

MEDIA RELEASE

17 August 2023

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S NPI SURGED 12.7% AND INTERIM DPU GREW 9.5% TO 4.62 SEN IN 1H 2023

Key Highlights:

- *Distribution per unit (DPU) rose 9.5% to 4.62 sen in 1H 2023, from 4.22 sen in 1H 2022, on the back of stellar performance from the Hotel and Retail segments and the resumption of 100% distribution payout ratio in 1H2023.*
- *Net property income (NPI) for Q2 2023 increased 8.7% year-on-year (y-o-y), whereby the revenue and NPI of the Hotel segment jumped nearly three-fold to RM17.5 million and RM16.5 million respectively.*
- *Sunway REIT inked a collaboration with HSBC Bank Malaysia Berhad to execute its industry-first sustainability-linked cross-currency swap worth RM200 million, demonstrating Sunway REIT's pioneering effort in advancing sustainable finance in the Malaysian REIT industry.*

Financial Highlights

	Second Quarter			Cumulative Quarters		
	Q2 2023 RM'000	Q2 2022 RM'000	Change %	1H 2023 RM'000	1H 2022 RM'000	Change %
Revenue	166,530	144,509	15.2	349,333	298,479	17.0
NPI	116,184	106,890	8.7	254,490	225,810	12.7
Realised profit attributable to:						
- Unitholders	67,198	69,525	-3.3	158,721	152,653	4.0
- Perpetual note holders	4,959	4,959	0.0	9,863	9,863	0.0
Realised profit	72,157	74,484	-3.1	168,584	162,516	3.7
Unrealised profit	35	24	45.8	65	18,310	-99.6
Profit for the period	72,192	74,508	-3.1	168,649	180,826	-6.7
Proposed / declared distribution to unitholders	158,226	144,527	9.5	158,226	144,527	9.5
Distribution per unit (DPU) (sen)	4.62	4.22	9.5	4.62	4.22	9.5

Sunway City Kuala Lumpur, 17 August 2023 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), released its financial results for the second quarter ended 30 June 2023 (Q2 2023).

Sunway REIT reported strong financial performance in Q2 2023, with a notable 15% y-o-y increase in revenue to RM166.5 million, from RM144.5 million in the same quarter of the preceding year (Q2 2022). Correspondingly, NPI expanded 9% y-o-y to RM116.2 million in Q2 2023, compared to RM106.9 million in Q2 2022. The solid growth was primarily driven by the outstanding performance from the Hotel segment, resilient earnings from the Retail segment, alongside steady performance from the Office, Services and Industrial & Others segments in Q2 2023. For 1H 2023, Sunway REIT recorded 17% and 13% y-o-y growth in revenue and NPI to RM349.3 million and RM254.5 million respectively.

The Hotel segment of Sunway REIT posted a remarkable surge in revenue to RM17.5 million in Q2 2023, up from RM6.0 million in Q2 2022. Accordingly, the NPI rose to RM16.5 million in Q2 2023, from RM5.0 million in Q2 2022. The significant y-o-y improvement of nearly three-fold in both revenue and NPI in Q2 2023 was contributed by the overall improved average occupancy rate of hotel properties and the full-quarter contribution from Sunway Resort Hotel which reopened in phases since May 2022. The stellar performance of the Hotel segment was also attributable to the gradual recovery of the tourism industry which led to positive increase in domestic and international tourist arrivals, along with the demand for Meetings, Incentives, Conventions, and Exhibitions (MICE) activities.

The Retail segment of Sunway REIT registered revenue of RM110.9 million in Q2 2023, marking an upsurge of 9% y-o-y. The solid growth was driven by sustained retail sales and increased footfall particularly bolstered by encouraging growth momentum in consumer spending from Sunway Pyramid Mall and Sunway Carnival Mall. However, despite the revenue growth, the NPI for the Retail segment experienced a slight contraction of 3% to RM69.5 million in Q2 2023 due to increased operating expenses and utility costs which was partially cushioned by the Green Electricity Tariff Programme.

The Office segment recorded a marginal revenue growth of 4% y-o-y to RM20.5 million, underpinned by a stable average occupancy rate of above 80%. NPI grew marginally y-o-y from RM12.7 million to RM12.9 million in Q2 2023, in tandem with the revenue growth.

The revenue and NPI for the Services segment edged up 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 Q2 2023, with the last rent review of Sunway REIT Industrial – Shah Alam 1 effected on 1st January 2022.

On 3 May 2023, the Monetary Policy Committee of Bank Negara Malaysia raised the Overnight Policy Rate by 25 bps to 3.00%. Sunway REIT's gearing stood at 38.1% as at 30 June 2023, in comparison to 37.6% as at 31 December 2022. Accordingly, Sunway REIT's finance costs increased from RM43.6 million in 1H 2022 to RM65.9 million in 1H 2023. The Manager opines that a gradual normalisation in interest rate is manageable and shall not materially impact the financial performance of Sunway REIT.

Further, on 19 June 2023, RAM Rating Services Berhad (RAM) reaffirmed a P1(s) rating for SUNREIT Capital Berhad, which is the highest rating on the short-term rating scale under the RM3.0 billion Commercial Papers Programme, backed by robust credit profile and financial performance of Sunway REIT.

On 23 June 2023, Sunway REIT inked a collaboration with HSBC Bank Malaysia Berhad to execute its industry-first sustainability-linked cross-currency swap worth RM200 million, demonstrating Sunway REIT's pioneering effort in advancing sustainable finance in the Malaysian REIT industry. Through this collaborative effort, Sunway REIT achieved a significant milestone, having converted over 90% of its borrowings into sustainable finance, aligned with its commitment to meeting Environmental, Social, and Governance goals.

The Chief Financial Officer of the Manager, Ng Bee Lien, commented that "In view of the robust performance from the Retail and Hotel segments in 1H 2023, we are delighted to declare a DPU of 4.62 sen in 1H 2023 which is 9.5% higher compared to 4.22 sen in 1H 2022. This also reflects our commitment to deliver value to our unitholders as we have reverted to distributing 100% of the distributable income in 1H 2023, in comparison to 95% in 1H 2022."

She added, "In light of the continued strength of tourism sector recovery, it is heartening to see the positive developments in our Hotel segment as we witnessed three-fold revenue and NPI growth, along with a healthy increasing trend in average occupancy rates across our hotel properties in Q2 2023. We remain cautiously optimistic for a sustained growth momentum for the Hotel segment in the second half of 2023."

She concluded, "We are pleased to announce that Sunway Carnival Mall had on 1st July 2023 commenced the refurbishment for its existing wing (Phase 2) following the resounding success of its new wing which was completed in June 2022. The Phase 2 refurbishment was recently awarded to Sunway Construction Sdn. Bhd. for a contract sum of RM253 million and is targeted for phased completion between early 2024 to end 2025. Additionally, the Manager opines that the Phase 2 refurbishment presents an opportunity for Sunway Carnival Mall to attract a plethora of stronger brands and retailers, further solidifying its position as a shopping destination of choice in the northern region as well as to contribute positively to the future earnings of Sunway REIT upon its completion."

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 30 June 2023.

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 Kuala Lumpur (SCKL) where its flagship retail property, Sunway Pyramid Mall, is located. Other properties in SCKL 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 by 31 August 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 17 August 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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