



Trust Management (Suntec) Limited

Press Release

24 January 2024

Manager of



Suntec REIT Delivers Distributable Income of S\$206.8 million for FY 2023

Singapore, 24 January 2024 – Suntec REIT reports distributable income of S\$206.8 million for the period from 1 January to 31 December 2023 ("FY 23"), 19.1% lower than the year ended 31 December 2022 ("FY 22"). Distribution per unit ("DPU") of 7.135 cents to unitholders for FY 23 was 19.7% lower year-on-year.

Operational performance of the Singapore Office, Retail and Convention portfolios continued to improve. The REIT faced higher financing costs, lower contributions from the overseas properties arising from vacancies at 55 Currie Street, Adelaide, Southgate Complex, Melbourne and The Minster Building, London and leasing incentives given for 177 Pacific Highway, Sydney. Australian dollar has also weakened by 6.6% against the Singapore dollar during these periods. These have impacted the distributable income.

On the divestment front, Suntec REIT divested S\$94.4 million of strata units at Suntec City Office Towers at an average price of 31% above book value. The proceeds were used to pare down debts. The transactions were accretive to the REIT's earnings as the divested yield were lower than current borrowing costs.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, "On the operating front, the Singapore Office and Retail portfolios continued to post better revenue performance, achieving strong double-digit rent reversions across all the quarters of the year. The recovery of the convention business was another bright spot, with revenue and income both surpassing pre-COVID levels, and earlier than expected. Going forward, though we expect better operating performances from the Singapore portfolio, the elevated interest rates and leasing downtime for the vacancies at 55 Currie Street, Southgate Complex and The Minster Building would continue to impact our distributable income. Suntec REIT will continue to focus on divestment of our mature assets and strata units at Suntec City Office to deliver accretive earnings, lower our gearing and deliver long-term value to our unitholders."

Outlook

Singapore Office Portfolio

Geo-political tensions and economic headwinds continue to weigh on the office market with few discernible key demand drivers in sight. Rent growth is expected to moderate. Rent reversion for our Singapore Office Portfolio will remain positive with revenue strengthening on the back of high occupancies and twenty-two consecutive quarters of positive rent reversions.

Suntec City Mall

With inflationary pressures and the Goods and Services Tax hike, cautious domestic consumption is likely to temper sales growth. The continued recovery of tourism in Singapore is expected to be the key driver for mall traffic and tenant sales. Overall tenant sales is expected to remain above pre-COVID levels. Rent reversion is expected to be positive. Revenue from Suntec City Mall is expected to improve, underpinned by higher occupancy, rent and marcoms revenue.

Suntec Convention

Singapore's MICE industry will continue to drive and benefit from the country's tourism recovery. Recovery of the convention business recovery has surpassed expectations; future growth will continue to be driven by MICE, consumer events and long-term licenses. Higher dividend contributions from Suntec Convention are expected.

Australia Portfolio

Nationwide CBD office market vacancy increased to 14.9% due to negative net absorption and completion of new office buildings. However, prime rents are expected to remain stable with the continuation of occupiers' flight-to-quality. Revenue for the Australia Portfolio is likely to be lower from the leasing downtime of the vacancies at 55 Currie Street and Southgate Complex. Higher incentives seen in Adelaide and Melbourne will also impact revenue performance of 55 Currie Street and Southgate Complex.

United Kingdom Portfolio

Global uncertainties and economic challenges continue to weigh on business sentiments. However, office occupancy of Central London is expected to improve amidst limited office supply. Good quality office assets in prime locations will remain sought after. Revenue for the UK Portfolio although resilient, will be weighed down by the leasing downtime of the vacancies at The Minster Building in the short term.

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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 "ESR"), APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With approximately US\$150 billion in total AUM, ESR's 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. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across the 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 approximately US\$45 billion. Its purpose — Space and Investment Solutions for a Sustainable Future — drives ESR to manage sustainably and impactfully and it considers the environment and the communities in which it operates as key stakeholders of its 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.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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