

MEDIA RELEASE

9 August 2018

## FINANCIAL RESULTS ANNOUNCEMENT

### NEW ACQUISITIONS BOOSTED SUNWAY REIT'S DISTRIBUTION PER UNIT IN FY2018

#### Key Highlights:

- Sunway REIT registered a moderate growth in distribution per unit of 4.1% for the financial year ended 30 June 2018
- Revenue increased by 7.2% year-on-year to RM560.4 million in FY2018, underpinned by retail segment and new income contribution from newly completed acquisitions, namely Sunway REIT Industrial - Shah Alam 1 and Sunway Clio Property.
- Sunway REIT has completed two acquisitions during the financial year with a total combined property values of RM436 million.

#### Financial Highlights

FYE June 2018	Current Quarter			Financial Year		
	4Q2018	4Q2017	Change	2018 (Unaudited)	2017 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	136,252	132,536	2.8	560,406	522,868	7.2
Net property income (NPI)	100,274	98,516	1.8	419,930	388,817	8.0
<b>Net Realised income</b>	<b>63,314</b>	<b>66,818</b>	<b>-5.2</b>	<b>281,947</b>	<b>270,586</b>	<b>4.2</b>
Unrealised income / (loss) <sup>1</sup>	143,799	152,024	-5.4	145,744	153,898	-5.3
Total profit for the period <sup>1</sup>	207,113	218,842	-5.4	427,691	424,484	0.8
Proposed / declared distribution	(63,319)	(66,853)	-5.3	(281,844)	(270,652)	4.1
<b>Distribution per unit (DPU) (sen)</b>	<b>2.15</b>	<b>2.27</b>	<b>-5.3</b>	<b>9.57</b>	<b>9.19</b>	<b>4.1</b>
Distribution yield (Based on unit price of RM1.77 per unit on 30 June 2018)	N.A	N.A		5.4%	5.2% <sup>2</sup>	N.A

<sup>1</sup> Mainly contributed by fair value gains arising from asset revaluation

<sup>2</sup> Based on actual DPU of 9.19 sen declared in FY2017 and unit price of RM1.78 as at 30 June 2017.

N.A. denotes not applicable

**Bandar Sunway, 9 August 2018** – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), is pleased to announce its financial results for the financial year ended 30 June 2018.

### **Financial year 2018 unaudited financial results for the period from 1 July 2017 to 30 June 2018 (“FY2018”)**

Sunway REIT has delivered a set of commendable financial results for the financial year ended 30 June 2018. Revenue rose 7.2% year-on-year (y-o-y), from RM522.9 million in FY2017 to RM560.4 million in FY2018, underpinned by retail segment and new income contribution from newly completed acquisitions. Net property income (NPI) expanded by 8.0% y-o-y to RM419.9 million. The topline growth was partially offset by higher interest cost during the year on the back of debt drawn down to fund acquisitions and capital expenditure. As a result, net realised income increased by 4.2% y-o-y to RM281.9 million with corresponding improvement in distribution per unit (DPU) of 4.1% y-o-y to 9.57 sen. Based on Sunway REIT’s last traded unit price of RM1.77 as at 30 June 2018, the proposed and declared DPU translated into a distribution yield of 5.4%.

The growth in revenue was largely attributable to the retail and hotel segments. The retail segment registered a revenue of RM416.5 million in FY2018, an increase of 2.8% y-o-y, largely attributable to higher revenue contribution from all retail malls except SunCity Ipoh Hypermarket. The encouraging set of financial performance was on the back of stable occupancy rates across all retail malls. NPI grew in tandem by 2.4% y-o-y to RM296.9 million.

The hotel segment recorded a surge in revenue and NPI for the financial year ended 30 June 2018, benefited from the resumption of income contribution from Sunway Pyramid Hotel pursuant to the completion of its refurbishment in June 2017. This was further boosted by new income contribution from Sunway Clio Property, a property acquired by Sunway REIT in this financial year. Sunway Clio Property is an integrated development consisting of a 4-star hotel with 401 rooms and a retail podium measuring approximately 88,000 sq.ft. of net lettable area (NLA) strategically located within the integrated township of Sunway City. Sunway Clio Property is highly synergistic and complementary to the retail and hotel offerings within the Sunway City’s assets cluster. In FY2018, revenue and NPI for the hotel segment soared by 28.2% y-o-y to RM82.6 million and 28.3% y-o-y to RM77.7 million respectively.

Despite massive oversupply condition and highly challenging operating environment, the financial performance of the office segment improved on the back of gradual improvement in average occupancy rates for Menara Sunway and Sunway Putra Tower. However, Sunway Tower's average occupancy rate remained unchanged. The office segment reported a 6.3% y-o-y improvement in revenue to RM33.5 million with a corresponding 5.9% y-o-y improvement in NPI to RM17.5 million.

During the financial year, Sunway REIT has completed two acquisitions with a total combined property values of RM436 million. Further cementing our leadership position as one of the largest diversified REIT in the nation, Sunway REIT's property values increased by 8.8% to RM7.28 billion as at 30 June 2018, contributed by acquisitions, fair value gain and capital expenditure.

#### **Fourth quarter unaudited financial results for the period from 1 April 2018 to 30 June 2018 (“4Q FY2018”)**

Despite the looming uncertainties surrounding the domestic political climate, Sunway REIT has performed better for the quarter ended 30 June 2018. Sunway REIT reported a revenue of RM136.3 million in the 4Q FY2018, representing a growth of 2.8% y-o-y compared to the corresponding quarter in the preceding year. NPI increased by 1.8% y-o-y to RM100.3 million during the same period.

The financial performance for the retail segment was largely influenced by cautious consumer sentiment attributable to the General Election. In 4Q FY2018, the retail segment recorded a marginally higher revenue of 0.4% y-o-y to RM101.2 million, supported by higher average gross rent in Sunway Pyramid Shopping Mall. This was partially offset by softer financial performance in the other retail malls in the asset portfolio.

The hotel segment enjoyed a higher revenue for the quarter ended 30 June 2018, substantially supported by new income contribution from Sunway Clio Property as well as encouraging performance from Sunway Pyramid Hotel and Sunway Putra Hotel. The flagship hotel, Sunway Resort Hotel & Spa, experienced a dip in average occupancy rate due to subdued leisure demand. Within the Sunway City hotels cluster, the average occupancy rate improved on a collective basis in 4Q FY2018. In all, revenue for the hotel segment rose by 3.7% y-o-y to RM18.7 million.

The financial performance for the office segment was boosted by commencement of tenancies at Sunway Putra Tower during the quarter. For the quarter ended 30 June 2018, the office segment's revenue and NPI rebounded by 13.3% y-o-y to RM9.1 million and 27.6% y-o-y to RM5.4 million respectively.

For the quarter ended 30 June 2018, the Manager proposed a DPU of 2.15 sen, supported by the stable performance during the quarter.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "It was indeed a challenging year for Sunway REIT. Our performance was susceptible to uncertainties beyond our control such as the monetary tightening and political uncertainties. That said, I am pleased to announce that in spite of these uncertainties, Sunway REIT managed to deliver a moderate growth in DPU to our unitholders."

He added, "Our acquisition growth strategy has yielded the desired results. The two newly completed properties have contributed positively to the income stream and cushioned the softer performance in some existing properties."

Sharing on the prospects, he commented, "The tremendous new supply of retail, hotel and office spaces in the market had led to fundamentally challenging oversupply situation. This is further exacerbated by lacklustre foreign direct investments (FDI) and tourism activities. These fundamental growth drivers of demand for properties requires strong impetus to turnaround."

He elaborated, "In view of a global interest rate normalisation cycle, the Manager is cautious of the prospects and endeavours to maintain the DPU in FY2019. The retail segment is expected to grow modestly and the hotel segment is expected to grow moderately, however, this will be partially offset by income disruption from the ongoing refurbishment activities at Sunway Resort Hotel & Spa. In a challenging operating environment, we need to upgrade and refresh our hotel amenities to cater to elevate our guests' experiences and stay relevant to the ever fast changing needs and tastes of our hotel guests."

## 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 30 June 2018. Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE4 Good Index and TR / 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 16 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre and an industrial property with a combined property value stood at RM7.28 billion as at 30 June 2018 (excluding valuation for Sunway REIT Industrial – Shah Alam 1).

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located. The other assets located in Sunway City include Sunway Resort Hotel & Spa, Sunway Pyramid Hotel (formerly known Sunway Pyramid Hotel East), Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway and Sunway Medical Centre. 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 (formerly known as Sunway Putra Place). 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 9 August 2018 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.

For more information, please contact:

Crystal Teh

Sunway REIT Management Sdn. Bhd.

(As Manager of Sunway Real Estate Investment Trust)

Tel : +603 5639 8864

Fax : +603 5639 8001

Mobile : +6012 330 6963

E-mail : [crystaltil@sunway.com.my](mailto:crystaltil@sunway.com.my)

Website of Sunway REIT: [www.sunwayreit.com](http://www.sunwayreit.com)