

MEDIA RELEASE

18 May 2022

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT RECORDS NET PROPERTY INCOME JUMP OF 77.4% IN 1Q FY2022

Key Highlights:

- Gross revenue climbed 47.7% to RM154.0 million in 1Q FY2022 underpinned by higher revenue from all segments.
- Net property income for the Retail segment more than doubled to RM70.3 million in 1Q FY2022 on the back of strong recovery in retail footfall and retail sales.
- The Manager expects the financial performance of Sunway REIT to improve significantly in FY2022, supported by reopened international borders, stronger domestic economic growth, improved consumer sentiment on the back of stable employment prospects as well as the progressive re-opening of Sunway Resort Hotel and completion of Sunway Carnival Shopping Mall's (new wing) expansion.

Financial Highlights

	Quarter Ended		
	3-month period ended 31.03.2022 RM'000	3-month period ended 31.03.2021 RM'000	Y-o-Y Change %
Gross revenue	153,970	104,266	47.7%
Net property income (NPI)	118,920	67,017	77.4%
Realised Income attributable to:			
- Unitholders	83,128	31,886	>100.0%
- Perpetual note holders	4,904	4,904	0.0%
Realised income	88,032	36,790	>100.0%
Unrealised income	18,286	27	>100.0%
Total profit for the period	106,318	36,817	>100.0%
Proposed / declared distribution to unitholders	- ¹	-	N.A
Distribution per unit (DPU) (sen)	-¹	-	N.A

¹ No income distribution was proposed for the current quarter ended 31 March 2022. The next income distribution to be proposed for the semi-annual period from 1 January 2022 to 30 June 2022.

N.A. denotes not applicable

Bandar Sunway, 18 May 2022 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), has released its financial results for the financial period ended 31 March 2022.

First quarter unaudited financial results for the period from 1 January 2022 to 31 March 2022 (1Q FY2022)*

**The current reporting quarter (1Q FY2022) is for the period from 1 January 2022 to 31 March 2022. The figures for the same period last year (3Q FP2021), from 1 January 2021 to 31 March 2021, are used for comparison purposes.*

Sunway REIT recorded a set of strong financial performance for its first quarter of financial year ending 31 December 2022. Gross revenue climbed 47.7% year-on-year (y-o-y) to RM154.0 million in 1Q FY2022, underpinned by higher revenue from all segments. Relaxation in movement restrictions has led to strong pick up in business activities for the Retail and Hotel segments. Correspondingly, net property income (NPI) jumped 77.4% y-o-y to RM118.9 million in 1Q FY2022, from RM67.0 million in 3Q FP2021.

Gross revenue for the Retail segment soared 83.5% y-o-y to RM98.4 million in 1Q FY2022, from RM53.7 million in 3Q FP2021, primarily contributed by strong performance from all retail malls on the back of pent-up demand, festive spending, relaxation of COVID-19 safety measures and marginal rental support. NPI jumped 193.5% y-o-y for the quarter under review to RM70.3 million, from RM23.9 million in the same period last year.

For the quarter under review, the Hotel segment's gross revenue increased 28.6% y-o-y to RM18.5 million, compared to RM14.4 million in 3Q FP2021, attributed to better performance for all hotels except Sunway Resort Hotel which remained close for refurbishment since July 2020. The Hotel segment recorded an overall improvement in occupancy rates in 1Q FY2022, supported by higher domestic leisure and business travels as well as gradual increase in Meetings, Incentives, Conventions and Exhibitions (MICE) activities. NPI for the Hotel segment improved in tandem to RM17.4 million in 1Q FY2022, from RM12.8 million in the corresponding period in the preceding year. Sunway Resort Hotel has commenced its first phase of operations in May 2022.

The Office segment remained resilient for the quarter under review. Gross revenue increased marginally by 0.7% y-o-y to RM19.5 million in 1Q FY2022 compared to RM19.3 million in the corresponding period last year. NPI improved 2.2% y-o-y to RM13.7 million in 1Q FY2022, from RM13.4 million in the same period last year, reinforced by commencement of new tenants and stable occupancy rates across the Office segment.

Gross revenue and NPI for the Services segment in 1Q FY2022 edged up 3.2% y-o-y to RM15.8 million, attributed to annual rental reversion for Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

Meanwhile, gross revenue and NPI for the Industrial & Others segment improved to RM1.7 million in 1Q FY2022 from RM1.5 million, representing an increase of 10% y-o-y subsequent to a rental reversion in January 2022 for Sunway REIT Industrial – Shah Alam 1, in accordance with the master lease agreement.

On 22 April 2022, RAM Rating Services Berhad (RAM) reaffirmed a P1(s) rating for SUNREIT Capital Berhad, which is the highest rating on the short-term rating scale under the RM3.0 billion Commercial Papers Programme, backed by robust credit profile.

On 11 May 2022, the Monetary Policy Committee (MPC) of Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25 bps to 2.00%. Sunway REIT's gearing stood at 37.2% as at 31 March 2022. The Manager opines that a gradual normalisation in interest rate is manageable and shall not materially impact the financial performance of Sunway REIT which will be cushioned by the anticipated improvements in the financial performance.

For the quarter under review, Sunway REIT has acquired an investment property located in Port Klang, Selangor, for a purchase consideration of RM34.1 million. The investment property is being planned for a proposed re-development into a seafront tourist destination with food and beverage (F&B), retail and leisure offerings.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "It is heartening to report that the Retail segment recorded strong retail sales which was near 100% normalcy in as compared to the same period of pre-pandemic in 2019 for the quarter under review. We believe that the worst is over and we are optimistic that the positive trend will continue to sustain as the economy transitions to the endemic phase of the COVID-19. Given the anticipation of stronger retail sales, the Manager expects marginal rental support provision in FY2022, which in turn, contributes positively to the earnings of Sunway REIT. In addition, we are cautiously optimistic on the prospect of the Hotel segment, supported by gradual recovery of the tourism industry following the reopening of international borders. The financial performance of the Hotel segment will be further boosted by resumption of income contribution from our flagship Sunway Resort Hotel in Sunway City Kuala Lumpur."

He added, "Improvement in NPI margin for the current quarter was attributed to the various measures initiated, including cost containment and leaner cost structure implemented during the COVID-19 pandemic. The Manager expects the financial performance of Sunway REIT to improve significantly in FY2022, supported by reopened international borders, stronger domestic economic growth, improved consumer sentiment on the back of stable employment prospects as well as the progressive re-opening of Sunway Resort Hotel and completion of Sunway Carnival Shopping Mall's (new wing) expansion."

Dato' Jeffrey further elaborated on Sunway REIT's refreshed strategic roadmap, "Sunway REIT has undertaken a strategic review on its strategic roadmap, TRANSCEND 2025, taking into consideration of developments in the past two years. The refreshed strategic roadmap, now known as TRANSCEND 2027, has established latest goals and targets for Sunway REIT. Sunway REIT aims to grow its property value to between RM14 and 15 billion by FY2027. At the same time, Sunway REIT targets to expand its asset allocation into Services and Industrial & Others segments to between 20% and 30% of property value, and diversify into foreign real estate market of between 10% to 20% of property value."

He concluded, "Sunway REIT is actively pursuing third-party acquisition opportunities and is confident in growing our asset portfolio via acquisition, asset management and asset enhancement initiatives strategy towards achieving its TRANSCEND 2027 goals."

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 RM4.8 billion as at 31 March 2022. 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 diversified portfolio of 19 assets comprising 4 retail malls, 6 hotels, 5 offices, a medical centre, an education asset, an industrial asset and a investment property for future re-development, with a combined property value of RM8.9 billion as at 31 March 2022.

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 three properties in Shah Alam and Klang, namely, Wisma Sunway, Sunway REIT Industrial – Shah Alam 1 and a recently acquired new investment property at Port Klang which will be re-developed into a seafront tourist destination.

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 18 May 2022 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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