

MEDIA RELEASE

17 November 2022

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S NET PROPERTY INCOME SURGES 82% IN THE THIRD QUARTER OF FY2022

Key Highlights:

- Revenue increased 56% year-on-year in the third quarter of FY2022, on the back of overall improvement in business performance for all segments.
- The Retail segment continued its strong momentum supported by encouraging retail sales, improved retail footfall and new income contribution from the new wing of Sunway Carnival Mall.
- Revenue and NPI for the Hotel segment surged 198% year-on-year and 315% year-on-year respectively in 3Q 2022 on the back of encouraging improvement in average occupancy rates, phased re-opening of Sunway Resort Hotel and low base in the preceding year.
- The Manager maintains an optimistic outlook for FY2022, driven by strong growth in the Retail segment, gradual recovery in the Hotel segment, new income contribution from the new wing of Sunway Carnival Mall and resumption of income contribution from phased re-opening of Sunway Resort Hotel.

Financial Highlights

	Current Quarter			Cumulative Quarter		
	30.09.2022	30.09.2021	Change	9-month period ended 30.09.2022	9-month period ended 30.09.2021	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	166,235	106,888	55.5%	464,714	314,548	47.7%
Net property income (NPI)	128,240	70,513	81.9%	354,050	199,878	77.1%
Realised income attributable to:						
- Unitholders	86,868	36,025	>100%	239,521	96,448	>100%
- Perpetual note holders	5,013	5,013	0.0%	14,876	14,876	0.0%
Realised income	91,881	41,038	>100%	254,397	111,324	>100%
Unrealised income	29	21	38.1%	18,339	73	>100%
Profit for the period	91,910	41,059	>100%	272,736	111,397	>100%
Proposed / declared distribution to unitholders	- ¹	-	N/A	144,527	55,824	>100%
Distribution per unit (DPU) (sen)	-¹	-	N/A	4.22	1.63	>100%

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

N/A denotes not applicable

Bandar Sunway, 17 November 2022 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), has released its financial results for the quarter ended 30 September 2022.

Third quarter unaudited financial results for the period from 1 July 2022 to 30 September 2022 (3Q 2022)

(The corresponding quarter last year (5Q FP2021), from 1 July 2021 to 30 September 2021, is used for comparison purposes.)

Sunway REIT registered a strong set of financial performance for the quarter ended 30 September 2022. Revenue increased 56% year-on-year (y-o-y) to RM166.2 million in 3Q 2022, from RM106.9 million in the same quarter of the preceding year, on the back of an overall improvement in business performance for all segments. The improvement in revenue was substantially contributed by the Retail and Hotel segments. Net property income (NPI) surged 82% y-o-y to RM128.2 million in 3Q 2022, from RM70.5 million in the corresponding quarter of the preceding year.

The Retail segment continued its strong momentum supported by encouraging retail sales, improved retail footfall and new income contribution from the new wing of Sunway Carnival Mall which was launched on 24 June 2022. Revenue soared 70% y-o-y, from RM64.9 million in 5Q FP2021 to RM110.3 million in 3Q 2022. Correspondingly, NPI for the Retail segment registered an upsurge of 120% y-o-y to RM80.5 million in 3Q 2022, from RM36.6 million in the corresponding quarter of the preceding year. NPI increased at a higher rate than revenue primarily due to recovery of doubtful debts as a result of improvement in rental collection in the current quarter.

As the nation transitions into the endemic phase, the Hotel segment recorded encouraging improvement in average occupancy rates for the quarter under review. The financial performance for the Hotel segment was further boosted by the phased re-opening of Sunway Resort Hotel after undertaking transformative refurbishment to elevate the hospitality standard of the hotel. In evident, revenue for the Hotel segment increased from RM6.2 million in 5Q FP2021 to RM18.4 million in 3Q 2022 and NPI rose from RM4.2 million in 5Q FP2021 to RM17.5 million in 3Q 2022. This represents revenue and NPI growth of 198% y-o-y and 315% y-o-y respectively.

Revenue for the Office segment registered an increase of 6% y-o-y to RM20.0 million in 3Q 2022 compared to RM18.9 million in the corresponding quarter last year, attributed to stable occupancy rates from the office properties. NPI for the Office segment was unchanged compared to the same quarter last year at RM12.8 million in 3Q 2022.

Revenue and NPI for the Services segment grew 3% y-o-y to RM15.8 million in 3Q 2022, attributed to annual rental reversions for Sunway Medical Centre (Tower A & B) and Sunway university & college campus. In the same quarter last year, revenue and NPI stood at RM15.3 million.

The Industrial & Others segment posted revenue of RM1.7 million in 3Q 2022, from RM1.5 million in the same quarter last year, representing an increase of 10% y-o-y. The improvement in revenue and NPI was attributed to rental reversion for Sunway REIT Industrial – Shah Alam 1.

Cumulative nine months unaudited financial results for the period from 1 January 2022 to 30 September 2022 (9M 2022)

(The corresponding period last year (9M FP2021), from 1 January 2021 to 30 September 2021, is used for comparison purposes.)

Sunway REIT maintained its strong growth trajectory for the nine-month period of financial year ending 31 December 2022 supported by improvement in the financial performance across all segments and further boosted by new income contribution from the new wing of Sunway Carnival Mall and resumption of income contribution pursuant to the phased re-opening of Sunway Resort Hotel. Revenue rose from RM314.5 million for 9M FP2021 to RM464.7 million for 9M 2022, representing an increase of 48% y-o-y. NPI surged 77% y-o-y to RM354.1 million for 9M 2022, in comparison to RM199.9 million in the corresponding period of the preceding year.

For the period under review, revenue for the Retail segment rose 75% y-o-y from RM177.1 million in 9M FP2021 to RM310.1 million in 9M 2022, boosted by reduced rental support, higher turnover rent, promotion and car park income amid improved retail footfall and retail sales. NPI soared 158% y-o-y to RM222.4 million for 9M 2022 compared to RM86.1 million in the same period last year in tandem with the increase in revenue coupled with the recovery of doubtful debts.

The Hotel segment continued to record improving financial performance as the nation transitions into the endemic phase and relaxation of international travels. For the period under review, revenue surged 47% y-o-y to RM42.9 million, from RM29.3 million in the same period last year. NPI improved from RM24.0 million to RM40.0 million, representing an increase of 67% y-o-y. The encouraging financial performance was supported by the gradual improvement in domestic leisure, business travel and Meetings, Incentives, Conventions and Exhibitions (MICE) activities. The performance was further boosted by the phased re-opening of Sunway Resort Hotel since May 2022. Sunway Resort Hotel is expected to progressively increase its room inventory upon reaching the final stage of the transformative refurbishment by the end of this year which is well positioned to capture the anticipated gradual increase in demand arising from the influx of foreign tourists and pick up in MICE activities.

The Office segment recorded a modest growth in revenue which was marginally higher by 3% y-o-y to RM59.2 million for 9M 2022, from RM57.5 million in the corresponding period last year, supported by stable average occupancy rates. NPI for the Office segment stood at RM39.2 million for the period under review, largely unchanged from the same period last year.

The Services segment's revenue and NPI rose 3% y-o-y to RM47.4 million on the back of annual rental reversions for Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

The Industrial & Others segment posted an increase of 10% y-o-y in revenue and NPI to RM5.1 million for the period under review for the same reason mentioned above.

The Manager maintains an optimistic outlook for FY2022, underpinned by strong growth in the Retail segment, gradual recovery in the Hotel segment, new income contribution from the new wing of Sunway Carnival Mall and resumption of income contribution from phased re-opening of Sunway Resort Hotel.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "We are pleased to observe sustained momentum for the Retail segment supported by robust retail sales and retail footfall. The financial performance of Sunway REIT is further boosted by realisation of asset enhancement and property development initiatives which we have undertaken in the past 2 to 3 years, as these assets have started to generate additional income to the portfolio."

He elaborated, “We are closely monitoring the macro-economic environment affecting economic growth, inflationary pressure, pace of interest rate hikes and its potential impact on Sunway REIT’s financial performance. The Manager proactively optimises its capital management strategy to minimise the impact of higher finance costs. In addition, the Manager strives to increase the NPI moving forward to negate any adverse impact.”

“We remain steadfast to continue to create and unlock value for Sunway REIT’s assets portfolio in striving towards achieving the strategic goals of Transcend 2027”, he concluded.

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 30 September 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 properties comprising 5 retail properties (including a property designated for re-development into a retail-centric tourist destination), 6 hotels, 5 offices, a medical centre, an education property and an industrial property, with a combined property value of RM9.0 billion as at 30 September 2022.

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 (formerly known as 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 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 three properties in Selangor, namely Wisma Sunway, Sunway REIT Industrial – Shah Alam 1 and the recently acquired Sunway Pier (which is planned for re-development into a retail-centric tourist destination). Sunway REIT has recently completed the acquisition of Sunway REIT Industrial – Petaling Jaya 1 in November 2022.

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.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 17 November 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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