

MEDIA RELEASE

16 May 2024

FINANCIAL RESULTS ANNOUNCEMENT**SUNWAY REIT RECORDS NPI OF RM130.5 MILLION IN Q1 2024;
ANNOUNCES COMPLETION OF ACQUISITION OF SIX HYPERMARKETS****Key Highlights:**

- *Sunway REIT records NPI of RM130.5 million on the back of revenue of RM178.6 million for Q1 2024, riding on stable performance across its core segments of retail, hospitality and office.*
- *On 30 April 2024, Sunway REIT completed the acquisition of six hypermarkets that are strategically located at Klang Valley and Johor for a purchase consideration of RM520 million. The rental contribution from the said properties will boost the upcoming quarters NPI.*

Sunway City Kuala Lumpur, 16 May 2024 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), released its financial results for the first quarter ended 31 March 2024 (“Q1 2024”).

Sunway REIT’s revenue narrowed marginally by 2% to RM178.6 million in Q1 2024, from RM182.8 million in the first quarter of 2023 (“Q1 2023”). Correspondingly, Net Property Income (“NPI”) was also marginally lower at RM130.5 million in Q1 2024, compared to RM138.3 million in Q1 2023. The contraction in both revenue and NPI was primarily owing to lower contribution from the Services segment in light of the cessation of rental contribution from Sunway Medical Centre (Tower A & B) which was disposed in Q3 2023, cushioned by the improved performance from the Hotel, Office and Industrial & Others segments.

The Retail segment’s revenue remained stable at RM126.3 million in Q1 2024 despite the temporary disruptions from ongoing refurbishments of the two major malls, Sunway Pyramid Mall and Sunway Carnival Mall. NPI tapered off by 3% to RM86.9 million in Q1 2024, in view of the higher marketing costs for festive season in the current quarter. The prospect for this segment in upcoming quarters will be boosted by the completion of the acquisition of six hypermarkets on 30 April 2024.

In Q1 2024, the Hotel segment's revenue edged up 3% to RM19.1 million, from RM18.5 million in Q1 2023, supported by an improved average occupancy rate of 60% in Q1 2024 compared to 59% in Q1 2023. Correspondingly, NPI grew 3% to RM18.1 million in Q1 2024, from RM17.5 million in Q1 2023. This performance was fueled by an overall improvement 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 RM21.3 million in Q1 2024, underpinned by a stable average occupancy rate of more than 80%. NPI increased by 3% to RM13.9 million in tandem with the growth in revenue in Q1 2024. The resilience in the earnings of the segment is commendable given the continued overhang of vacant office space amidst the incoming supply of new offices.

The Services segment registered revenue and NPI of RM9.6 million for Q1 2024, representing a drop of 40% compared to Q1 2023, primarily due to the disposal of Sunway Medical Centre (Tower A & B) which was completed on 30 August 2023. On the other hand, the rental contribution for Sunway university & college campus increased by 2.3% subsequent to an annual rental reversion, in accordance with the master lease agreement.

The Industrial & Others segment reported a jump of 35% in revenue to RM2.3 million and 48% increase in NPI to RM2.0 million in Q1 2024. The performance was attributable to the rental contribution from a new tenant, occupying 27% of net lettable area at Sunway REIT Industrial – Petaling Jaya 1 in Q1 2024. The Manager is in the advanced stage of negotiations with prospective tenants for the remaining space.

The Chief Executive Officer of Sunway REIT Management Sdn Bhd, Clement Chen, remarked "We are pleased to finally complete the acquisition of the six hypermarkets on 30 April 2024. With an initial yield of approximately 8% based on the purchase consideration, the rental income will more than fill the void in earnings following the disposal of Sunway Medical Centre (Tower A & B) and will boost our NPI for the remaining year. With this acquisition, Sunway REIT expanded its asset portfolio to 25 properties including its first property in Johor and now has assets under management (AUM) of RM9.5 billion¹, solidifying our position as the second largest listed REIT in Malaysia, measured by AUM."

He further commented, "Looking ahead, we remain cautiously optimistic for 2024, buoyed by resilient performance of the retail segment and steady recovery of tourist arrivals. Furthermore, we anticipate unlocking additional NPI potential upon the completion of our proposed acquisitions and ongoing asset enhancement initiative in Sunway Pyramid Mall which are targeted for completion in the second half of 2024."

On the sustainability front, Sunway REIT's office properties have attained the Building Energy Intensity (BEI) Label issued by Suruhanjaya Tenaga. In response to the recent enactment of the Energy Efficiency and Conservation Bill 2023 (EECA) by the Dewan Rakyat, office buildings exceeding 8,000 square metres are subject to the EECA. Sunway REIT's office properties have demonstrated exceptional energy efficiency, with Sunway Pinnacle, Sunway Tower and Wisma Sunway achieving the prestigious 5-star BEI label, whereas Menara Sunway secured a commendable 4-star BEI label. These accomplishments signify Sunway REIT's ongoing efforts to ascertain energy performance for its buildings and promote energy efficiency and conservation practices, in alignment with the national energy transition goal towards achieving net-zero emissions by 2050.

Separately, in April 2024, Sunway REIT received preliminary ratings of AA₁(s) and AA₂(s) to respective secured and unsecured medium-term notes (MTNs) under the RM10.0 billion MTN Programme of SUNREIT Bond Berhad (formerly known as SUNREIT Unrated Bond Berhad), assigned by RAM Rating Services Berhad. These strong ratings are a testament to Sunway REIT's sturdy credit profile supported by the overall stable outlook, prime and diversified asset and tenant mix, healthy debt coverage and substantial financial stability. With the ratings, Sunway REIT will be looking to tap the debt capital markets in the near future in efforts to further optimise its capital structure and cost of capital.

¹ Based on the fair value of investment properties as at 31 December 2023 and does not include the effects of the following proposed acquisitions, which are pending completion: -

- proposed acquisition of an industrial property in Prai, Penang for RM66.8 million (refer media release on 18 December 2023); and
- proposed acquisition of 163 Retail Park in Mont' Kiara, Kuala Lumpur for RM215.0 million (refer media release on 26 January 2024).

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 RM5.2 billion as at 31 March 2024.

Sunway REIT owns a diversified portfolio of 25 properties comprising 11 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 RM9.5 billion as at 30 April 2024.

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 30 April 2024, Sunway REIT completed the acquisition of six hypermarkets which are strategically located in Klang Valley and Johor for a purchase consideration of RM520 million. The six hypermarkets are situated at Bandar Kinrara, Putra Heights, USJ 1, Ulu Kelang, Klang and Plentong.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 16 May 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.

For media enquiries, please email:

media@sunway.com.my or

sunwaycomms@voxeureka.com

Website of Sunway REIT: www.sunwayreit.com