

MEDIA RELEASE

30 January 2024

FINANCIAL RESULTS ANNOUNCEMENT

**SUNWAY REIT DECLARES HIGHER DPU OF 9.30 SEN
FOR FY2023****Key Highlights:**

- *Full-year revenue and NPI jump 10% and 5% respectively in FY2023, propelled by robust performance from the Retail and Hotel segments.*
- *Sunway REIT proposes a higher DPU of 9.30 sen in FY2023, compared to 9.22 sen in FY2022, which translates into a distribution yield of 6% (based on the unit price of RM1.54 as of 31 December 2023).*
- *Sunway REIT continues its ESG march with new GreenRE Gold accreditation for Sunway Putra Mall. 35% of the total gross floor area under Sunway REIT's asset portfolio is now green-certified.*

Sunway City Kuala Lumpur, 30 January 2024 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), released its financial results for the fourth quarter ended 31 December 2023 (“Q4 2023”).

Sunway REIT recorded a growth of 2% in revenue of RM190.5 million in Q4 2023, compared to RM186.7 million in the fourth quarter of 2022 (“Q4 2022”). The growth was primarily driven by the Retail and Hotel segments, buoyed by strong retail footfall and healthy retail sales, as well as higher tourist arrivals during festive seasons and school holidays. Despite the uptick in revenue, Net Property Income (“NPI”) was lower by 7.2% to RM135.7 million in Q4 2023, compared to RM146.2 million in Q4 2022. The contraction in NPI was attributed to higher reversal of doubtful debt provision recorded in Q4 2022 and the impact of increased Imbalance Cost Pass-Through (“ICPT”) electricity charges across all segments.

For the full financial year ended 31 December 2023 (“FY2023”), Sunway REIT registered a solid performance. Revenue jumped 10% year-on-year (“y-o-y”) to RM715.7 million, from RM651.4 million in FY2022. NPI climbed 5% y-o-y to RM526.9 million in FY2023, compared with RM500.2 million in FY2022. The performance was propelled by robust performance from the Retail and Hotel segments, coupled with resilient performance across Office, Services, Industrial and Others segments.

The Retail segment's revenue increased by 11% to RM472.9 million in FY2023, from RM426.9 million in the previous year. Correspondingly, NPI rose 4% from RM307.1 million in FY2022 to RM320.8 million. This improved performance was predominantly driven by healthy growth across all retail properties on the back of sustained retail footfall and encouraging retail sales during the festive seasons and school holidays. Notably, Sunway Carnival Mall's stellar performance contributed significantly to the Retail segment's growth in the financial year, building upon the momentum from its new wing launch in June 2022.

In FY2023, the Hotel segment emerged as one of the key contributors to the robust performance of Sunway REIT. The Hotel segment achieved a remarkable revenue increase of 38% to RM87.1 million, from RM63.3 million in FY2022. The Hotel segment's average occupancy rate improved from 54% in FY2022 to 64% in FY2023. NPI climbed 39% to RM82.4 million in FY2023, from RM59.4 million in FY2022. This commendable performance was fueled by a surge in domestic and leisure tourist arrivals in conjunction with the festive seasons and school holidays, a steady recovery in international business supported by improved flight connectivity, alongside a sustained demand for Meetings, Incentives, Conferences, and Exhibitions ("MICE") activities.

The Office segment recorded moderate revenue growth of 4% to RM82.6 million in FY2023, attributed to positive rental reversion and stable average occupancy rate of 84% in FY2023. NPI increased marginally by 1% to RM52.2 million owing to higher electricity costs.

The Services segment contributed revenue and NPI of RM55.2 million for FY2023, representing a decrease of 13% compared to FY2022, primarily due to the completion of disposal of Sunway Medical Centre (Tower A & B) on 30 August 2023.

The Industrial and Others segment reported a stable revenue of RM6.8 million in FY2023 contributed by Sunway REIT Industrial – Shah Alam 1. A tenant occupying approximately 27% of net lettable area at Sunway REIT Industrial – Petaling Jaya 1 has commenced its tenancy in December 2023. The Manager is in the advanced stage of negotiations with prospective tenants for the remaining space.

The Manager proposed a distribution per unit ("DPU") of 4.68 sen for the second half of FY2023, bringing the total DPU for FY2023 to 9.30 sen. This is consistent with our steadfast commitment to a distribution payout policy of 100%. Based on Sunway REIT's unit price of RM1.54 as of 31 December 2023, this translates into a distribution yield of 6.0%.

Sunway REIT made further progress in its sustainability endeavours. In December 2023, Sunway REIT welcomed a new addition to its green building portfolio with the accreditation of the GreenRE Gold certification for Sunway Putra Mall. This achievement reflects Sunway REIT's commitment to its green building roadmap, with Sunway Putra Mall being the portfolio's fifth green-certified property. With this latest addition, 35% of the total gross floor area of Sunway REIT's asset portfolio is now green-certified. Notable green features in Sunway Putra Mall include the installation of solar panels, smart lifts and escalators, waste management and recycling initiatives as well as covered walkways connecting to public transportation facilities. Sunway Putra Mall was also the first autism-friendly retail mall in Malaysia. Sunway Putra Mall launched its autism-friendly initiative, "Autism is Awesome" or "Autesome" in 2019 to raise awareness for autism spectrum disorder ("ASD"). The mall provides ASD-friendly ambience and facilities for shoppers, including Malaysia's first Calm Room within a retail mall in Malaysia. The mall has two Calm Rooms furnished with calming elements and sensory tools such as dimmed lights to help alleviate any stress for children with ASD during a meltdown. This initiative underscores Sunway Putra Mall's commitment to supporting the autism community in Malaysia while aligning with Sunway REIT's broader sustainability objectives.

The Chief Executive Officer of the Manager, Clement Chen, commented "Sunway REIT is pleased that, despite headwinds from a high interest rate environment, it has sustained its post-pandemic recovery in FY2023. Bank Negara Malaysia's gradual and measured approach to increasing interest rates has given businesses and households time to adjust to the higher costs regime. In addition, Malaysia's economic resilience has bolstered domestic demand, resulting in buoyant retail consumption, MICE activities as well as business and leisure travelling."

Commenting on the outlook, Clement remarked, "With the threat of higher interest and inflation now subsiding, we embrace the year 2024 with cautious optimism. Considering the anticipated improvements in inbound flight connectivity and visa entry liberalisation for visitors from China, India, and the Middle East, we anticipate tourist arrivals to continue to improve. This, in turn, is poised to have a positive impact on Sunway REIT's retail and hotel segments. Nonetheless, gains may be moderated by the rising cost of business and some operation disruptions from the ongoing asset enhancement initiatives ("AEI") in two of our major malls. Overall though, we look to sustain our stable performance in FY2024 with the successful completion of the ongoing AEIs driving NPI growth moving forward."

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 RM5.3 billion as at 31 December 2023.

Sunway REIT owns a diversified portfolio of 19 properties comprising 5 retail properties (including a property designated for re-development into a retail-centric tourist destination), 6 hotels, 5 offices, an education property and two industrial properties, with a combined property value of RM9.0 billion as at 31 December 2023.

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, Menara Sunway, Sunway Pinnacle and Sunway university & college campus.

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.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 30 January 2024 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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