

MEDIA RELEASE

8 August 2019

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S DISTRIBUTION PER UNIT INCREASED BY 6.0% YEAR-ON-YEAR IN THE FOURTH QUARTER OF FINANCIAL YEAR 2019

Key Highlights:

- Revenue rose by 6.8% y-o-y to RM145.6 million in 4Q FY2019, predominantly attributable to growth in the retail segment and further boosted by new income contribution from newly completed acquisition of Sunway university and college campus. Net property income expanded correspondingly by 10.9% y-o-y to RM111.2 million.
- Property value increased by 10.5%, from RM7.28 billion as at 30 June 2018 to RM8.05 billion as at 30 June 2019, primarily attributable to acquisition amounted to RM550 million and fair value gain of RM108 million.
- Sunway REIT proposed distribution per unit of 2.28 sen in 4Q FY2019 and brings total distribution per unit to 9.59 sen in FY2019.
- Sunway REIT expects distribution per unit in FY2020 to stay resilient, supported by full year income recognition from Sunway university & college campus and modest growth in the retail segment.

Financial Highlights

FYE June 2019	Current Quarter			Financial Year		
	4Q2019	4Q2018	Change	2019 (Unaudited)	2018 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	145,559	136,252	6.8	580,299	560,406	3.5
Net property income (NPI)	111,182	100,274	10.9	439,695	419,930	4.7
Realised Income Attributable to Unitholders	67,164	63,314	6.1	282,336	281,947	0.1
Proposed / declared distribution	67,148	63,319	6.0	282,433	281,844	0.2
Distribution per unit (DPU) (sen)	2.28	2.15	6.0	9.59	9.57	0.2
Annualised distribution yield (based on unit price of RM1.87 per unit on 30 June 2019)	N.A	N.A	N.A	5.1%	5.4% ¹	N.A

¹ Based on actual DPU of 9.57 sen declared in FY2018 and unit price of RM1.77 as at 30 June 2018.

N.A. denotes not applicable

Bandar Sunway, 8 August 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 financial year ended 30 June 2019.

Fourth quarter unaudited financial results for the period from 1 April 2019 to 30 June 2019 (4Q FY2019)

Sunway REIT recorded a firmer set of financial performance in the fourth quarter of financial year ended 30 June 2019 (4Q FY2019). The stronger set of financial performance was boosted by new income contribution from the newly acquired Sunway university & college campus and growth in the retail segment. Revenue increased by 6.8% year-on-year (y-o-y) to RM145.6 million and net property income (NPI) rose in tandem by 10.9% y-o-y to RM111.2 million.

For the quarter under review, the retail segment registered a moderate growth of 4.5% y-o-y to RM105.8 million, largely backed by strong contribution from Sunway Pyramid Shopping Mall on the back of higher average gross rental and turnover rent. NPI expanded by 9.3% y-o-y to RM77.2 million, due to lower operating expenses at Sunway Pyramid Shopping Mall.

The soft market sentiment affecting the hospitality segment persisted in 4Q FY2019, which resulted in lower contribution from the hotel segment. The trend was evident as shown by the lower average occupancy rate for the hotel segment. The hotel segment registered a revenue of RM15.0 million in 4Q FY2019, versus RM18.7 million during the corresponding quarter in the preceding year and a NPI of RM13.4 million and RM17.0 million respectively.

The financial performance for the office segment improved further on the back of higher average occupancy rate at Wisma Sunway and Sunway Putra Tower. Despite the challenging office sub-sector environment, the improvement was achieved on account of competitive leasing strategies. The office segment reported a higher revenue of 10.3% y-o-y in 4Q FY2019 to RM10.0 million and NPI increased by 8.2% y-o-y to RM5.9 million.

Revenue for the services segment, which was contributed by Sunway Medical Centre (Tower A & B) and Sunway university & college campus, doubled to RM13.2 million in 4Q FY2019 on the back of new income contribution from Sunway university & college campus, pursuant to the completion of the acquisition on 15 April 2019. Similar trend was reported at NPI level in view that the properties are on triple-net-lease basis. The industrial & others segment recorded a revenue and NPI of RM1.5 million in 4Q FY2019 following a rental reversion in January 2019.

Financial year 2019 unaudited financial results for the period from 1 July 2018 to 30 June 2019 (FY2019)

Sunway REIT maintained a set of stable financial performance for the financial year ended 30 June 2019. This was achieved on the back of a spectra of uncertainties in both global and domestic fronts. Revenue rose by 3.5% y-o-y to RM580.3 million with a corresponding 4.7% y-o-y improvement in NPI to RM439.7 million. All segments contributed to the improvement in the financial performance, however, was partially offset by lower income contribution from the hotel segment due to the underlying adverse fundamental affecting the hospitality sector. Sunway REIT also enjoyed higher revenue in FY2019 due to new income contribution arising from the completion of the acquisition of Sunway university & college campus.

The retail segment registered a resilient growth of 2.4% y-o-y in revenue to RM426.7 million with a corresponding annual improvement of 4.5% in NPI to RM310.5 million. This was achieved on the back of solid growth from Sunway Pyramid Shopping Mall, underpinned by higher average gross rental coupled with lower operating expenses.

Meanwhile, the hotel segment faced a challenging year on the back of challenging macro-economic landscape which has adversely impacted business sentiment and leisure-cum-tourism activities. Against the challenging backdrop, the hotel segment reported a revenue and NPI contraction of 4.9% y-o-y to RM78.6 million and 8.2% y-o-y to RM71.3 million respectively. In addition, the set of financial performance during the financial year was also partially affected by income disruption for a period of 4 months at Sunway Resort Hotel & Spa during the refurbishment of the hotel's Grand Ballroom and Meeting Rooms.

The office segment registered an improvement of 14.8% y-o-y in revenue to RM38.4 million, underpinned by improved performance from Menara Sunway, Sunway Putra Tower and Wisma Sunway, on the back of renewal at higher average rate, commencement of new tenants and expansion from existing tenant, respectively. NPI jumped 22.3% y-o-y to RM21.4 million.

Revenue and NPI for the services segment soared by 35.4% y-o-y to RM30.7 million, mainly due to new income contribution from Sunway university & college campus. The industrial and others segment's revenue and NPI rose by 14.6% y-o-y to RM5.9 million.

For the quarter ended 30 June 2019, the Manager proposed a distribution per unit (DPU) of 2.28 sen, representing an increase of 6.0% y-o-y. The total proposed DPU in FY2019 amounted to 9.59 sen, marginally higher than FY2018. Based on the unit price of RM1.87 as at 30 June 2019, Sunway REIT's distribution yield stood at 5.1% with a corresponding total return of 10.7%.

Sunway REIT's property value surpassed the RM8.0 billion mark for the financial year ended 30 June 2019. Property value increased by 10.5%, from RM7.28 billion as at 30 June 2018 to RM8.05 billion as at 30 June 2019, primarily attributable to acquisition amounted to RM550 million and fair value gain of RM108 million.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We are pleased that Sunway REIT ended the financial year with a glimpse of optimism. In our humble opinion, the set of financial performance was better than our initial expectation in spite of the increasingly challenging operating environment."

He added, "The stable set of financial performance was achieved on the back of timely completion of the acquisition of Sunway university & college campus, prudent cost management and proactive capital management initiatives."

Commenting on the outlook for the financial year ahead, he elaborated, "Looking ahead, the underlying fundamental surrounding the operating landscape remains challenging on the back of global whirlwind, moderation in domestic economy and fluidity in Government policies amidst the New Government reform. We expect Sunway REIT's DPU to stay resilient in FY2020, primarily supported by full year income recognition from acquisition of Sunway university & college campus and modest growth in retail segment."

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 RM5.5 billion as at 30 June 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 June 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 8 August 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.

For more information, please contact:

Crystal Teh

Sunway REIT Management Sdn. Bhd.

(As Manager of Sunway Real Estate Investment Trust)

Tel : +603 5639 8864

Fax : +603 5639 8001

Mobile : +6012 330 6963

E-mail : crystaltil@sunway.com.my

Website of Sunway REIT: www.sunwayreit.com