

MEDIA RELEASE

30 January 2023

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S DPU SURGES 108% TO 9.22 SEN IN FY2022

Key Highlights:

- Revenue rose 18% year-on-year to RM186.7 million in the fourth quarter of FY2022, contributed by higher revenue from all segments on the back of improved business performance.
- Realised income increased 29% year-on-year to RM93.7 million in the current quarter due to strong performance from the Retail and Hotel segments.
- Sunway REIT increased its income distribution payout to 100% in 4Q2022 as distributable income per unit has normalised to pre-pandemic level.

Financial Highlights

	Fourth Quarter Ended			Cumulative Quarter Ended		
	31.12.2022 RM'000	31.12.2021 RM'000	Change %	31.12.2022 RM'000	30.12.2021 RM'000	Change %
Revenue	186,732	157,797	18.3	651,446	472,345	37.9
Net property income (NPI)	146,188	123,097	18.8	500,238	322,975	54.9
Realised income attributable to:						
- Unitholders	88,707	67,649	31.1	328,228	164,097	>100.0
- Perpetual note holders	5,014	5,014	0.0	19,890	19,890	0.0
Realised income	93,721	72,663	29.0	348,118	183,987	89.2
Unrealised loss	(42,899)	(56,470)	24.0	(24,560)	(56,397)	56.5
Profit for the period / year	50,822	16,193	>100.0	323,558	127,590	>100.0
Proposed / declared distribution to unitholders	171,240	95,895	78.6	315,767	151,719	>100.0
Distribution per unit (DPU) (sen)	5.00	2.80	78.6	9.22	4.43	>100.0

Sunway City Kuala Lumpur, 30 January 2023 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), has released its financial results for the financial year ended 31 December 2022.

Fourth quarter unaudited financial results for the period from 1 October 2022 to 31 December 2022 (4Q 2022)

(The corresponding quarter last year (6Q FP2021), from 1 October 2021 to 31 December 2021, is used for comparison purpose.)

Sunway REIT posted a set of robust financial performance for the quarter ended 31 December 2022. Revenue rose 18% year-on-year (y-o-y) to RM186.7 million in the fourth quarter of FY2022, contributed by higher revenue from all segments on the back of improved business performance. The improvement in revenue was substantially contributed by the Retail and Hotel segments. Correspondingly, net property income (NPI) increased 19% y-o-y to RM146.2 million in 4Q 2022 compared to RM123.1 million in the same quarter in the previous year.

The Retail segment continued to thrive for the quarter under review, underpinned by higher retail footfall and encouraging retail sales during the festive season. The financial performance was further boosted by new income contribution from Sunway Carnival Mall (New Wing) which was launched on 24 June 2022. The Retail segment recorded revenue of RM116.7 million in the current quarter, representing an increase of 26% y-o-y. In tandem with the increase in revenue, NPI rose 29% y-o-y to RM84.7 million in 4Q 2022. The higher NPI was also contributed by reversal of doubtful debts as a result of improvement in rental collection in the current quarter.

The Hotel segment continued to gain traction, benefitted from year-end holiday and Meetings, Incentives, Conventions and Exhibitions (MICE) demand. Revenue for the Hotel segment soared 107% y-o-y to RM20.4 million in 4Q 2022, from RM9.8 million in the same quarter in the preceding year. NPI surged 129% y-o-y, from RM8.5 million in 4Q 2021 to RM19.4 million in 4Q 2022. The improved performance was led by higher lease rental from Sunway Resort Hotel and Sunway Pyramid Hotel on the back of improvement in the average occupancy rate and MICE activities. Sunway Resort Hotel has increased its available room inventory to 315 rooms (out of total 460 rooms) as at 31 December 2022 and the hotel's refurbishment is progressing towards full completion by 1Q 2023.

The Office segment recorded a moderate revenue growth of 5% y-o-y to RM20.1 million, supported by stable average occupancy rate of above 80%. NPI increased marginally from RM12.4 million in 4Q 2021 to RM12.6 million in 4Q 2022.

For the quarter under review, revenue and NPI for the Services segment grew 3% y-o-y to RM15.9 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 revenue and NPI of RM1.7 million in 4Q 2022, from RM1.5 million in the same quarter last year, representing an increase of 10% y-o-y compared to the previous year. The improvement in revenue and NPI was attributed to rental reversion for Sunway REIT Industrial – Shah Alam 1.

Realised income increased 29% y-o-y to RM93.7 million in the current quarter, primarily due to strong performance from the Retail and Hotel segments.

Unaudited financial results for the period from 1 January 2022 to 31 December 2022 (FY2022)

(The corresponding period last year (12M FP2021), from 1 January 2021 to 31 December 2021, is used for comparison purpose.)

Sunway REIT recorded a set of stellar financial performance for the financial year ended 31 December 2022. Revenue and NPI climbed 38% y-o-y and 55% y-o-y to RM651.4 million and RM500.2 million respectively, largely underpinned by higher contribution from all segments. The financial performance was further buoyed by new income contribution from Sunway Carnival Mall (New Wing) and resumption of lease rental from Sunway Resort Hotel as the hotel reopened in phases since May 2022.

For the current financial year under review, the Retail segment recorded a jump in revenue from RM269.5 million to RM426.9 million, representing a growth of 58%. The strong performance was driven by significant reduction in rental rebate, higher turnover rent, promotion and car park income as retail footfall and retail sales returned to normalcy. NPI doubled to RM307.1 million in the current financial year, in line with higher revenue and reversal of doubtful debts arising from improved rental collection.

The Hotel segment has demonstrated encouraging recovery signs as business and leisure activities picked up during the year. Revenue and NPI leaped 62% y-o-y and 83% y-o-y to RM63.3 million and RM59.4 million respectively. The significant improvement was largely attributable to improvement in domestic leisure and business travels as well as gradual resumption of MICE activities after 2 years of hiatus due to the pandemic. The performance was further boosted by higher lease rental from Sunway Resort Hotel as the hotel reopened progressively since May 2022. The reopening of the hotel is timely to seize the anticipated influx of foreign tourists following the reopening of borders globally especially China in January 2023.

The Office segment remained stable in FY2022. Revenue grew by 4% y-o-y to RM79.3 million, from RM76.6 million in the preceding year. Meanwhile, NPI was marginally higher at RM51.8 million.

Revenue and NPI for the Services segment recorded a modest growth of 3% y-o-y to RM63.2 million in FY2022, reflecting the annual rental reversionary rates 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 RM6.8 million for the financial year under review for the same reason mentioned above.

Sunway REIT increased its income distribution payout to 100% in 4Q 2022, from 95% for YTD 9M 2022, as distributable income per unit has normalised to pre-pandemic level in FY2019. The Manager proposed a distribution per unit (DPU) of 5.00 sen for the 6-month period from 1 July 2022 to 31 December 2022, representing a substantial increase of 79% compared to the same period last year. Total DPU doubled to 9.22 sen for the financial year ended 31 December 2022. With reference to Sunway REIT's unit price of RM1.46 as at 31 December 2022, this translates into a distribution yield of 6.3%.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "It is heartening that Sunway REIT's financial performance in FY2022 has surpassed the pre-pandemic level in FY2019. As a result of the improved financial performance and cash flow, Sunway REIT has increased its income distribution payout to 100% in 4Q 2022 and endeavour to maintain income distribution payout of 100% in FY2023."

Commenting on the outlook, he added, "Sunway REIT maintain a positive outlook for FY2023, underpinned by stable domestic economic growth, sustained growth momentum for the Retail segment, further recovery in the Hotel segment as well as full year income contribution from Sunway Carnival Mall (New Wing) and Sunway Resort Hotel."

He further added, "Although inflation has tapered in recent months, we are closely monitoring inflationary and interest rate trends. We strive to negate the impact of higher interest costs through dynamic capital management strategy and strive to achieve higher NPI from existing assets portfolio and / or new acquisitions."

He concluded, "Sunway REIT is actively pursuing acquisition opportunities and we aim to make headway on the acquisitions front in this financial year. Sunway REIT's healthy gearing of 37.6% and debt headroom of approximately RM1.2 billion will enable us to fund yield accretive acquisitions."

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 RM5.0 billion as at 31 December 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 20 properties comprising 5 retail properties (including a property designated for re-development into a retail leisure and entertainment tourist destination), 6 hotels, 5 offices, 2 industrial properties, a medical centre and an education property, with a combined property value of RM9.1 billion as at 31 December 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 four properties in Selangor, namely Wisma Sunway, Sunway REIT Industrial – Shah Alam 1, Sunway REIT Industrial – Petaling Jaya 1 and Sunway Pier (which is planned for re-development into a retail leisure and entertainment 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 Mall in Penang.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 30 January 2023 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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