

MEDIA RELEASE

9 November 2021

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT RECORDS NET PROPERTY INCOME GROWTH OF 3.6% TO RM70.5 MILLION FOR THE FIFTH QUARTER OF THE FINANCIAL PERIOD ENDING 31 DECEMBER 2021

Key Highlights:

- Gross revenue eased marginally to RM106.9 million in 5Q FP2021 due to softer gross revenue from the Retail segment, partially mitigated by higher gross revenue from Office and Services segments.
- Sunway REIT anticipates improvements in business performance for the last quarter of FP2021 on the back of encouraging business recovery sign as Malaysia moved into Phases 3 and 4 of the National Recovery Plan.

Financial Highlights

	Current Quarter			Cumulative Period
	3-month period ended 30.09.2021 RM'000	3-month period ended 30.09.2020 RM'000	Change %	15M FP2021 ¹ RM'000
Gross revenue	106,888	107,443	-0.5%	517,761
Net property income (NPI)	70,513	68,089	3.6%	333,979
Income attributable to:				
- Unitholders	36,025	29,356	22.7%	154,258
- Perpetual note holders	5,013	5,013	0.0%	24,903
Realised income	41,038	34,369	19.4%	179,161
Unrealised income	21	29	-27.6%	130
Total profit for the period	41,059	34,398	19.4%	179,291
Proposed / declared distribution to unitholders	- ²	26,506	N.A.	108,701
Distribution per unit (DPU) (sen)	-²	0.90	N.A.	3.30

¹ Sunway REIT has changed its financial year end from 30 June to 31 December. The current cumulative financial period is a period of 15 months from 1 July 2020 to 30 September 2021 (15M FP2021). As such, there are no comparative figures for the preceding year corresponding period.

² No income distribution was proposed for the 3-month period ended 30 September 2021 (5Q FP2021) as the income distribution frequency of Sunway REIT has changed from quarterly to semi-annual effective from 3Q FY2020.

N.A denotes not applicable

Sunway City Kuala Lumpur, 9 November 2021 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), has released its financial results for the fifth quarter ended 30 September 2021.

Fifth quarter unaudited financial results for the period from 1 July 2021 to 30 September 2021 (5Q FP2021)*

**For comparison purposes, the same calendar period (July – September) is used to compare the year-on-year performance between 5Q FP2021 (1 July 2021 – 30 September 2021) and 1Q FP2021 (1 July 2020 – 30 September 2020).*

Sunway REIT reported gross revenue of RM106.9 million in 5Q FP2021 compared to RM107.4 million in 1Q FP2021. Gross revenue was marginally lower due to lower contribution from the Retail segment which was impacted by the implementation of Enhanced Movement Control Order (EMCO) and National Recovery Plan (NRP) Phase 1. The impact was partially mitigated by higher gross revenue from the Office and Services segments. NPI increased 3.6% year-on-year (y-o-y) from RM68.1 million in 1Q FP2021 to RM70.5 million in 5Q FP2021 on the back of lower property operating expenses.

Gross revenue for the Retail segment eased 16.5% y-o-y to RM64.9 million in 5Q FP2021, from RM77.7 million in the same period last year, largely attributed to lower rental and carpark income owing to movement restrictions imposed during EMCO and NRP. Correspondingly, NPI decreased 17.1% y-o-y in the quarter under review to RM36.6 million, from RM44.2 million in the same period last year.

Gross revenue for the Hotel segment improved to RM6.2 million in 5Q FP2021, from RM2.8 million in the corresponding period last year, mainly attributed to guaranteed rent from Sunway Putra Hotel and quarantine business at Sunway Clio Hotel. NPI for the Hotel segment more than tripled to RM4.2 million in 5Q FP2021, from RM1.2 million in the same period last year.

Meanwhile, gross revenue for the Office segment surged 80.8% y-o-y to RM18.9 million in 5Q FP2021, from RM10.5 million in the corresponding period in the preceding year. NPI more than doubled to RM12.8 million in 5Q FP2021, from RM6.3 million in the same period last year. The improved performance was boosted by new income contribution from The Pinnacle Sunway and largely stable average occupancy rate across all office properties in Sunway REIT's asset portfolio.

Gross revenue and NPI for the Services segment edged up 2.8% y-o-y to RM15.3 million, attributed to annual rental reversion of Sunway Medical Centre (Tower A & B) and Sunway university & college campus. Meanwhile, gross revenue and NPI for the Industrial & Others segment remained stable at RM1.5 million in 5Q FP2021.

Cumulative fifteen months unaudited financial results for the period from 1 July 2020 to 30 September 2021 (15M FP2021)*

** Due to change of financial year end from 30 June to 31 December, there are no comparative financial information available for the preceding year corresponding period.*

Sunway REIT reported gross revenue of RM517.8 million and NPI of RM334.0 million for 15M FP2021. The overall performance for Sunway REIT during the period was impacted by the various phases of movement control orders.

The Retail segment recorded encouraging recovery in 1Q FP2021 following the easing of movement restrictions before the momentum retracted subsequently with the resurgence of COVID-19 cases in September 2020 which has led to the re-introduction of targeted restrictive movement measures. For 15M FP2021, the Retail segment recorded gross revenue of RM311.6 million and NPI of RM164.1 million. The average occupancy rate for the Retail segment remained stable at above 90%.

The Hotel segment recorded gross revenue of RM40.0 million and NPI of RM31.9 million in the period under review, largely supported by guaranteed income from Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Sunway Putra Hotel and Sunway Hotel Georgetown, amidst various phases of movement control orders in Malaysia. In addition, Sunway Resort Hotel remained closed during the period due to ongoing refurbishment.

The Office segment registered a healthy gross revenue and NPI of RM82.5 million and RM54.4 million respectively for 15M FP2021. The Office segment has benefitted from new income contribution from The Pinnacle Sunway which was further supported by healthy average occupancy rate for the office portfolio.

Meanwhile, gross revenue and NPI for the Services segment stood at RM75.9 million for 15M FP2021 contributed by annual rental reversion for Sunway Medical Centre (Tower A & B) and Sunway university & college campus. The Industrial & Others segment posted gross revenue and NPI of RM7.7 million for 15M FP2021.

Dato' Jeffrey Ng, Chief Executive Officer of the Manager, commented, "Undoubtedly, the pandemic had adversely impacted many businesses, not to mention that it had severely impacted our tenants' operations. Looking back, we are heartened that the asset managers proactively worked hand-in-hand to establish the rental and marketing assistance programme as well as a third-party financing programme for affected tenants. The bonds and trusts forged in this tumultuous period had allowed us to maintain a strong occupancy rate in our assets portfolio. We are confident that Sunway REIT is in a position of strength to ride on the economic recovery."

Dato' Jeffrey added, "Sunway REIT is actively exploring acquisition opportunities presented following the fallout of the pandemic. Sunway REIT is in a favourable position to capitalise on yield accretive acquisition opportunities given its healthy balance sheet and debt headroom."

Sharing on the prospects, he elaborated, "Malaysia is achieving its vaccination target and we are seeing better days ahead of us with the full reopening of the economy and close to 100% of Malaysia's adult population inoculated. As Malaysia gradually transition from pandemic to endemic, we expect full reopening of the economy and further easing of inter-state border restrictions followed by the re-opening of the international borders which is paramount for a true restart of the tourism industry. Sunway REIT observed encouraging return of footfall within its assets portfolio, indicating green shoots of sustainable business recovery moving forward."

Dato' Jeffrey commented on the Retail and Hotel segments, "We are pleased to share that all of our tenants and employees are fully vaccinated, with the exceptions of those with health conditions. We continue to adhere to enhanced safety measures in our endeavour to provide a safer place for visitors to patronise the premises. The Business Units Management Teams have also launched attractive theme park-accommodation-retail promotional packages to entice visitations to Sunway City Kuala Lumpur to capture the domestic leisure market share."

Dato' Jeffrey concluded, "Taking cues from the recent surge in domestic flights and hotel reservations in key tourist destinations, strong demand for domestic tourism activities is expected to persist until the international border restriction is fully lifted."

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 2021.

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 18 assets comprising 4 retail malls, 6 hotels, 5 offices, a medical centre, an industrial property and an education asset with a combined property value of RM8.7 billion as at 30 September 2021.

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 two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 1.

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 9 November 2021 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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