
Suntec REIT Enhances Unitholders' Value with Divestment of Suntec City Office Strata Units and Acquisition of The Minster Building, London

Singapore, 29 June 2021 – Suntec REIT is pleased to announce that it has entered into sale and purchase agreements to divest a portfolio of strata units at Suntec City Office for S\$197.0 million and acquire a 100% interest in a Grade A office building with ancillary retail (“The Minster Building”) located in the heart of City of London for an agreed value of £353.0 million (S\$667.2 million)¹.

The divestment of 78,491 sq ft of Suntec City Office strata units at an agreed property value of S\$197.0 million or S\$2,510 per square foot (“psf”) represents a 8.9% premium over the independent valuation of S\$180.9 million² and a net gain on divestment of S\$13.9 million. The net property income yield was 3.1%³.

Mr. Chong Kee Hiong, Chief Executive Officer of the Manager, said, “We are pleased to expand our footprint in London with the acquisition of The Minster Building. The Grade A office development is a strategic fit with Suntec REIT’s existing portfolio and will enhance the resilience, diversification and income stability of Suntec REIT’s portfolio. The property has an income yield of 4.5%⁴ and long weighted average lease expiry of 12.3 years.”

Commenting on the divestment, “The divestment of Suntec City Office strata units, coming on the back of the recent sale of 9 Penang Road and together with the acquisition of The Minster Building is the result of our active portfolio management to enhance unitholders’

¹ Based on the exchange rate of £1: S\$1.89.

² The valuation of the portfolio was derived by multiplying the Rate of Lettable Floor Area (S\$ per square metre) per the 31 December 2020 valuation report by the net lettable area of the portfolio.

³ Based on passing income as at 1 April 2021.

⁴ Based on passing income as at 31 March 2021 divided by total acquisition outlay of £360.1 million (approximately S\$680.5 million).

value. The proceeds from divestments and the recent perpetual securities issuance have improved our financial flexibility and enabled us to pursue growth opportunities for high quality and accretive assets in good locations. The Minster Building is higher yielding than the divested assets and we achieved DPU and NAV accretions of 3.6%⁵ and 0.7%⁶ respectively for the unitholders.”

Post divestments and acquisition, Suntec REIT’s assets under management (“AUM”) will grow from S\$11.5 billion⁷ to S\$11.7 billion across 10 properties in Singapore (70.7% of AUM), Australia (16.8% of AUM) and the United Kingdom (12.5% of AUM). Suntec REIT continues to be anchored by the resilient office sector which will contribute more than 85% to the REIT’s total income contribution. The office portfolio weighted average lease expiry will be lengthened to 5.55 years while the retail portfolio weighted average lease expiry will be extended to 3.18 years.

Mr. Chong concluded, “We will continue with our active capital management to further strengthen Suntec REIT’s balance sheet”.

⁵ Based on pro forma financial effects of the acquisition for FY2020, as if the acquisition was completed on 1 January 2020 and on assumption that the acquisition is funded by proceeds from divestments, GBP loan and perpetual securities.

⁶ Based on pro forma financial effects of the acquisition for FY2020, as if the acquisition was completed on 31 December 2020, and on assumption that the acquisition is funded by proceeds from divestments, GBP loan and perpetual securities.

⁷ As at 31 December 2020.

Appendix

Summary of Acquisition

Description	11-storey Grade A office development with ancillary retail		
Year of Completion	Built in 1990, significant refurbishments completed in 2018		
Title	999-year leasehold from 24 October 1990 (968 years remaining)		
Agreed Property Value	£353.0 million (\$\$667.2 million) ¹ (4.6% discount to independent valuation)		
Independent Valuation²	£370.0 million (\$\$699.3 million) ¹ by Jones Lang Lasalle		
NPI yield	4.5% ³		
Sustainability	BREEAM rating 'Very Good' ⁴ EPC rating C ⁵		
Tenancy Information	Office	Retail	Total
Net Lettable Area (sq ft)	257,481 (88%)	35,917 (12%)	293,398 (100%)
Committed Occupancy⁶	96.2%	100%	96.7%
No. of tenants	10	3	13
Weighted Average Lease Expiry (Years)⁷	11.3	19.6	12.3

Notes:

¹ Based on the exchange rate of £1: \$\$1.89.

² Dated 21 April 2021.

³ Based on passing income as at 31 March 2021 divided by total acquisition outlay.

⁴ BREEAM (Building Research Establishment Environmental Assessment Method) provides independent certification of the sustainability performance of buildings.

⁵ EPC (Energy Performance Certificates) rate the energy efficiency of buildings.

⁶ 2-year income guarantee for vacant spaces and retail leases and approximately 1-year income guarantee for the co-working lease.

⁷ Based on net lettable area as at 31 March 2021.

About The Minster Building

The Minster Building is well-located in the heart of City of London and is within 10 minutes walking distance to five train stations. The property is surrounded by several important institutions of historical significance and landmark attractions such as Lloyd's of London, The Bank of England, The Royal Exchange, Leadenhall Market and the Tower of London.

Built in 1990, The Minster Building is the largest of 3 buildings within the Minster Court Estate. Significant renovations and refurbishments designed by renowned architect Buckley Gray Yeoman were completed in 2018.

The Minster Building has a committed occupancy of 96.7%⁸. The office component is 96.2% leased and is occupied by quality office tenants from diversified sectors with a weighted average lease expiry of 11.3 years⁹. The strong income stream from the office tenants constitute 93.4% of The Minster Building's total rental income.

Ancillary retail in The Minster Building which is fully leased, comprises a restaurant / bar, a cafe and an upmarket gymnasium which includes a swimming pool. To protect the property's income and ride out the current pandemic, there is a 2-year income guarantee for vacant spaces and retail leases and an approximately 1-year income guarantee for the co-working lease.



The Minster Building, façade



Office Lobby

⁸ 2-year income guarantee for vacant spaces and retail leases and approximately 1-year income guarantee for the co-working lease.

⁹ Based on net lettable area for office spaces as at 31 March 2021.



Lift Lobby



Business Lounge

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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, 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, Pymont, 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 located in London, United Kingdom. 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").

ARA is the largest real assets manager in Asia Pacific with S\$116 billion¹⁰ in gross assets under management. ARA Group operates a multi-product platform diversified across assets, strategies and geographies in both public and private markets, managing real estate investment trusts (REITs) and private funds in real estate, infrastructure and credit globally. ARA's vertically-integrated business includes development and value-add asset management capabilities, an in-house capital raising team, and property management expertise in local markets where ARA invests and manages assets. With a resolute focus on creating sustainable value, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions.

For more information, please visit www.ara-group.com.

¹⁰ Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 31 December 2020

IMPORTANT NOTICE

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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.

Contacts**ARA Trust Management (Suntec) Limited**

Tel: +65 6835 9232

Melissa Chow

Manager, Investor Relations

melissachow@ara-group.com
