

Press Release

24 October 2018

Manager of



Suntec REIT Delivers 3Q 18 Distributable Income of S\$66.5 million

3Q 18 Distribution Per Unit (DPU) of 2.491 cents

Singapore, 24 October 2018 – ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust (“Suntec REIT”, and the “Manager”), is pleased to announce a distributable income of S\$66.5 million for the period 1 July to 30 September 2018 (“3Q 18”) which was 1.0% higher compared to the quarter ended 30 September 2017 (“3Q 17”). The distribution per unit (“DPU”) of 2.491 cents for 3Q 18 was 0.3% higher than 3Q 17 DPU of 2.483 cents.

For the period 1 January to 30 September 2018 (“YTD Sep 18”), the distributable income of S\$197.4 million was 1.9% higher year-on-year. The DPU of 7.398 cents for YTD Sep 18 was in-line with the DPU of 7.401 cents attained for the corresponding period last year.

Mr. Chan Kong Leong, Chief Executive Officer of the Manager, said, “We are pleased to report that our retail business continued to improve in the third quarter of 2018. The multi-pronged strategy that we have executed for Suntec City mall had yielded positive results and the mall is poised to continue to perform well, notwithstanding the continuing challenges in the retail sector.”

“Our additional 25% interest in Southgate Complex also contributed to the stronger performance this quarter. This was however offset by higher financing costs, transitory downtime in Suntec City office and the weakened Australian dollar.”

As at 30 September 2018, the Singapore office portfolio overall committed occupancy stood at 99.0%. The committed occupancy for Suntec City office was 99.6% while One Raffles Quay and Marina Bay Financial Centre Properties committed occupancies were 96.1% and 100% respectively.

On Suntec REIT's office performance, Mr. Chan said, "In the third quarter of 2018, we renewed and signed approximately 268,000 sq ft of leases, reducing the leases expiring in 2018 and 2019 to 2.1% and 10.9% of NLA respectively. We will continue our proactive asset management to strengthen our office proposition and maintain the strong occupancy level for our Singapore office portfolio."

Commenting on Suntec City office, Mr. Chan said, "Ranked highly in terms of amenities, accessibility and convenience, Suntec City continued to see a healthy take up of office spaces last quarter with demand coming from the Technology, Media and Telecommunications sector and Energy & Natural Resources sector."

On Suntec City office upgrading, Mr. Chan said, "The repositioning of Suntec City office to realise its intrinsic potential is in progress. Works will commence in 4Q 2018 and complete progressively over the next 3 years. Office tenants can look forward to an enhanced experience with refreshed lobbies, washrooms and visitor management system."

In 3Q 18, HSBC signed a 10-year lease at Marina Bay Financial Centre Tower 2. Fit out work for the bank's new headquarters is expected to commence in the second half of 2019 with target occupation by April 2020. Occupying almost 140,000 sq ft of NLA, HSBC augments the property's stellar list of blue chip tenants and the long tenure is a testament to quality of the asset.

For the Singapore retail portfolio, the overall committed occupancy as at 30 September 2018 was 98.6%. The committed occupancy for Suntec City mall stood at 98.5%, while the committed occupancy for Marina Bay Link Mall achieved 100%.

On Suntec City's retail performance, Mr Chan said. "Key operation indicators for Suntec City continued to show improvement. Overall committed occupancy of Suntec City mall maintained at a high level of 98.5%. Year-to-date footfall for the mall increased 5.5% year-on-year while tenant sales per sq ft increased 5.4 % year-on-year."

Mr. Chan said, "We are pleased to announce that SuperPark, an all-in-one indoor activity park from Finland will be opening its first Southeast Asia outlet in Suntec City, increasing the appeal of our city towards families with their exciting range of interactive and innovative activities. With the addition of approximately 40,000 sq ft of activity space, Suntec City now has the largest in-mall footprint of commercial playgrounds in Singapore."

"Foot Locker, one of the leading American sportswear and footwear retailers had also opened its first downtown store on 15 Oct 2018. The city now boasts almost all the major

sporting brand names, reinforcing Suntec City's standing as a top destination for athleisure offerings."

"To cater to consumers' increased focus on wholesome living and complement Suntec City's fitness and wellness zone, we have also secured State Swim, a new-to-market swim school operator from Australia which will be conducting swimming classes at Suntec City."

"We will continue to curate exciting offerings to strengthen Suntec City's ecosystem and deliver greater value to our shoppers."

In Australia, the committed occupancy for 177 Pacific Highway maintained at 100%. For Southgate Complex, the committed occupancy for the office towers improved to 96.8% with an additional 2.0% of NLA with Heads of Agreement ("HOA") signed to-date. The committed occupancy for the retail podium was 90.0% as at 30 September 2018.

Commenting on Suntec REIT's Australia portfolio, "Suntec REIT continues to enjoy the value uplift of the Australia assets with 177 Pacific Highway and Southgate Complex contributing a stable recurring income for Suntec REIT unitholders."

For the projects under development, 9 Penang Road and 477 Collins Street, construction works are in progress and are scheduled to complete by end 2019 and mid 2020 respectively.

On 477 Collins Street, Mr. Chan said, "We are pleased to report that the pre-committed occupancy for 477 Collins Street has increased to 65.8%. With an additional approximate 16.2% of NLA with HOA signed to-date, we will achieve more than 80% pre-committed occupancy two years ahead of practical completion."

Summary of Suntec REIT's 3Q 18 and YTD SEP 18 Results

	3Q 18 (S\$'000)	3Q 17 (S\$'000)	% Change	YTD SEP 18 (S\$'000)	YTD SEP 17 (S\$'000)	% Change
Gross revenue	88,811	91,132	-2.5	270,051	266,873	1.2
Net property income	56,544	63,852	-11.4	180,251	185,102	-2.6
Income contribution from JVs	23,159	22,254	4.1	68,496	68,364	0.2

	3Q 18 (S\$'000)	3Q 17 (S\$'000)	% Change	YTD SEP 18 (S\$'000)	YTD SEP 17 (S\$'000)	% Change
Distributable income	66,529	65,858	1.0	197,352	193,737	1.9
- from operations	56,529	57,858	-2.3	170,852	174,737	-2.2
- from capital	10,000	8,000	25.0	26,500	19,000	39.5
Distribution per unit	2.491¢	2.483¢	0.3	7.398¢	7.401¢	0.0
- from operations	2.117¢	2.181¢	-2.9	6.405¢	6.679¢	-4.1
- from capital	0.374¢	0.302¢	23.8	0.993¢	0.722¢	37.5
Distribution yield						
- based on 30 September 2018 closing price of S\$1.93	5.1%	5.1%		5.1%	5.1%	
- based on 23 October 2018 closing price of S\$1.81	5.5%	5.4%		5.5%	5.5%	

For 3Q 18, Suntec REIT's gross revenue of S\$88.8 million was 2.5% lower year-on-year. This was mainly attributed to the lower contribution from 177 Pacific Highway due to the weakened Australian dollar and lower contribution from Suntec City office as a result of transitory downtime from replacement leases which will fully commence operations by end 2018.

The net property income of S\$56.5 million was S\$7.3 million or 11.4% lower year-on-year. This was mainly due to the sinking fund contribution of S\$4.8 mil for Suntec City Office upgrading works which has no impact on DPU and the weakened Australian dollar which resulted in a S\$2.1 million decline in income received from the properties in Australia.

The debt-to-asset ratio stood at 36.8% as at 30 September 2018 whilst the all-in financing cost was 2.86% per annum for 3Q 18.

For YTD Sep 18, Suntec REIT's gross revenue of S\$270.1 million was an increase of 1.2% year-on-year. This was mainly due to higher contribution from Suntec Singapore and Suntec City mall. Net property income decreased by 2.6% to S\$180.3 million which was similarly due to the sinking fund contribution for Suntec City Office upgrading works and the weakened Australian dollar.

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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 50.0% interest in Southgate Complex, Melbourne, and a 50.0% interest in a commercial building to be developed which is located at Olderfleet 477 Collins Street, Melbourne, 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 ASSET MANAGEMENT LIMITED

Suntec REIT is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA"). ARA is a premier global integrated real assets fund manager. As at 30 June 2018, the Gross Assets Managed by ARA Group¹ and its Associates is approximately S\$78.2 billion across 62 cities in 20 countries.

Driven by a vision to be the best-in-class real assets fund management company, ARA Group and its Associates' businesses include:

- (a) **REITs** – ARA is one of the largest REIT managers in Asia. The Group directly manages Fortune REIT, dual-listed in Singapore and Hong Kong; Suntec REIT and Cache Logistics Trust, listed in Singapore; and Hui Xian REIT and Prosperity REIT, listed in Hong Kong. It also indirectly manages REITs in Japan and Australia through its associate companies.
- (b) **Private real estate funds** – The Group manages private funds providing investment opportunities in diverse real estate sectors and geographies that cater to different investor risk appetites.
- (c) **Infrastructure** – ARA Infrastructure was established in 2018 to cater to strong investor demand for global infrastructure investment in line with the increasing opportunities in this asset class.
- (d) **Country desks** – ARA operates country desks in China, Korea, Japan, Malaysia, Australia and Europe. The country desks employ a strong understanding of each local market to facilitate the flow of inbound and outbound capital and cross-country collaborations. In Korea, ARA manages six private REITs; In Japan, ARA holds a strategic stake in Kenedix, Inc. with approximately S\$25 billion in assets under management ("AUM"); In Europe, ARA's platform is extended through its strategic partnership with Australia-based Cromwell Property Group which has approximately S\$11 billion in AUM, of which S\$5 billion is in Europe.
- (e) **Real estate management services** – As part of the Group's investor-operator philosophy, its dedicated property management teams actively work the ground to manage its assets around the world.

Its multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge enables the Group to offer enduring value to its investors. 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.

¹ ARA Asset Management Holdings Pte. Ltd. and the Group of companies

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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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