

**MEDIA RELEASE**

23 November 2020

**FINANCIAL RESULTS ANNOUNCEMENT**
**SUNWAY REIT POSTS NET PROPERTY INCOME OF RM68.1 MILLION IN THE FIRST QUARTER OF THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021<sup>1</sup>**
**Key Highlights:**

- Revenue eased to RM107.4 million due to lower contribution from the Retail and Hotel segments, however partially mitigated by higher revenue from the Office, Services and Industrial & Others segments.
- Encouraging recovery in footfall and tenants' sales for the Retail segment to between 70% to 80% of pre-COVID-19 level.
- Completed the acquisition of The Pinnacle Sunway on 20 November 2020.

**Financial Highlights**

|   | Current Quarter / Cumulative Quarter |                  |              |
|---|--------------------------------------|------------------|--------------|
|   | 1Q2021<br>RM'000                     | 1Q2020<br>RM'000 | Change %     |
| Gross revenue                                   | 107,443                              | 155,352          | -30.8        |
| Net property income (NPI)                       | 68,089                               | 119,071          | -42.8        |
| Realised income attributable to:                |                                      |                  |              |
| - Unitholders                                   | 29,356                               | 73,729           | -60.2        |
| - Perpetual note holders                        | 5,013                                | 5,013            | 0.0          |
| <b>Net realised income</b>                      | <b>34,369</b>                        | <b>78,742</b>    | <b>-56.4</b> |
| Unrealised income                               | 29                                   | 82               | -64.6        |
| Total profit for the period                     | 34,398                               | 78,824           | -56.4        |
| Proposed / declared distribution to unitholders | 26,506 <sup>2</sup>                  | 73,627           | -64.0        |
| <b>Distribution per unit (DPU) (sen)</b>        | <b>0.90<sup>2</sup></b>              | <b>2.50</b>      | <b>-64.0</b> |

<sup>1</sup> The Manager has changed the financial year end of Sunway REIT from 30 June to 31 December. Therefore, the current financial period of Sunway REIT will be an 18-month period from 1 July 2020 to 31 December 2021 (FP2021).

<sup>2</sup> Advance distribution which was announced on 12 October 2020 and paid on 10 November 2020.

**Bandar Sunway, 23 November 2020** – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), is pleased to announce its financial results for the quarter ended 30 September 2020.

**First quarter unaudited financial results for the period from 1 July 2020 to 30 September 2020**

Sunway REIT recorded a revenue of RM107.4 million and net property income (NPI) of RM68.1 million for the quarter ended 30 September 2020 (1Q2021). This was in comparison with a revenue and NPI of RM155.4 million and RM119.1 million respectively in the corresponding quarter in the preceding year (1Q2020). The set of financial results was largely attributable to lower contribution from the Retail and Hotel segments, however, was partially mitigated by higher revenue from Office, Services and Industrial & Others segments.

Compared to the immediate preceding quarter ended 30 June 2020, Sunway REIT reported an improvement in revenue of 2.4% as retail tenants and hotel operators have progressively resumed business operations under the Recovery Movement Control Order (RMCO) commencing from 10 June 2020. Despite higher revenue, NPI eased by 12.3% on the back of higher property operating expenses mainly due to provision of doubtful debts for the retail segment, despite lower property management expenses from cost containment measures.

In 1Q2021, retail malls in Sunway REIT's asset portfolio had shown encouraging recovery in footfall and tenants' sales to between 70% to 80% of pre-COVID-19 level during the RMCO period. The Retail segment registered a lower revenue of RM77.7 million in 1Q2021 compared to RM105.5 million in 1Q2020, largely due to ongoing rental support programme which was provided on a case-to-case basis in supporting affected tenants during the RMCO. NPI eased correspondingly from RM75.3 million in 1Q2020 to RM44.2 million in 1Q2021.

Meanwhile, the Hotel segment recorded a lower revenue of RM2.8 million in 1Q2021 compared to RM23.7 million in 1Q2020, predominantly due to the closure of Sunway Resort Hotel to undertake phased refurbishment and loss of business arising from inbound travel restrictions, group and corporate events. Revenue for the Hotel segment was supported by ongoing promotional campaigns to capture the domestic travelers market segment. NPI for 1Q2021 stood at RM1.2 million. The transformational refurbishment of Sunway Resort Hotel is set to create a new benchmark for business and leisure experiences in the urban destination of Sunway City as Asia's leading integrated resort and a regional tourism hub.

Revenue and NPI for the Office segment increased by 3.4% year-on-year (y-o-y) and 10.1% y-o-y respectively, supported by steady average occupancy rate across all office properties in Sunway REIT's asset portfolio.

The Services segment recorded an increase of 2.8% y-o-y in revenue and NPI to RM14.9 million. Meanwhile, the Industrial & Others segment has contributed RM1.5 million to revenue and NPI.

On 12 October 2020, Sunway REIT announced an interim income distribution of 0.90 sen per unit, for the period from 1 July 2020 to 30 September 2020 to the existing unitholders of Sunway REIT prior to the issuance of new units pursuant to the private placement exercise (Advance Distribution). The Advance Distribution was paid on 10 November 2020.

The private placement exercise was completed on 28 October 2020 following the listing of 479.7 million new units of Sunway REIT (New Units) at an issue price of RM1.48 per unit, raising gross proceeds of RM710.0 million. Pursuant to the issuance of New Units, the total number of issued units in Sunway REIT has increased to 3,424.8 million units and Sunway REIT's market capitalisation has expanded correspondingly from RM4.6 billion as at 30 September 2020 to RM5.2 billion based on market closing price of RM1.52 per unit as at 20 November 2020. In addition, Sunway REIT completed the acquisition of The Pinnacle Sunway on 20 November 2020 with part of the proceeds from the private placement exercise.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "We are encouraged by the recovery in the retail footfall during the RMCO period. That said, tenants' sales have not fully recovered to pre-pandemic level and it is imperative to continue to support our tenants to survive through this difficult period."

He added, “The re-imposition of Conditional Movement Control Order (CMCO) in the Klang Valley and selective states in Malaysia amidst the recent resurgence of COVID-19 transmission is hindering the recovery process for the quarter ending 31 December 2020, particularly for the Retail and Hotel segments. These cyclical segments are more vulnerable to any tightening measures imposed in managing the containment of the pandemic.”

Sharing on the prospect for FP2021, he added, “The recent recovery during the RMCO in June suggests that these segments are on track for a gradual recovery in the later part of the financial period when the pandemic stabilises. Sunway REIT’s earnings is also partially cushioned by its diversified asset portfolio and new income contribution from the recently acquired The Pinnacle Sunway.”

He further added, “Despite the prevailing tough operating environment, we are undeterred as we continue to pursue our mid-term aspiration as outlined in the TRANSCEND 2025 strategic objectives. We see opportunities of assets disposal by vendors with stretched balance sheet, demand for assets within the emerging sub-sectors as well as mergers and acquisitions opportunities.”

### **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 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 20 November 2020.

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 portfolio of 18 assets comprising 4 retail malls, 6 hotels, 5 offices, a medical centre, an industrial property and an education asset with a combined property value of RM8.5 billion as at 20 November 2020.

Sunway REIT's assets are primarily in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, The Pinnacle Sunway, Sunway Medical Centre (Tower A&B) and Sunway university & college campus.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower and the remaining three assets 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 two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 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 Shopping Mall in Penang.

**Important notice**

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 23 November 2020 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 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 its future performance.

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