

MEDIA RELEASE

13 February 2020

FINANCIAL RESULTS ANNOUNCEMENT

NEW INCOME CONTRIBUTION FROM NEWLY ACQUIRED PROPERTY BOOSTED SUNWAY REIT'S EARNINGS FOR SECOND QUARTER OF FINANCIAL YEAR ENDING JUNE 2020 (2Q FY2020)

Key Highlights:

- Revenue increased by 11.7% y-o-y to RM155.8 million in 2Q FY2020, boosted by new income contribution from newly acquired Sunway university & college campus and improved performance across all segments.
- Net property income expanded correspondingly by 11.9% y-o-y to RM116.6 million in 2Q FY2020.
- Proposed distribution per unit rose by 8.9% to 2.45 sen in 2Q FY2020. Annualizing 1H FY2020 distribution per unit of 4.95 sen, this translates into a distribution yield of 5.4%.

Financial Highlights

| FYE June 2020 | Current Quarter | | | Year-to-Date | | |
|---|-----------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|
| | 2Q2020 (Unaudited) | 2Q2019 (Unaudited) | Change | 2Q2020 (Unaudited) | 2Q2019 (Unaudited) | Change |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Gross revenue | 155,798 | 139,500 | 11.7 | 311,150 | 283,241 | 9.9 |
| Net property income (NPI) | 116,623 | 104,225 | 11.9 | 235,694 | 214,739 | 9.8 |
| Realised profit attributable to: | | | | | | |
| - Unitholders | 72,145 | 66,426 | 8.6 | 145,874 | 139,410 | 4.6 |
| - Perpetual note holders | 5,014 | - | N.A | 10,027 | - | N.A |
| Total Realised Profit | 77,159 | 66,426 | 16.2 | 155,901 | 139,410 | 11.8 |
| Unrealised profit | 43 | 19 | >100 | 125 | 44 | >100 |
| Total profit for the period | 77,202 | 66,445 | 16.2 | 156,026 | 139,454 | 11.9 |
| Proposed / declared distribution to unitholders | (72,154) | (66,264) | 8.9 | (145,781) | (139,302) | 4.7 |
| Distribution per unit (DPU) (sen) | 2.45 | 2.25 | 8.9 | 4.95 | 4.73 | 4.7 |
| Annualised distribution yield (based on unit price of RM1.82 on 31 December 2019) | N.A | N.A | | 5.4% | 5.1% ¹ | N.A |

¹ Based on actual DPU of 9.59 sen declared in FY2019 and unit price of RM1.87 as at 30 June 2019.

N.A denotes not applicable

Bandar Sunway, 13 February 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 31 December 2019.

Second quarter unaudited financial results for the period from 1 October 2019 to 31 December 2019 (2Q FY2020)

Sunway REIT reported a set of healthy financial performance for the second quarter of financial year ending 30 June 2020. Revenue increased by 11.7% year-on-year (y-o-y) to RM155.8 million in 2Q FY2020, boosted by new income contribution from newly acquired Sunway university & college campus and improved performance across all segments. Net property income (NPI) expanded correspondingly by 11.9% y-o-y to RM116.6 million in 2Q FY2020. Realised profit climbed in tandem by 16.2% y-o-y to RM77.2 million.

The retail segment remained resilient for the quarter ended 31 December 2019. Revenue rose by 1.3% y-o-y to RM106.7 million, largely contributed by Sunway Pyramid Shopping Mall and Sunway Putra Mall. Despite the growth in revenue, NPI contracted by 2.6% y-o-y to RM74.0 million, on the back of lower advertising & promotion and maintenance expenses incurred in the corresponding period in the preceding year.

The hotel segment recorded a revenue and NPI growth of 28.0% y-o-y and 32.0% y-o-y to RM22.6 million and RM21.0 million respectively. The improvement was attributable to resumption of operation of the grand ballroom, meeting and function rooms in Sunway Resort Hotel & Spa upon the completion of the refurbishment for the facilities mentioned above. The upgraded and enhanced facilities are expected to attract higher demand for meetings, incentives, conferences and events (MICE) for the hotel. That said, the financial performance for the hotel segment was offset by softer performance from the hotels in Penang due to the overall soft market sentiment for the hospitality sector and intense competition.

Following a period of consolidation for the office segment on the back of highly challenging and massive oversupply market landscape, Sunway REIT managed to regained its ground by attracting new tenancies at competitive rates for its office portfolio. This is evidenced by the improvement in the overall occupancy rate in the office portfolio. Revenue improved accordingly by 10.7% y-o-y to RM10.4 million with corresponding improvement in NPI by 6.1% y-o-y to RM5.5 million.

For the 2Q FY2020, revenue and NPI for the services segment climbed 153.0% y-o-y to RM14.6 million due to new income contribution from Sunway university & college campus following the completion of the acquisition in April 2019. The income was further boosted by higher income contribution from Sunway Medical Centre on the back of annual rental reversion. Meanwhile, the industrial and others segment reported a revenue and NPI of RM1.5 million in 2Q FY2020, an increase of 10% y-o-y subsequent to a rental reversion in January 2019.

First Half unaudited financial results for the period from 1 July 2019 to 31 December 2019 (1H FY2020)

Sunway REIT registered a moderate growth for the first six months of the financial year ending June 2020. Revenue increased by 9.9% y-o-y to RM311.2 million and NPI rose correspondingly by 9.8% y-o-y to RM235.7 million.

The retail segment remained on a firm footing in 1H FY2020. Revenue edged up marginally by 0.9% y-o-y to RM212.3 million, contributed by Sunway Pyramid Shopping Mall, Sunway Carnival Mall and Sunway Putra Mall. NPI eased by 2.8% y-o-y to RM149.3 million, for the same reasons mentioned above. In line with the evolving retail market dynamics, the Manager is undertaking tenancy mix re-configuration as part of tenancy profile enhancement exercise to ensure that retail malls to remain in the forefront of competition and appeal to consumers.

The hotel segment recorded a revenue improvement of 15.0% y-o-y to RM46.2 million with a corresponding increase in NPI of 18.1% y-o-y to RM43.1 million, for the same reasons mentioned above. Likewise, the office segment reported a revenue and NPI expansion of 11.1% y-o-y and 8.5% y-o-y to RM20.5 million and RM11.1 million respectively, for the same reasons mentioned above.

Revenue and NPI for the services segment soared by 152.5% y-o-y to RM29.1 million. Similarly, the industrial and others sectors reported a 10.0% y-o-y improvement in revenue and NPI to RM3.1 million. The attributing factors for the financial performance are as mentioned above.

For the 2Q FY2020, the Manager proposed a distribution per unit (DPU) of 2.45 sen, representing an increase of 8.9%. Annualizing 1H FY2020 distribution per unit of 4.95 sen, this translates into a distribution yield of 5.4%, based on unit price of RM1.82 as at 31 December 2019.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We are pleased to announce that Sunway REIT has delivered a healthy growth in DPU to unitholders in 1H FY2020. This was achieved on the back of our growth strategy to continuously expand our income stream through acquisitions and active asset management initiatives."

Sharing on the prospect for the remaining part of FY2020, he elaborated, "Taking guidance from the financial performance in 1H FY2020, Sunway REIT expects the distribution per unit for FY2020 to be supported by full year income contribution from newly acquired Sunway university & college campus, stable contribution across all sectors and favourable interest rate environment."

He further elaborated, "That said, the Manager is cautious and we are closely monitoring the development of coronavirus which may have implications to our business if the pandemic persists over a longer period. In the immediate term, the Manager has activated operational precautionary measures to ensure the cleanliness and hygiene of the premises. In addition, the Manager also proactively reviewing on possible cost tightening as a precautionary measure in anticipation of a potential downside risk to income."

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 RM5.4 billion as at 31 December 2019.

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 17 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre, an industrial property and an education asset with a combined property value that stood at RM8.08 billion as at 31 December 2019.

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets located in Sunway City include Sunway Resort Hotel & Spa, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, Sunway Medical Centre (Tower A&B) and Sunway university & college campus. On the northern Peninsular of Malaysia, Sunway REIT owns SunCity Ipoh Hypermarket in Perak. In Penang, Sunway REIT owns Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Shopping Mall. Sunway REIT owns two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 1.

Sunway REIT owns four properties in 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.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 13 February 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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