

MEDIA RELEASE

1 November 2018

**FINANCIAL RESULTS ANNOUNCEMENT**

**SUNWAY REIT'S REVENUE GREW BY 1.8% TO RM143.7 MILLION IN THE FIRST QUARTER OF FINANCIAL YEAR 2019**

**Key Highlights:**

- Proposed distribution per unit of 2.48 sen in 1Q FY2019, which translates into an annualised distribution yield of 5.8% based on unit price of RM1.69 as at 30 September 2018.
- Sunway REIT sets a target to double its property value to RM15 billion by FY2025.
- Sunway REIT repositioned itself from Retail-Focused REIT to Diversified REIT to capitalise on the broader emerging growth sub-sectors riding on global mega trends.

**Financial Highlights**

FYE June 2019	Current Quarter / Cumulative Quarter		
	1Q2019 RM'000	1Q2018 RM'000	Change %
Gross revenue	143,741	141,169	1.8
Net property income (NPI)	110,514	110,986	-0.4
<b>Net realised income</b>	<b>72,984</b>	<b>78,736</b>	<b>-7.3</b>
Unrealised income	25	493	-94.9
Total profit for the period	73,009	79,229	-7.9
Proposed / declared distribution	73,038	78,634	-7.1
<b>Distribution per unit (DPU) (sen)</b>	<b>2.48</b>	<b>2.67</b>	<b>-7.1</b>
Annualised distribution yield (based on unit price of RM1.69 per unit on 30 September 2018)	5.8%	5.4% <sup>1</sup>	N.A.

<sup>1</sup> 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, 1 November 2018** – 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 2018.

**First quarter unaudited financial results for the period from 1 July 2018 to 30 September 2018 (1Q FY2019)**

Sunway REIT started the financial year on a softer ground in the first quarter of financial year ending 30 June 2019 on the back of weaker domestic economic landscape and competitive business environment arising from oversupply in the property sub-sectors. Sunway REIT recorded a revenue of RM143.7 million in 1Q FY2019, an increase of 1.8% year-on-year (y-o-y). The higher revenue was mainly attributable to higher revenue contribution across all segments, however, partially offset by the hotel segment.

Despite the higher revenue, net property income (NPI) eased marginally by 0.4% y-o-y to RM110.5 million on the back of higher property operating expenses. In addition, other expenses increased by 19.0% y-o-y predominantly due to higher finance costs. The higher finance cost was due to higher principal loan drawn to finance investing activities and marginally higher average cost of debt compared to the same quarter in the preceding year.

For the quarter ended 30 September 2018, the retail segment recorded a revenue improvement of 1.3% y-o-y to RM104.9 million, supported by Sunway Pyramid Shopping Mall which benefitted from the tax holiday period. This was, however, partially offset by softer business performance in other retail malls. NPI eased marginally by 0.7% y-o-y to RM77.7 million due to higher fit-out cost and maintenance expenses.

Revenue for the hotel segment dipped 2.2% y-o-y to RM22.6 million in 1Q FY2019. The segment was largely affected by softer demand from leisure and business travelers on the back of lower tourist arrivals and weaker economic landscape. In addition, ongoing refurbishment of the grand ballroom and meeting rooms at the flagship hotel, Sunway Resort Hotel & Spa, has resulted in reduced income for meetings, incentives, conferences and events (MICE) business and corporate stays during the quarter. The refurbishment is on target to be completed by 2Q FY2019. NPI slipped correspondingly by 7.4% y-o-y to RM20.5 million.

The office segment registered a revenue growth of 13.0% y-o-y to RM9.1 million in 1Q FY2019, primarily boosted by higher average occupancy rate at Sunway Putra Tower. Correspondingly, NPI jumped 26.5% y-o-y to RM5.1 million.

Meanwhile, “others” segment comprising a medical centre and an industrial property, recorded a 10.3% y-o-y improvement in revenue and NPI to RM7.2 million. The higher revenue and NPI was attributable to higher rental from the medical centre and full quarter income contribution from Sunway REIT Industrial Shah Alam -1 which was completed on 1 August 2017.

For the quarter ended 30 September 2018, the Manager proposed a distribution per unit (DPU) of 2.48 sen, from 2.67 sen during the same quarter in the preceding year, which translates into an annualised distribution yield of 5.8% based on unit price of RM1.69 as at 30 September 2018.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “Taking guidance from the financial performance in 1Q FY2019 and factoring higher finance cost, we maintain a cautious outlook for the remaining of FY2019 in view of the general market uncertainties.”

He added, “Going beyond FY2019, the Manager is putting the building blocks in place to solidify the fundamental of Sunway REIT. In our recent Board Strategic review, Sunway REIT sets a target to double its property value to RM15 billion by FY2025. In today’s challenging property market environment, active acquisition strategy is the way to drive growth going forward. As a proactive REIT Manager, we will continuously explore non-conventional growth drivers such as venturing into greenfield developments and redevelopment opportunities.”

He further commented, “Taking into consideration of our new strategic direction, Sunway REIT will reposition itself from Retail-Focused REIT to Diversified REIT to capitalise investment opportunities on the broader emerging growth sub-sectors riding on global mega trends.”

## **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 30 September 2018.

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 16 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre and an industrial property with a combined property value that stood at RM7.30 billion as at 30 September 2018.

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 and Sunway Medical Centre. 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 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 1 November 2018 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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