Statement of Distribution for the First Half ended 30 June 2020 (“1H FY20”)

<u>Statement of total return</u>	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Gross revenue ^(a)	149,448	178,073	-16.1%
Maintenance charges	(19,701)	(19,701)	0.0%
Property management fees ^(b)	(4,034)	(4,860)	17.0%
Property tax ^(c)	(13,738)	(11,786)	-16.6%
Other property expenses ^(d)	(21,070)	(27,165)	22.4%
Property expenses	(58,543)	(63,512)	7.8%
Net property income	90,905	114,561	-20.6%
Other income ^(e)	1,881	-	n.m.
Share of profit of joint ventures ^(f)	35,690	60,673	-41.2%
Finance income ^(g)	11,229	15,103	-25.7%
Finance expenses ^(g)	(48,932)	(54,256)	9.8%
Asset management fees - base fee ^(h)	(17,776)	(16,737)	-6.2%
Asset management fees - performance fee ⁽ⁱ⁾	(6,845)	(7,499)	8.7%
Trust expenses ⁽ⁱ⁾	(2,156)	(1,897)	-13.7%
Net income	63,996	109,948	-41.8%
Net change in fair value of financial derivatives ^(k)	(33,173)	(6,967)	-376.1%
Net change in fair value of investment properties ^(l)	(66,596)	-	n.m.
Total return before tax	(35,773)	102,981	-134.7%
Income tax expense ^(m)	(912)	(2,156)	57.7%
Total return for the period after tax	(36,685)	100,825	-136.4%
Attributable to:			
Unitholders	(1,604)	100,977	-101.6%
Non-controlling interests	(35,081)	(152)	-22979.6%
Total return for the period	(36,685)	100,825	-136.4%

<u>Statement of distribution</u>	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Total return for the period attributable to Unitholders before distribution	(1,604)	100,977	-101.6%
Non-tax chargeable items ⁽ⁿ⁾	46,781	(40,149)	216.5%
Taxable income	45,177	60,828	-25.7%
Dividend income ^(o)	57,953	56,680	2.2%
Income available for distribution to Unitholders	103,130	117,508	-12.2%
Unitholders' distribution:			
- from operations	103,130	117,508	-12.2%
- from capital ^(p)	-	13,000	-100.0%
Distributable income	103,130	130,508	-21.0%
Amount available for distribution ^(q)	92,817	130,508	-28.9%

Financial Statements Announcement For First Half ended 30 June 2020

Footnotes:

- (a) Gross revenue comprises mainly rental income from retail mall and offices, convention revenue and income from rental of atrium and media spaces. Please refer to Note 8(i) for breakdown in Gross revenue.
- (b) Property management fees for 1H FY20 was lower year-on-year mainly due to lower gross revenue and net property income achieved.
- (c) Property tax for 1H FY20 was higher year-on-year mainly due to higher annual value assessed by Inland Revenue of Singapore ("IRAS").
- (d) Other property expenses for 1H FY20 was lower compared to the corresponding period mainly due to lower staff costs and food and beverage related costs in tandem with the drop in convention events.
- (e) This relates to the income guarantee in relation to 21 Harris Street.
- (f) This relates to the Group's one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), one-third interest in BFC Development LLP ("BFGD LLP"), 30.0% interest in Park Mall Pte. Ltd ("PMPL") and 50.0% interest in Southgate Trust. The decrease for 1H FY20 was mainly due to absence of revaluation gain of S\$22.0 million for 9 Penang Road in April 2019.
- (g) Included in the finance income and finance expenses are the following:

	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Finance income:			
Interest income			
- fixed deposits and current account	260	921	-71.8%
- loans to joint ventures	10,133	12,848	-21.1%
- interest rate swaps	34	1,334	-97.5%
Net foreign currency exchange differences	802	-	n.m.
	11,229	15,103	-25.7%
Finance expenses:			
Interest expense			
- bank loans, notes and convertible bonds ⁽¹⁾	(38,896)	(48,770)	20.2%
- interest rate swaps ⁽²⁾	(5,338)	(604)	-783.8%
Amortisation and transaction costs	(4,698)	(4,457)	-5.4%
Net foreign currency exchange differences	-	(425)	100.0%
	(48,932)	(54,256)	9.8%
Net financing costs	(37,703)	(39,153)	3.7%

(1) Interest expense on bank loans, notes and convertible bonds for 1H FY20 was lower year-on-year due to decrease in interest rates.

(2) Interest rate swaps costs for 1H FY20 increased year-on-year due to the present lower interest rates environment.

- (h) Asset management fees – base fees for 1H FY20 was higher year-on-year mainly due to acquisition of 21 Harris Street and 55 Currie Street in April 2020 and September 2019 respectively.
- (i) Asset management fees - performance fees for 1H FY20 was lower year-on-year mainly due to lower net property income achieved.
- (j) Trust expenses for 1H FY20 was higher compared to the corresponding period mainly due to higher professional fees.
- (k) This relates to the net loss arising from fair value remeasurement of the foreign currency forward contracts, interest rate swaps and convertible bonds. These have little impact on distributable income.
- (l) This relates due to revaluation loss on Suntec Singapore offset by revaluation gain for 21 Harris Street.
- (m) This relates to income tax on operating profits and non-tax transparent income received as well as deferred tax provision. The income tax was lower year-on-year mainly due to a lower provision of income tax made by a subsidiary in 1H FY20.

**Financial Statements Announcement
For First Half ended 30 June 2020**

(n) Included in the non-tax deductible/(chargeable) items are the following:

	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Non-tax deductible/(chargeable) items			
Amortisation of transaction costs	4,337	4,274	1.5%
Asset management fees paid/payable in units	18,313	17,949	2.0%
Net change in fair value of financial derivatives	33,339	6,968	378.5%
Net foreign currency exchange differences	(877)	407	-315.5%
Sinking fund contribution	9,630	9,630	0.0%
Temporary differences and other adjustments ⁽¹⁾	3,950	2,373	66.5%
Net change in fair value of investment properties	66,596	-	n.m.
Net profit from subsidiaries and/or joint ventures	(88,507)	(81,750)	8.3%
Total	46,781	(40,149)	-216.5%

(1) This relates mainly to non-deductible expenses and chargeable income.

(o) This relates to the dividend/distribution income received and receivable from:

	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Wholly-owned subsidiaries:			
Comina Investment Limited ⁽¹⁾	11,602	11,185	3.7%
Suntec Harmony Pte. Ltd. ⁽²⁾	-	5,472	-100.0%
Suntec REIT Capital Pte. Ltd. ⁽³⁾	11,600	9,700	19.6%
Suntec REIT (Australia) Trust ⁽⁴⁾	17,762	12,945	37.2%
	40,964	39,302	4.2%
Joint venture:			
BFC Development LLP ⁽⁵⁾	16,989	17,378	-2.2%
	57,953	56,680	2.2%

(1) Comina Investment Limited ("CIL") has a one-third interest in ORQ.

(2) Suntec Harmony Pte. Ltd. ("SHPL") has a 60.8% effective interest in Suntec Singapore.

(3) Suntec REIT Capital Pte. Ltd provides shareholder loans to Suntec REIT (Australia) Trust ("SRAust") for its investments in Australia.

(4) SRAust has a 100% effective interest in 177 Pacific Highway, a 50.0% effective interest in Southgate Complex, a 50.0% effective interest in Olderfleet, 477 Collins Street, a 100% effective interest in 55 Currie Street and a 100% effective interest in 21 Harris Street.

(5) BFCD LLP has a one-third interest in MBFC Properties.

(p) This was related to a portion of the sales proceed from the disposal of Park Mall in December 2015 and was classified as capital distribution from a tax perspective.

(q) In view of the current COVID-19 outbreak, the Manager had retained 10.0% of its 1H FY20 distributable income.

**Financial Statements Announcement
For First Half ended 30 June 2020**

1 (b)(i) Statements of Financial Position as at 30 June 2020

	Group		Trust	
	30/6/20	31/12/19	30/6/20	31/12/19
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	1,525	1,648	325	237
Investment properties ^(a)	7,140,836	6,879,695	5,207,627	5,206,000
Interest in joint ventures ^(b)	2,961,751	2,956,834	1,469,511	1,468,719
Interests in subsidiaries ^(c)	-	-	1,707,433	1,780,370
Trade and other receivables ^(d)	12,422	-	-	-
Total non-current assets	10,116,534	9,838,177	8,384,896	8,455,326
Current assets				
Derivative assets ^(e)	180	1	180	1
Trade and other receivables ^(f)	61,721	36,987	50,262	39,708
Cash and cash equivalents ^(g)	355,181	157,206	290,622	107,258
Total current assets	417,082	194,194	341,064	146,967
Total assets	10,533,616	10,032,371	8,725,960	8,602,293
Current liabilities				
Interest-bearing borrowings ^(h)	501,276	589,429	501,276	589,429
Trade and other payables	135,280	137,500	63,910	70,740
Derivative liabilities ^(e)	15,991	11,761	15,991	11,761
Current portion of security deposits	31,680	19,967	21,574	17,437
Total current liabilities	684,227	758,657	602,751	689,367
Non-current liabilities				
Interest-bearing borrowings ^(h)	3,717,141	3,040,819	2,923,541	2,676,260
Non-current portion of security deposits	44,637	53,342	42,581	50,068
Derivative liabilities ^(e)	50,019	20,473	27,722	12,540
Deferred tax liabilities	51,793	52,936	-	-
Total non-current liabilities	3,863,590	3,167,570	2,993,844	2,738,868
Total liabilities	4,547,817	3,926,227	3,596,595	3,428,235
Net assets	5,985,799	6,106,144	5,129,365	5,174,058
Represented by:				
Unitholders' funds ⁽ⁱ⁾	5,891,794	5,977,058	5,129,365	5,174,058
Non-controlling interests	94,005	129,086	-	-
Total Equity	5,985,799	6,106,144	5,129,365	5,174,058

Footnotes:

- (a) The increase was mainly due to the acquisition of 21 Harris Street on 6 April 2020 and the progress payments made in relation to Olderfleet, 477 Collins Street which is currently under development, offset by lower valuation in relation to Suntec Singapore.
- (b) In respect of the Group's joint ventures, this relates to the one-third interest in ORQPL, one-third interest in BFCD LLP, 30.0% interest in Park Mall Investment Limited ("PMIL") and 50.0% interest in Southgate Trust. In respect of the Trust's joint ventures, this relates to the one-third interest in BFCD LLP.
- (c) This relates to CIL, SHPL, Suntec REIT MTN Pte. Ltd. ("SRMTN"), Suntec REIT Capital Pte. Ltd., SRAust and Suntec (PM) Pte. Ltd., which are wholly-owned subsidiaries of Suntec REIT.
- (d) This relates mainly to rental guarantee held in escrow in relation to 21 Harris Street.
- (e) This relates to the foreign currency forward contracts and interest rate swaps at fair value through profit or loss and the embedded derivative relating to convertible bonds. The increase in net derivative liabilities was mainly due to additional interest rate hedges entered into as at 30 June 2020.

**Financial Statements Announcement
For First Half ended 30 June 2020**

- (f) The increase for the Group was mainly due to dividend receivable from joint ventures and government grants receivable. The increase for the Trust was mainly due to dividend receivable from joint ventures and advances made to a subsidiary.
- (g) The increase in cash and cash equivalents was mainly due to active capital management strategy to maintain a higher liquidity in view of the current COVID-19 situation.
- (h) The interest-bearing borrowings are stated at amortised cost. The current portion of the interest-bearing borrowings as at 30 June 2020 relates to a S\$220.0 million loan facilities due in the first half of 2021 and S\$300.0 million convertible bonds due in 2024 which will be redeemable on 30 November 2020.
- (i) Please refer to statement of movements in unitholders' funds item 1(e)(i) for details.

1 (c) Aggregate amount of borrowings and debt securities

	Group		Trust	
	30/6/20	31/12/19	30/6/20	31/12/19
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
- Unsecured ^(c)				
(i) financial institutions	219,865	-	219,865	-
(ii) notes & convertible bonds	281,411	589,429	281,411	279,470
(iii) subsidiary	-	-	-	309,959
	501,276	589,429	501,276	589,429
Amount repayable after one year				
- Secured ^{(a)(b)}	793,600	364,559	-	-
- Unsecured ^(c)				
(i) financial institutions	1,811,884	1,963,441	1,811,884	1,963,441
(ii) notes & convertible bonds	1,111,657	712,819	84,926	84,281
(iii) subsidiary	-	-	1,026,731	628,538
	3,717,141	3,040,819	2,923,541	2,676,260
	4,218,417	3,630,248	3,424,817	3,265,689

Details of borrowings and collaterals

- (a) The Group has in place a secured term loan facility and revolving credit facility amounting to S\$406.0 million with a panel of banks. As at 30 June 2020, the Group has drawn down S\$366.0 million of secured facilities.

This facility is secured on the following:

- A first legal mortgage on Suntec Singapore (the "Property");
- A first fixed charge over the central rental collection account in relation to the Property;
- An assignment of the subsidiary's rights, title and interest in the key documents and the proceeds in connection with the Property;
- An assignment of the subsidiary's rights, title and interest in the insurance policies in relation to the Property; and
- A fixed and floating charge over the assets of the subsidiary in relation to the Property, agreements, collateral, as required by the financial institutions granting the facility.

- (b) The Group also has in place a secured syndicated green loan facilities amounting to A\$450.0 million which were fully drawn down as at 30 June 2020.

The facilities are secured by the following security interests held under a security trust for the finance parties:

- A first registered real property mortgage over 177 Pacific Highway, 55 Currie Street and 21 Harris Street (the "Australian Properties");
- A first registered general security over the rental collection accounts in relation to the Australian Properties, supported by account bank deeds from the account banks;
- A first registered specific security deed from the borrower in respect of all units and shares in, and any shareholder loans to each Australian guarantor;
- A parent guarantee in respect of all obligations of the borrower.

- (c) The Group has unsecured interest-bearing borrowings and revolving credit facilities amounting to S\$2,440.0 million from various institutional banks. As at 30 June 2020, the Group has drawn down S\$2,038.1 million of bank borrowings, S\$386.5 million of convertible bonds and S\$1,030.0 million medium term notes issued by SRMTN and on-lent to the Trust.

**Financial Statements Announcement
For First Half ended 30 June 2020**

1 (d) Statements of Cash Flow

	Group	
	1/1/20 to 30/6/20	1/1/19 to 30/6/19
	S\$'000	S\$'000
Operating activities		
Net income	63,996	109,948
Adjustments for:		
Depreciation of plant and equipment	384	419
Loss on disposal of plant and equipment	2	4
Asset management fees paid/payable in units	18,313	17,949
Net financing costs ^(a)	37,703	39,153
Allowance for doubtful receivables	125	101
Share of profit of joint ventures	(35,690)	(60,673)
Operating income before working capital changes	84,833	106,901
Changes in working capital		
Trade and other receivables	(4,157)	(3,250)
Trade and other payables	14,042	(5,346)
Cash flows generated from operations	94,718	98,305
Income tax paid	-	-
Net cash flow from operating activities	94,718	98,305
Investing activities		
Interest received	10,388	13,717
Dividend received from joint ventures	18,033	22,437
Change in investment in joint ventures ^(b)	(3,840)	(9,537)
Acquisition of investment property ^(c)	(267,417)	-
Capital expenditure on investment properties	(5,244)	(813)
Security deposit paid in relation to a development	-	(14,079)
Purchase of plant and equipment	(264)	(452)
Progress payments on construction ^(d)	(33,368)	(38,944)
Loans to joint venture	(792)	-
Net cash flow used in investing activities	(282,504)	(27,671)
Financing activities		
Proceeds from interest-bearing loans	581,692	440,152
Proceeds from euro medium term notes	400,000	100,000
Proceeds from issuance of units	-	200,000
Unit issue costs paid	-	(3,675)
Proceeds from settlement of derivatives	42	1,193
Financing costs paid	(62,569)	(54,782)
Repayment of euro medium term notes	(310,000)	-
Repayment of interest-bearing loans	(115,486)	(430,000)
Dividend paid to non-controlling interest	-	(3,528)
Distributions to unitholders	(116,023)	(155,076)
Net cash flow from financing activities	377,656	94,284
Net increase in cash and cash equivalents	189,870	164,918
Cash and cash equivalents at beginning of the period	157,206	136,657
Effect on exchange rate fluctuations on cash held	8,105	(409)
Cash and cash equivalents at end of the period	355,181	301,166

Footnotes:

- (a) Please refer to footnote (g) under note 1(a)(i) Statement of Total Return and Statement of Distribution for 1H FY20 on page 4.
- (b) This relates to capital injections made to PMPL. In the corresponding period, it included capital injections made to PMPL and Southgate Trust.
- (c) This relates the acquisition of 21 Harris Street, Pyrmont, Sydney, Australia.
- (d) This relates to progress payments made in relation to Olderfleet, 477 Collins Street in Australia which is currently under development.

**Financial Statements Announcement
For First Half ended 30 June 2020**

1 (e) Statements of Movements in Unitholders' Funds

	Group		Trust	
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	1/1/20 to 30/6/20	1/1/19 to 30/6/19
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at the beginning of the period	5,977,058	5,636,523	5,174,058	4,954,558
Operations				
Total return for the period attributable to unitholders	(1,604)	100,977	58,013	74,088
Net (decrease)/increase in net assets resulting from operations	(1,604)	100,977	58,013	74,088
Effective portion of changes in fair value of cash flow hedges ^(a)	(4,624)	494	-	-
Translation differences from financial statements of foreign entities	23,670	(12,487)	-	-
Net gain/(loss) recognised directly in Unitholders' funds	19,046	(11,993)	-	-
Unitholders' transactions				
Creation of units				
- private placement Units ^(b)	-	200,000	-	200,000
- asset management fees payable in units ^(c)	6,296	5,871	6,296	5,871
Units to be issued				
- asset management fees payable in units ^(d)	6,542	6,079	6,542	6,079
Unit issue expenses	-	(3,675)	-	(3,675)
Distributions paid to unitholders ^(e)	(115,544)	(156,104)	(115,544)	(156,104)
Net (decrease)/increase in net assets resulting from unitholders' transactions	(102,706)	52,171	(102,706)	52,171
Unitholders' funds as at end of period	5,891,794	5,777,678	5,129,365	5,080,817

Footnotes:

(a) This represents the share of fair value change of the cash flow hedges as a result of interest rate swaps entered into by a subsidiary and a joint venture.

(b) This represents the value of the private placement units issued on 6 May 2019.

(c) This represents the value of units issued to the Manager as partial satisfaction of the asset management fee incurred for the quarter ended 31 March 2020. The asset management base fee units for the quarter ended 31 March 2020 were issued on 22 April 2020.

(d) This represents the value of units to be issued to the Manager as partial satisfaction of the asset management fee incurred for the quarter ended 30 June 2020. The asset management base fee units for the quarter ended 30 June 2020 are to be issued within 30 days from quarter end.

(e) This includes tax withheld in relation to distribution paid during the quarter.

**Financial Statements Announcement
For First Half ended 30 June 2020**

1 (f) Details of any changes in the units since the end of the previous period reported on

	Group and Trust	
	1/1/20 to 30/6/20	1/1/19 to 30/6/19
	Units	Units
Issued units at the beginning of the period	2,801,016,053	2,670,632,751
Creation of units:		
- as payment for asset management fee	15,309,740	12,909,046
- as units issue for private placement	-	111,111,000
Issued units at the end of the period	2,816,325,793	2,794,652,797
Units to be issued:		
- asset management fee payable in units ^(a)	4,497,098	3,161,734
Issuable units at the end of the period	4,497,098	3,161,734
Total issued and issuable units	2,820,822,891	2,797,814,531

Footnotes:

(a) These are units to be issued to the Manager as partial satisfaction of asset management base fee incurred for the quarter ended 30 June 2020 and 30 June 2019 respectively.

1 (g) Number of shares that may be issued on conversion of all outstanding convertibles

Convertible Bonds – Group & Trust

(a) Convertible Bonds due 2021

On 5 September 2016, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2021 ("CB 2021"). To-date, \$213.5 million in principal amount of CB 2021 had been converted or redeemed as the case may be and cancelled in accordance with the terms of CB 2021.

As at 30 June 2020, S\$86.5 million (30 June 2019: S\$87.5 million) of CB 2021 remained outstanding which are convertible by holders into units of Suntec REIT ("Unit") at any time on or after 16 October 2016 at an adjusted conversion price of S\$1.98 per new Unit (30 June 2019: S\$2.01 per new Unit). The final redemption date of the bonds will be 5 September 2021.

Assuming CB 2021 are fully converted based on the adjusted conversion price, the number of new Units to be issued would be 43,686,868 (30 June 2019: 43,532,338), representing 1.55% (30 June 2019: 1.56%) of the total number of Units in issue as at 30 June 2020.

(b) Convertible Bonds due 2024

On 30 November 2017, Suntec REIT issued S\$300.0 million in principal amount of Convertible Bonds due in 2024 ("CB 2024") which are convertible by holders into Units at any time on or after 9 January 2018 at an adjusted conversion price of S\$2.11 per new Unit (30 June 2019: \$2.14 per new Unit).

Unless previously redeemed by the bondholders on 30 November 2020, or by the Trust at any time on or after 30 November 2020 and not less than 7 business days prior to 30 November 2024, the final redemption date of the bonds will be 30 November 2024.

Assuming CB 2024 are fully converted based on the adjusted conversion price, the number of new Units to be issued would be 142,180,095 (30 June 2019: 140,186,915), representing 5.05% (30 June 2019: 5.02%) of the total number of Units in issue as at 30 June 2020.

**Financial Statements Announcement
For First Half ended 30 June 2020**

- 2. 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 figures for 1H FY20 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

- 3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Please see attached review report.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2019.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

There is no change in the accounting policies and methods of computation adopted.

**Financial Statements Announcement
For First Half ended 30 June 2020**

6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”)

Earnings per unit

	Group	
	1/1/20 to 30/6/20	1/1/19 to 30/6/19
Weighted average number of issued/issuable units ^(a)	2,813,787,569	2,716,458,568
Earnings per unit for the period based on the weighted average number of units in issue (cents)	(0.057)	3.717
Weighted average number of units on the fully diluted basis	2,824,587,462	2,941,121,309
Earnings per unit for the period based on the fully diluted basis (cents) ^(b)	(0.057)	3.466

Footnotes:

(a) For the purpose of calculating the basic EPU, the weighted average number of units issued/issuable took into account the asset management fees – base fees paid/payable in units (30 June 2019: the weighted average number of units issued/issuable took into account the asset management fees – base fees paid/payable in units and private placement units).

(b) For the purpose of calculating the diluted EPU, the weighted average number of units in issue is adjusted to take into account the asset management fees – base and performance fees payable in units, private placement units and dilutive effect arising from full conversion of convertible bonds to units.

Distribution per Unit

In computing the DPU, the number of units as at the end of each period is used for the computation. The DPU for the Group and Trust are the same.

	Group	
	1/1/20 to 30/6/20	1/1/19 to 30/6/19
Number of issued and issuable units at end of period entitled to distribution ^(a)	2,820,822,891	2,797,814,531
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	3.293 ⁽¹⁾⁽²⁾⁽³⁾	4.795 ⁽¹⁾

(1) The distribution per unit for 1H FY20 of **3.293** cents per unit (30 June 2019: **4.795** cents per unit) comprised a taxable income component of **2.898** cents per unit (30 June 2019: **3.786** cents per unit), a tax exempt income component of **0.395** cents per unit (30 June 2019: **0.535** cents per unit) and a capital distribution of **NIL** cents per unit (30 June 2019: **0.474** cents per unit).

(2) The distribution per unit for the quarter ended 31 March 2020 of 1.760 cents per unit was paid on 28 May 2020.

(3) The distribution per unit for the quarter ended 30 June 2020 of 1.533 cents per unit will be paid on/about 27 August 2020.

Footnotes:

(a) The computation of actual DPU for the period from 1 April 2020 to 30 June 2020 is based on the number of units entitled to the distribution:

(i) The number of units in issue as at 30 June 2020 of 2,816,325,793; and

(ii) The units issuable to the Manager by 30 July 2020 as partial satisfaction of asset management base fees incurred for the period from 1 April 2020 to 30 June 2020 of 4,497,098.

**Financial Statements Announcement
For First Half ended 30 June 2020**

7. Net asset value (“NAV”) and Net Tangible Asset (“NTA”) per unit as at 30 June 2020

	Group		Trust	
	30/6/20 ^(a)	31/12/19	30/6/20 ^(a)	31/12/19
NAV / NTA per unit (S\$) ^(b)	2.089	2.126	1.818	1.841

Footnotes:

(a) The number of units used for computation of actual NAV per unit is 2,820,822,891. This comprised:

- (i) The number of units in issue as at 30 June 2020 of 2,816,325,793; and
- (ii) The units issuable to the Manager by 30 July 2020 as partial satisfaction of asset management base fees incurred for the period from 1 April 2020 to 30 June 2020 of 4,497,098.

8. Review of the performance for the First Half ended 30 June 2020

8(i) Gross revenue and Net Property Income contribution by properties

Properties	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Gross Revenue:			
Suntec City	104,886	119,790	-12.4%
Suntec Singapore	16,185	38,836	-58.3%
177 Pacific Highway	18,432	19,447	-5.2%
21 Harris Street	2,276	-	n.m.
55 Currie Street	7,669	-	n.m.
Total gross revenue	149,448	178,073	-16.1%
Net Property Income:			
Suntec City	66,718	85,609	-22.1%
Suntec Singapore	744	12,312	-94.0%
177 Pacific Highway	15,906	16,640	-4.4%
21 Harris	1,828	-	n.m.
55 Currie	5,709	-	n.m.
Total net property income	90,905	114,561	-20.6%

**Financial Statements Announcement
For First Half ended 30 June 2020**

8(ii) Income contribution from joint ventures

	Group		
	1/1/20 to 30/6/20	1/1/19 to 30/6/19	Change
	S\$'000	S\$'000	%
Joint ventures:			
One-third interest in ORQ:			
- Interest income	866	1,127	-23.2%
- Dividend income	11,602	11,185	3.7%
	12,468	12,312	1.3%
One-third interest in MBFC Properties:			
- Interest income	9,267	11,720	-20.9%
- Distribution income	16,989	17,378	-2.2%
	26,256	29,098	-9.8%
50% interest in Southgate Complex:			
- Dividend/Distribution income	8,147	8,339	-2.3%
	8,147	8,339	-2.3%
Total income contribution	46,871	49,749	-5.8%

Review of performance 1H FY20 vs 1H FY19

For 1H FY20, the gross revenue was S\$149.4 million, a decrease of S\$28.6 million or 16.1% lower year-on-year. The decrease was mainly due to lower revenue from Suntec City and Suntec Singapore by S\$14.9 million and S\$22.7 million respectively as well as lower revenue from 177 Pacific Highway. This was partially offset by contribution from 21 Harris and 55 Currie which was acquired on 6 April 2020 and 10 September 2019 respectively.

Suntec City revenue declined S\$14.9 million year-on-year, mainly due to the decrease in retail revenue arising from the rent assistance of approximately 1.5 months granted to retail tenants. While the operating performance of Suntec City Office improved with higher occupancy and rent achieved in 1H FY20, the revenue declined by S\$0.4 million due to provision made for rent assistance to eligible SME tenants. As at 30 June 2020, the committed occupancy of Suntec City Office was 98.1%, a decline of 1.0 percentage point year-on-year while the committed occupancy of Suntec City Mall was 96.3%, a decline of 2.0 percentage points year-on-year.

Suntec Singapore's revenue contribution for the period of S\$16.2 million comprises S\$8.9 million from convention and S\$7.3 million from retail as compared to S\$28.6 million and S\$10.2 million respectively in 1H FY19. The convention revenue declined 68.9% as a result of the postponement and cancellation of events due to the COVID-19 outbreak. Suntec Singapore's retail revenue decreased by 28.6% as compared to 1H FY19 due to rent assistance of approximately 1.5 months granted to retail tenants.

177 Pacific Highway revenue of S\$18.4 million for 1H FY20 was 5.2% lower than 1H FY19 due to the weakened Australian dollar and rent assistance of approximately 2 months granted to retail tenants. The committed occupancy for 177 Pacific Highway was maintained at 100%. The committed occupancy for 21 Harris Street and 55 Currie Street was 68.2% and 91.7% respectively as at 30 June 2020. There are rent guarantees for the vacant spaces at 21 Harris Street and 55 Currie Street.

The net property income for 1H FY20 was S\$90.9 million, S\$23.7 million or 20.6% lower year-on-year, mainly attributable to the rent assistance granted to Suntec City retail tenants and provision made for rent assistance to eligible office tenants. This was partially offset by contribution from 21 Harris Street and 55 Currie Street.

Financial Statements Announcement For First Half ended 30 June 2020

The total income contribution from joint ventures comprising ORQ, MBFC Properties and Southgate Complex for the period was S\$46.9 million, 5.8% lower mainly due to one-off compensation received in 1H FY19 and rent assistance granted to the retail tenants at MBFC Properties as well as lower income contribution from Southgate Complex due to rent assistance granted to retail tenants. This was partially offset by higher contribution from One Raffles Quay due to one-off compensation received in 1H FY20. The committed occupancy for ORQ improved by 1.0 percentage point year-on-year to 98.0%. The committed occupancy at MBFC Towers 1 & 2 maintained at 100.0% while the committed occupancy at Marina Bay Link Mall declined 1.5 percentage points year-on-year to 98.0%. Southgate Complex's office committed occupancy was 99.7%, an increase of 0.2 percentage points year-on-year.

Net financing costs for the period was S\$37.7 million, a decrease of S\$1.5 million year-on-year. Despite an increase in borrowings, the net financing costs was lower mainly due to lower interest rates in 1H FY20. The all-in financing cost for the group was 2.63% per annum for the period and the aggregate leverage ratio was 41.3% as at 30 June 2020.

The distributable income from operations for 1H FY20 was \$103.1 million, 21.0% lower year-on-year. To maintain financial flexibility in view of the evolving COVID-19 situation, 10.0% of the distributable income for 1H FY20 has been retained. Consequently, the amount available for distribution for 1H FY20 was \$92.8 million, 28.9% lower year on year.

The DPU for 1H FY20 was 3.293 cents, 31.3% lower year-on-year.

9. Variance between the forecast and actual results

The current results are broadly in line with the Trust's commentary made in the FY2019 Financial Results Announcement under item 10. The Trust has not disclosed any financial forecast to the market.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Based on the report released by the Ministry of Trade and Industry ("MTI") on 14 July 2020, the Singapore economy in the second quarter of 2020 decline by 12.6% on a year-on-year basis and by 41.2% from the first quarter. According to MTI estimates issued on 26 May 2020, Singapore economy is expected to contract between 4% to 7% in 2020.

Singapore Office

According to property consultants, the Singapore office leasing market remained relatively subdued in the second quarter of 2020 as demand was slow amid the increased economic uncertainties and the circuit breaker measures which posed challenges to potential tenants in viewing alternative space options. Overall CBD occupancy declined by 1.7 percentage points to 93.3% contributed mainly by the increase in vacancies in the Shenton Way submarket and the completion of 79 Robinson Road in the second quarter of 2020¹. Overall CBD rents declined by 3.0 percentage points to S\$10.48 psf/mth as landlords face downward pressure on rents in order to retain tenants¹. Looking ahead, leasing activity is likely to remain slow in the second half of 2020 as companies continue to focus on cost containment with relocation and expansion plans likely to be deferred or cancelled.

Suntec REIT's Singapore office portfolio rental revenue is expected to be stable supported by the completion of 61% of FY20 renewals and strong rent reversions achieved from the previous nine quarters. Rent reversions is anticipated to remain positive for FY20 and occupancy is expected to remain relatively healthy above the market range of 93.3%.

Singapore Retail

According to property consultants, the Singapore retail market was weak in the second quarter of 2020 due to the suspension of non-essential businesses by the government during the circuit breaker. Leasing activity was thin with few new leases signed and renewals committed at lower rents. Some retail operations which faced cashflow problems and were unsustainable ceased operations and this resulted in an increase in vacancy rates across all submarkets. As

Financial Statements Announcement For First Half ended 30 June 2020

a result of the circuit breaker measures, fit-out and reinstatement works of tenants were delayed. Looking ahead, sentiment amongst retailers will remain subdued as tourism demand is unlikely to recover in the short-term and the continued safe-distancing measures will reduce operational capacity¹.

Suntec City Mall rental revenue will be adversely impacted by the rent assistance measures for tenants. Rent reversions for the second half of 2020 is likely to be negative due to weaker market demand while occupancy will trend closer to the nation-wide average of low 90%² due to non-renewals.

Singapore Convention

Challenges faced by the Meetings, Incentives, Conventions and Exhibitions (“MICE”) industry in Singapore are unprecedented with events not permitted to be held since 7 April 2020. Recovery of the MICE business at Suntec Singapore will likely be led by local corporate events, meetings and consumer shows when current measures on safe distancing are eased. However, demand for international conventions and events is expected to remain weak due to slower recovery in international travel. Income contribution from Suntec Singapore to Suntec REIT will be significantly affected for 2020.

On 1 July 2020, S\$40 million was injected to Suntec Singapore to support its business needs. The immediate focus is on costs control to ride out the downturn.

Australia Office and Retail

According to the Australian Bureau of Statistics, the Australian economy on a year-on-year basis, grew by 1.4% in the first quarter of 2020. According to the International Monetary Fund, the Australia economy is expected to contract by 4.5% in 2020. On 7 July 2020, the Reserve Bank of Australia maintained the cash rate at 0.25%.

In Australia, the national office CBD occupancy declined by 0.1 percentage point to 91.6% in the first quarter of 2020. For the office markets in Sydney and Melbourne, prime office occupancy rates remained healthy at 94.5% and 98.2% respectively. Adelaide CBD prime office occupancy increased by 0.9 percentage point to 89.1%.³

According to property consultants, the slowdown in economic activity in Australia due to the COVID-19 outbreak had led to a reduction in leasing demand. With increased market uncertainty, businesses have deferred decision making to a later date and are reassessing space requirements. In Melbourne, retail tenants are unable to open for business due to a six-week lockdown since 8 July 2020.

Looking ahead, leasing demand is expected to be subdued and vacancy rates are also expected to trend up as businesses exercise caution.

Suntec REIT’s Australia office portfolio is expected to remain resilient underpinned by strong occupancy, long weighted average lease expiries with minimum lease expiry in 2020. The overall income from Australia is expected to increase over 2019 with contributions from 21 Harris Street and 477 Collins Street. In addition, the Manager had submitted a development application to the relevant authorities to redevelop Southgate Complex retail podium and to construct a new office tower.

If the COVID-19 situation is protracted, resulting in a further deterioration of the economic downturn, the performance of the REIT’s portfolio will be adversely impacted.

Looking ahead, the Manager will proactively manage risks to strengthen the resilience of the properties, and adopt a disciplined approach in reducing operating costs and discretionary capital expenditure, as well as continue to source for good quality assets that are accretive and further enhance the income stability of the REIT.

¹ JLL, Singapore Office and Retail Market Reports 2Q 2020.

² URA Q1 20 data

³ JLL, Australia Office Overview and Outlook, Sydney CBD Office, North Shore Office and Melbourne CBD Office Market Reports 1Q 2020.

**Financial Statements Announcement
For First Half ended 30 June 2020**

11. Distributions

(a) Current financial period

Any distribution declared for the current period? Yes

Name of distribution Distribution for the period from 1 January 2020 to 30 June 2020

Distribution Rate	Distribution Type	Distribution Rate Per Unit (cents)
	Taxable income	2.898
	Tax-exempt income	0.395
	Total	3.293

Distribution Type i) Taxable income
ii) Tax-exempt income

Par value of units Not meaningful

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 1.669 cents per unit for the period 1 January 2020 to 31 March 2020 and 1.229 cents per unit for the period 1 April 2020 to 30 June 2020.

Tax exempt income comprised 0.091 cents per unit for the period 1 January 2020 to 31 March 2020 and 0.304 cents per unit for the 1 April 2020 to 30 June 2020.

A distribution of 1.760 cents per unit for the period 1 January 2020 to 31 March 2020 was paid on 28 May 2020.

**Financial Statements Announcement
For First Half ended 30 June 2020**

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year? Yes

Name of distribution Distribution for the period from 1 January 2019 to 30 June 2019

Distribution Type	Distribution Rate Per Unit (cents)
Taxable income	3.784
Tax-exempt income	0.537
Capital distribution	0.474
Total	4.795

Distribution Type
i) Taxable income
ii) Tax-exempt income
iii) Capital distribution

Par value of units Not meaningful

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 1.917 cents per unit for the period 1 January 2019 to 31 March 2019, 0.651 cents per unit for the period 1 April 2019 to 5 May 2019 and 1.216 cents per unit for the period 6 May 2019 to 30 June 2019.

Tax exempt income comprised 0.275 cents per unit for the period 1 January 2019 to 31 March 2019, 0.145 cents per unit for the period 1 April 2019 to 5 May 2019 and 0.117 cents per unit for the period 6 May 2019 to 30 June 2019.

Capital distribution comprised 0.242 cents per unit for the period 1 January 2019 to 31 March and 0.232 for the period 1 April 2019 to 30 June 2019.

(c) Date paid/payable: A distribution of 1.533 cents per unit for the period 1 April 2020 to 30 June 2020 will be paid on/about 27 August 2020.

(d) Record Date: 3 August 2020

**Financial Statements Announcement
For First Half ended 30 June 2020**

12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. 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.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager of Suntec REIT (the "Manager") which may render the unaudited interim financial statements of the Group and Trust (comprising the statement of financial position as at 30 June 2020, statement of total return & distribution statement, cash flow statement and statement of changes in unitholders' funds for the half year ended on that date), together with their accompanying notes, 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

15. 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.

**Financial Statements Announcement
For First Half ended 30 June 2020**

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
23 July 2020