

MEDIA RELEASE

16 November 2023

FINANCIAL RESULTS ANNOUNCEMENT**SUNWAY REIT'S HOTEL SEGMENT FUELS GROWTH IN Q3 2023****Key Highlights:**

- ⊖ *Revenue rose 6% and NPI climbed 7% in Q3 2023, driven by stellar performance of the hotel segment and stable earnings from the retail segment.*
- *The hotel segment's revenue and NPI soared by more than 50% y-o-y, buoyed by robust domestic and international leisure business, and Sunway Resort Hotel is now operating at full room inventory following the completion of the hotel's refurbishment.*
- *Inaugural assignment of corporate credit rating of AA₂ and A₁(s) rating for its perpetual note programme by RAM Rating Services Berhad (both first in the REIT industry).*

Sunway City Kuala Lumpur, 16 November 2023 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), released its financial results for the third quarter ended 30 September 2023 (Q3 2023).

Sunway REIT reported healthy financial performance in Q3 2023. Revenue increased 6% year-on-year (y-o-y) to RM175.8 million, from RM166.2 million in the same quarter of the preceding year (Q3 2022). Net Property Income (NPI) expanded 7% y-o-y to RM136.8 million in Q3 2023, compared with RM128.2 million in Q3 2022. The encouraging performance was underpinned by a strong upsurge in the hotel segment's revenue and NPI, boosted by robust domestic and international leisure business, and full room inventory at Sunway Resort Hotel since July 2023. All segments registered higher revenue and NPI except for the services segment due to the disposal of Sunway Medical Centre (Tower A & B) completed in August 2023.

The retail segment reported a modest growth in revenue and NPI in Q3 2023. Revenue and NPI for the retail segment edged up to RM111.8 million and RM81.8 million respectively, compared to RM110.3 million and RM80.5 million respectively in Q3 2022. The resilient growth was mainly driven by sustained retail sales and footfall for all retail malls and was further bolstered by Sunway Carnival Mall's strong performance due to the low base in the preceding year before the launch of its new wing in June 2022. In addition, SunCity Ipoh Hypermarket successfully renewed the lease for its anchor tenant in June 2023, with a positive rental reversion.

The hotel segment registered remarkable growth in Q3 2023, as evidenced by the segment's average occupancy rate which rose from 54% for YTD Q3 2022 to 63% for YTD Q3 2023. The average room rate recorded a healthy increase in the same period, in line with the improved occupancy. Notably, the hotel segment's revenue jumped 51% to RM27.9 million in Q3 2023, from RM18.4 million in Q3 2022. In tandem with the surge in revenue, NPI climbed 53% from RM17.5 million in Q3 2022 to RM26.9 million in the current quarter. The encouraging performance was underpinned by the stronger pick-up in domestic travellers in conjunction with festive seasons and school holidays, a steady recovery in international travellers, and increased demand for MICE activities. This was further boosted by a full inventory of 460 rooms at the newly refurbished Sunway Resort Hotel since July 2023, following its phased reopening in May 2022.

The office segment recorded a modest revenue growth of 3% to RM20.7 million in Q3 2023, attributed to the steady average occupancy rate, which remained consistent above 80%. Despite the rise in revenue, NPI stood at RM12.8 million which was largely unchanged compared to Q3 2022 due to the higher electricity cost.

Following the completion of the disposal of Sunway Medical Centre (Tower A & B) on 30 August 2023, the rental contribution generated from the said property has ceased. Accordingly, the services segment registered a contraction in revenue and NPI by 13% to RM13.8 million in Q3 2023, in contrast to RM15.8 million in Q3 2022.

The industrial and others segment reported a stable revenue of RM1.7 million in Q3 2023, with the last rent review of Sunway REIT Industrial – Shah Alam 1 effected on 1st January 2022. The Manager had successfully secured a tenant for Sunway REIT Industrial – Petaling Jaya 1, which will occupy approximately 22% of the net lettable area effective from December 2023. The Manager is currently in active negotiations with prospective tenants for the remaining space.

The Chief Executive Officer of the Manager, Clement Chen, commented "We are pleased with the continued recovery in the hotel segment and are delighted to reap the benefits of Sunway Resort Hotel's transformation. We are confident that the new offerings at Sunway Resort Hotel will expand the breadth of its clientele and grow its market share. While the hotel segment performance has yet to fully return to the pre-pandemic levels, the Manager is optimistic that it will continue its strong growth trajectory in the final quarter of 2023."

He added, “Beyond the recovery in the room revenue of the hospitality segment, Sunway REIT is benefitting from a recovery in MICE activities and expansion of our food and beverage offerings. In particular, we are pleased with the opening of Rumah Makan Nusantara, an authentic Indonesian cuisine restaurant which was launched in Sunway Putra Hotel on 1st October 2023, offering gastronomical delights from different provinces across Indonesia.”

In another landmark achievement, Sunway REIT secured the first-in-the-industry corporate credit rating of AA₂, coupled with an A₁(s) rating for its perpetual note programme assigned by RAM Rating Services Berhad. These ratings are a testament to Sunway REIT’s strong credit profile supported by the overall stable outlook, prime and diversified asset and tenant mix, healthy debt coverage, and substantial financial stability.

On the ESG front, Sunway REIT also obtained its inaugural Global Real Estate Sustainability Benchmark (GRESB) 3-star rating and was awarded an “A” for public disclosure. Sunway REIT further distinguished itself by securing the silver award in the REIT category at The Edge Malaysia ESG Awards – Equity Awards in November 2023, reaffirming its unwavering pursuit of excellence in ESG practices.

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 RM5.0 billion as at 30 September 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 RM8.86 billion as at 30 September 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.

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 16 November 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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