

MEDIA RELEASE

5 November 2019

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S MAINTAINS SOLID PERFORMANCE IN THE FIRST QUARTER OF FY2020 WITH A PROPOSED DISTRIBUTION PER UNIT OF 2.50 SEN

Key Highlights:

- Revenue rose by 8.1% y-o-y underpinned by improved performance across all segments.
- Net property income expanded correspondingly by 7.7% y-o-y to RM119.1 million.
- Sunway REIT expects to maintain resilient distribution per unit in FY2020, predominantly supported by modest growth in retail segment and full year income contribution from newly acquired Sunway university & college campus.

Financial Highlights

FYE June 2020	Current Quarter / Cumulative Quarter		
	1Q2020 RM'000	1Q2019 RM'000	Change %
Gross revenue	155,352	143,741	8.1
Net property income (NPI)	119,071	110,514	7.7
Realised income attributable to:			
- Unitholders	73,729	72,984	1.0
- Perpetual note holders	5,013	-	N.A.
Net realised income	78,742	72,984	7.9
Unrealised income	82	25	>100.0
Total profit for the period	78,824	73,009	8.0
Proposed / declared distribution to unitholders	73,627	73,038	0.8
Distribution per unit (DPU) (sen)	2.50	2.48	0.8
Annualised distribution yield (based on unit price of RM1.92 per unit on 30 September 2019)	5.2%	5.1% ¹	N.A.

¹ Based on actual DPU of 9.59 sen declared in FY2019 and unit price of RM1.87 as at 30 June 2019.
N.A. denotes not applicable

Bandar Sunway, 5 November 2019 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (Sunway REIT), is pleased to announce its financial results for the quarter ended 30 September 2019.

First quarter unaudited financial results for the period from 1 July 2019 to 30 September 2019 (1Q FY2020)

Sunway REIT started the financial year on a steady trajectory in the first quarter of financial year ending 30 June 2020 (1Q FY2020). In 1Q FY2020, revenue rose by 8.1% year-on-year (y-o-y) to RM155.4 million, underpinned by improved performance across all segments. Net property income (NPI) expanded correspondingly by 7.7% y-o-y to RM119.1 million. In tandem with the topline improvement, net realised income increased by 7.9% to RM78.7 million, partially offset by lower interest income and higher finance cost to finance acquisition and capital expenditure.

For the quarter ended 30 September 2019, Sunway REIT proposed distribution per unit (DPU) of 2.50 sen, marginally higher than DPU of 2.48 sen declared in the same period in the preceding year. Based on the unit price of RM1.92 as at 30 September 2019, this translated into an annualised distribution yield of 5.2%.

The first 3M of FY2020 saw an improvement across all segments. The retail segment remained resilient with a marginal improvement in revenue to RM105.5 million, from RM104.9 million in 1Q FY2019. The improvement is largely contributed by Sunway Carnival Shopping Mall. NPI contracted by 3.1% y-o-y to RM75.3 million due to lower property operating expenses in the corresponding quarter in the preceding year.

Revenue for the hotel segment increased by 4.8% y-o-y to RM23.7 million as revenue for Sunway Resort Hotel & Spa rebounded due to normalisation of business operation. NPI rose to RM22.0 million, representing an improvement of 7.4% y-o-y. The business operation for Sunway Resort Hotel & Spa was affected in the previous year corresponding quarter due to closure of the Grand Ballroom and meeting rooms to undertake refurbishment. The refurbished Grand Ballroom and meeting rooms offer enhanced facilities and are expected to attract higher demand for meetings, incentives, conferences and events (MICE) for the hotel.

Despite the challenging office market environment, the office segment registered a revenue growth of 11.6% y-o-y to RM11.6 million in 1Q FY2020, mainly attributable higher average occupancy rate for all offices in the asset portfolio. The improved occupancy rate has also contributed to encouraging growth in NPI. NPI increased by 10.8% y-o-y to RM5.7 million.

Meanwhile, revenue and NPI for the services segment soared 151.9% y-o-y to RM14.5 million in 1Q FY2020 due to new income contribution from Sunway university and college campus following the completion of the acquisition in April 2019. The industrial and others segment also registered higher revenue and NPI of 9.9% y-o-y, primarily due to positive rental reversion for the property.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "This year marks Sunway REIT's first decade of listed on the stock exchange. Over the span of 10 years, Sunway REIT has maintained an uninterrupted track record in delivering positive DPU growth, supported by strong asset quality, proactive capital management, active acquisition and asset enhancement initiatives (AEIs) strategy."

He added, "We are pleased to demonstrate that our diversification strategy, active acquisition and AEIs strategy has continued to drive new income stream amidst challenging operating environment."

Sharing on the prospect for FY2020, he further added, "Taking guidance from the financial performance in 1Q FY2020, Sunway REIT expects to maintain resilient distribution per unit in FY2020, predominantly supported by modest growth in retail segment and full year income contribution from newly acquired Sunway university and college campus.

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 RM5.7 billion as at 30 September 2019.

Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 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 17 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre, an industrial property and an education asset with a combined property value that stood at RM8.05 billion as at 30 September 2019.

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets located in Sunway City include Sunway Resort Hotel & Spa, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, Sunway Medical Centre (Tower A&B) and Sunway university & college campus. 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. 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 5 November 2019 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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