

MEDIA RELEASE

3 May 2023

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S RETAIL SEGMENT FUELS ITS STRONG NPI GROWTH OF 16.3% IN Q1 2023

Key Highlights:

- Revenue increased 19% year-on-year to RM182.8 million in Q1 2023, predominantly supported by robust performance from the Retail segment and resilient performance across all segments.
- Realised income to unitholders increased 10% year-on-year to RM91.5 million in Q1 2023, underpinned by strong growth momentum from the Retail segment.

Financial Highlights

	First Quarter Ended		
	31.03.2023 RM'000	31.03.2022 RM'000	Change %
Revenue	182,803	153,970	18.7
Net property income (NPI)	138,306	118,920	16.3
Realised income attributable to:			
- Unitholders	91,523	83,128	10.1
- Perpetual note holders	4,904	4,904	0.0
Realised income	96,427	88,032	9.5
Unrealised income	30	18,286	-99.8
Profit for the period	96,457	106,318	-9.3

Sunway City Kuala Lumpur, 3 May 2023 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), released its financial results for the quarter ended 31 March 2023.

First quarter unaudited financial results for the period from 1 January 2023 to 31 March 2023 (Q1 2023)

Sunway REIT started the financial year 2023 with a steady financial performance. Revenue increased 19% year-on-year (y-o-y) to RM182.8 million in Q1 2023, attributable to the strong performance from the Retail segment and resilient performance across all segments. In addition, net property income (NPI) saw a corresponding rise of 16% y-o-y to RM138.3 million in Q1 2023 as compared to RM118.9 million in the same quarter of the preceding year (Q1 2022).

The Retail segment recorded revenue of RM126.3 million and NPI of RM90.0 million in Q1 2023, representing an upsurge of 28% y-o-y, largely contributed by the healthy growth across retail properties, coupled with increased retail footfall and encouraging retail sales during the festive shopping period. The performance was further supported by the strong growth momentum from Sunway Pyramid Mall and the ramp-up business performance from Sunway Carnival Mall following its opening of the new wing in June 2022.

Revenue and NPI for the Hotel segment stood at RM18.5 million and RM17.5 million in Q1 2023 respectively, which maintained at the same levels as Q1 2022. The performance was backed by the improved average occupancy rate of 59% in Q1 2023 as compared to 42% in Q1 2022, along with the encouraging performance contributed by the re-opening of Sunway Resort Hotel since May 2022. The solid performance of the Hotel segment in Q1 2023 was obscured by the absence of top-up of guaranteed NPI from Sunway Lagoon Hotel in the same quarter of the preceding year, which has since ceased. Overall, the encouraging performance in Q1 2023 was also predominantly supported by the arrival of domestic and international tourists as well as the demand for Meetings, Incentives, Conventions and Exhibitions (MICE) activities.

The Office segment recorded a moderate revenue growth of 5% y-o-y to RM20.4 million, underpinned by a stable average occupancy rate exceeding 80%. NPI contracted marginally y-o-y from RM13.7 million to RM13.5 million in Q1 2023, mainly due to the impact of higher utility costs arising from the increase in Imbalance Cost Pass-Through (ICPT).

For the quarter under review, revenue and NPI for the Services segment grew marginally y-o-y to RM16.0 million on the back of annual rental reversion for Sunway university & college campus.

The Industrial & Others segment reported a stable revenue of RM1.7 million in Q1 2023, with the last rent review of Sunway REIT Industrial – Shah Alam 1 conducted in the corresponding quarter of the preceding year.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "We are pleased to share that Sunway REIT has delivered a set of solid financial performance for Q1 2023. The Retail segment sustained its strong retail footfall and retail sales momentum on the back of festive spending."

Commenting on the outlook, he added, "Amidst growing economic headwinds and rising interest costs, we are cautiously optimistic about the outlook for 2023 as we closely monitor the evolving market conditions and remain agile in responding to emerging possibilities and opportunities."

He concluded, "As part of our continued commitment to deliver value to our unitholders, we have announced the proposed acquisition of six hypermarkets in the current quarter, which is slated for completion by the fourth quarter of 2023. We remain steadfast in identifying and pursuing potential opportunities that align with our values and strategic objectives to achieve the targets of TRANSCEND 2027."

About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest diversified real estate investment trusts (REITs) in Malaysia with a diverse portfolio strategically located across award-winning integrated townships in key locations in Greater Kuala Lumpur, Penang, and Perak.

Sunway REIT was first listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 8 July 2010. The market capitalisation of Sunway REIT stood at RM5.5 billion as at 31 March 2023. Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE Bursa Malaysia Top 100 Index, FTSE Bursa Malaysia Emas Index, FTSE ASEAN All-Share Index, FTSE ASEAN All-Share ex Developed Index, FTSE ASEAN Malaysia Index, FTSE4 Good Bursa Malaysia Index, Bursa Malaysia REIT Index, GPR APREA Composite REIT Index - Malaysia, FTSE EPRA / NAREIT Global REIT Index, FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Asia ex Japan Index, FTSE EPRA / NAREIT Asia Pacific Index, FTSE EPRA / NAREIT Emerging REIT Index and MSCI Malaysia Small Cap Index.

Sunway REIT owns a diversified portfolio of 20 properties comprising 5 retail properties (including a property designated for re-development into a retail-centric tourist destination), 6 hotels, 5 offices, a medical centre, an education property and two industrial properties, with a combined property value of RM9.10 billion as at 31 December 2022.

Sunway REIT's properties are primarily in Sunway City where its flagship retail property, Sunway Pyramid Mall, is located. Other properties in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel (formerly known as Sunway Clio Property comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, Sunway Pinnacle, Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

On 29 December 2022, Sunway REIT announced the proposed disposal of Sunway Medical Centre (Tower A & B). The proposed disposal is expected to be completed in the first half of 2023.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower and the remaining three properties which constitute part of the 3-in-1 integrated development, Sunway Putra. Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel, and Sunway Putra Tower.

Sunway REIT also owns four properties in Selangor, namely Wisma Sunway, Sunway REIT Industrial – Shah Alam 1, Sunway Pier (which is planned for re-development into a retail-centric tourist destination) and Sunway REIT Industrial – Petaling Jaya 1.

In the northern region, Sunway REIT owns SunCity Ipoh Hypermarket in Perak, as well as Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Mall in Penang.

On 16 March 2023, Sunway REIT announced the proposed acquisition of six hypermarkets located in Klang Valley and Johor. The proposed acquisition is targeted to be completed in the fourth quarter of 2023. Upon completion of the proposed acquisition, Sunway REIT will mark its maiden footprint in the southern region of Malaysia.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 3 May 2023 for a more comprehensive understanding of Sunway REIT's financial results.

This media release may contain certain forward-looking statements due to 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 including the availability of financing in the amounts and the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training, property expenses, government and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Management's current view of future events. Past performance is not necessarily indicative of future performance.

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