

MEDIA RELEASE

2 May 2019

## FINANCIAL RESULTS ANNOUNCEMENT

### SUNWAY REIT'S DISTRIBUTION PER UNIT INCREASED BY 8.9% YEAR-ON-YEAR FOR THE THIRD QUARTER OF FINANCIAL YEAR ENDING JUNE 2019

#### Key Highlights:

- Revenue increased by 7.1% y-o-y to RM151.5 million in 3Q FY2019, primarily contributed by firmer financial performance from the retail and office segments, which was further boosted by higher income contribution from Sunway Clio Property.
- Net property income rose correspondingly by 8.0% y-o-y to RM113.8 million in 3Q FY2019.
- Annualized distribution yield of 5.4% for FY2019, based on unit price of RM1.80 as at 31 March 2019.

#### Financial Highlights

FYE June 2019	Current Quarter			Year-to-Date		
	3Q2019	3Q2018	Change	3Q2019 (Unaudited)	3Q2018 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	151,499	141,515	7.1	434,740	424,154	2.5
Net property income (NPI)	113,774	105,303	8.0	328,513	319,656	2.8
<b>Net Realised Income</b>	<b>75,762</b>	<b>69,852</b>	<b>8.5</b>	<b>215,172</b>	<b>218,633</b>	<b>(1.6)</b>
Unrealised Income / (loss)	(6,848)	500	(>100)	(6,804)	1,945	(>100.0)
Total profit for the period	68,914	70,352	(2.0)	208,368	220,578	(5.5)
Proposed / declared distribution	(75,983)	(69,798)	8.9	(215,285)	(218,525)	(1.5)
<b>Distribution per unit (DPU) (sen)</b>	<b>2.58</b>	<b>2.37</b>	<b>8.9</b>	<b>7.31</b>	<b>7.42</b>	<b>(1.5)</b>
Annualized distribution yield (based on unit price of RM1.80 per unit on 31 March 2019)	N.A	N.A		5.4%	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, 2 May 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 31 March 2019.

### **Third quarter unaudited financial results for the period from 1 January 2019 to 31 March 2019 (3Q FY2019)**

Sunway REIT delivered a set of solid financial performance for the quarter ended 31 March 2019. Revenue increased by 7.1% year-on-year (y-o-y) to RM151.5 million, primarily contributed by firmer financial performance from the retail and office segments which was further boosted by higher income contribution from Sunway Clio Property. Net property income (NPI) rose correspondingly by 8.0% y-o-y to RM113.8 million.

The retail segment reported a modest growth in revenue and NPI in 3Q FY2019. Revenue expanded by 2.5% y-o-y to RM110.7 million and NPI improved correspondingly by 3.2% y-o-y to RM79.5 million. The financial performance for the retail segment during the quarter was primarily contributed by higher turnover rent at Sunway Pyramid Mall, however partially offset by softer performance at Sunway Putra Mall.

The persistently soft business sentiment and dwindling consumer sentiment during the quarter under review have resulted in a mixed bag of performance for the hotel segment. Revenue for the hotel segment soared 30.2% y-o-y to RM23.4 million, mainly contributed by higher income contribution from Sunway Resort Hotel & Spa and Sunway Clio Property (The acquisition of the property was completed on 9 February 2018). This was partially offset by softer performance in other hotels within the asset portfolio. NPI jumped in tandem with revenue growth by 28.9% y-o-y to RM21.5 million.

Despite the challenging office market environment, the office segment recorded a revenue of RM9.9 million in 3Q FY2019, an increase of 17.5% y-o-y, largely contributed by higher average occupancy rates at Sunway Putra Tower and Wisma Sunway where the latter has achieved a full occupancy as at 31 March 2019. During the same quarter, NPI improved by 18.4% y-o-y to RM5.3 million.

Meanwhile, the services segment reported a revenue and NPI growth of 3.5% y-o-y to RM6.0 million. The industrial and others segment registered a revenue and NPI of RM1.5 million, up 10.0% y-o-y compared to the same quarter in the preceding year.

### **Cumulative nine months unaudited financial results for the period from 1 July 2018 to 31 March 2019 (9M FY2019)**

For the cumulative nine-month period of FY2019, Sunway REIT has achieved a modest growth in revenue of 2.5% y-o-y to RM434.7 million. Correspondingly, NPI improved by 2.8% y-o-y to RM328.5 million, for the same reasons mentioned above.

The retail segment recorded a revenue of RM320.9 million, an increase of 1.8% y-o-y, where growth was largely driven by higher average gross rent at Sunway Pyramid Mall, however, partially offset by softer performance of other malls in the asset portfolio. NPI rose by 3.1% y-o-y to RM233.2 million on the back of lower property operating expenses.

During the period under review, revenue for the hotel segment was flat at RM63.6 million due to soft hospitality market sentiment. This was, however, mitigated by higher income contribution from Sunway Clio Property. NPI for 9M FY2019 stood at RM57.9 million, lower by 4.5% y-o-y. The office segment recorded an encouraging improvement of 16.5% y-o-y to RM28.4 million for the same reasons mentioned above. NPI soared 28.5% y-o-y to RM15.5 million, boosted by lower property operating expenses.

The services segment reported a revenue and NPI growth of 3.5% y-o-y to RM17.5 million. The industrial and others segment registered a revenue and NPI of RM4.3 million, up 16.4% y-o-y compared to the same period in the preceding year.

For the quarter ended 31 March 2019, the Manager proposed a distribution per unit (DPU) of 2.58 sen, higher by 8.9% y-o-y. This brings 9M FY2019 DPU to 7.31 sen. Based on the unit price of RM1.80 as at 31 March 2019, the annualized distribution yield stood at 5.4%.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We are pleased that Sunway REIT managed to deliver a set of resilient financial performance despite the uncertainties in economy and challenging property market landscape. We endeavour to maintain the DPU in FY2019 after taking into guidance from the 9M FY2019 financial performance."

Commenting on the outlook for full year FY2019, he added, "We anticipate modest growth from the retail and office segments, coupled with full year income contribution from Sunway Clio Property and proportionate income contribution from the recently acquired purpose-built campus. The acquisition of the purpose-built campus was completed on 15 April 2019. However, we also expect a softness in the hospitality sector to persists due to the oversupply situation and weak tourist arrivals."

## 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 RM5.3 billion as at 31 March 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 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 RM7.37 billion as at 31 March 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 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 2 May 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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