

MEDIA RELEASE

19 May 2020

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT RECORDED NET PROPERTY INCOME OF RM339.2 MILLION FOR NINE MONTHS OF FINANCIAL YEAR ENDING JUNE 2020

Key Highlights:

- Recorded revenue of RM140.8 million and net property income of RM103.5 million in 3Q FY2020, a softer set of financial performance compared to the same quarter of the corresponding year due to business disruption in the retail and hotel segments arising from the unprecedented COVID-19 pandemic and Movement Control Order (MCO) since 18 March 2020.

- Sunway REIT has committed to a rental support programme to assist affected retail tenants during the MCO and COVID-19 pandemic period.

- Frequency of income distribution has been adjusted from quarterly basis to semi-annual basis effective from 3Q FY2020, with income distribution of at least 90% of the distributable income of Sunway REIT in each financial year, as part of prudent cash conservation strategy to sustain through this challenging period and emerge financially stronger in anticipation of the post-pandemic recovery in the longer-term

Financial Highlights

| FYE June 2020 | Current Quarter | | | Year-to-Date | | |
|--------------------------------------------------------------------------------|---------------------------------|---------------------------------|--------------|---------------------------------|---------------------------------|-------------|
| | 3Q2020 (Unaudited) RM'000 | 3Q2019 (Unaudited) RM'000 | Change % | 3Q2020 (Unaudited) RM'000 | 3Q2019 (Unaudited) RM'000 | Change % |
| Gross revenue | 140,800 | 151,499 | -7.1 | 451,950 | 434,740 | 4.0 |
| Net property income (NPI) | 103,510 | 113,774 | -9.0 | 339,204 | 328,513 | 3.3 |
| Realised profit attributable to: | | | | | | |
| - Unitholders | 60,663 | 75,762 | -19.9 | 206,537 | 215,172 | -4.0 |
| - Perpetual note holders | 4,959 | - | N.A | 14,986 | - | N.A |
| Total Realised Profit | 65,622 | 75,762 | -13.4 | 221,523 | 215,172 | 3.0 |
| Unrealised profit / (loss) | 41 | (6,848) | >100 | 166 | (6,804) | >100 |
| Total profit for the period | 65,663 | 68,914 | -4.7 | 221,689 | 208,368 | 6.4 |
| Proposed / declared distribution to unitholders | - | (75,983) | -100.0 | (145,781) | (215,285) | -32.3 |
| Distributable income per unit (sen) ¹ | 2.06 | 2.58 | -20.2 | 7.01 | 7.31 | -4.1 |
| Distribution per unit (DPU) (sen) ² | - | 2.58 | -100.0 | 4.95 | 7.31 | -32.3 |
| Annualised distribution yield (based on unit price of RM1.59 on 31 March 2020) | N.A | N.A | | 5.9% | 5.1% ³ | N.A |

¹ Represents realized income attributable to unitholders and distribution adjustments, if any.

² No income distribution was proposed 3Q FY2020 as the income distribution frequency of Sunway REIT has been varied from quarterly to semi-annually effective from 3Q FY2020. Distribution for 3Q FY2020 and 4Q FY2020 will be declared and paid on a semi-annual basis.

³ 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, 19 May 2020 – 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 2020.

Third quarter unaudited financial results for the period from 1 January 2020 to 31 March 2020 (3Q FY2020)

Sunway REIT reported a softer set of financial performance for the third quarter of financial year ending 30 June 2020. During the quarter ended 31 March 2020, the nation was confronted with the unprecedented COVID-19 global viral pandemic and Movement Control Order (MCO) since 18 March 2020, which has caused major disruption to the operation of retail and hotel segments. As a result, revenue eased by 7.1% y-o-y to RM140.8 million in 3Q FY2020 while net property income (NPI) moderated correspondingly by 9.0% y-o-y to RM103.5 million. Realised profit contracted in tandem by 13.4% y-o-y to RM65.7 million during the quarter under review.

The operation of the retail segment was adversely affected by the MCO where only essential services were permitted to operate. All non-essential services were required to be closed. Meanwhile, food and beverage (F&B) operators were limited to deliveries and take-away services only. The imposition of these restrictions during the MCO has led to substantial loss of revenue for retail tenants and may potentially impact the survivability of some tenants. Thus, Sunway REIT has committed to a rental support programme to assist affected retail tenants during the MCO period to ensure the business sustainability of these tenants during this unprecedented and difficult time. For the quarter ended 31 March 2020, revenue for the retail segment moderated by 11.2% y-o-y to RM98.3 million and NPI eased by 15.6% y-o-y to RM67.1 million.

In compliance with the Government's restrictions during the MCO, the hotel segment has scaled down operations to only limited services. Coupled with global travel restrictions, the hotel segment experienced a substantial decline in average occupancy rates. The revenue for the hotel segment contracted by 34.6% y-o-y to RM15.3 million with a corresponding 37.0% y-o-y decline in NPI to RM13.5 million. In an endeavor to support the Government in its effort to flatten the curve of COVID-19, Sunway Clio Hotel and Sunway Pyramid Hotel were utilized as quarantine centres for returnees to Malaysia

Meanwhile, the office segment was largely unaffected during the quarter ended 31 March 2020. In fact, the office segment recorded a revenue of RM10.8 million in 3Q FY2020, an encouraging increase of 8.1% y-o-y, mainly contributed by improved performance from all office properties. The NPI jumped 22.1% y-o-y to RM6.4 million during the period under review, mainly due to higher revenue.

For the services segment, revenue and NPI jumped 150.2% y-o-y to RM14.9 million due to new income contribution from Sunway university & college campus following the completion of its acquisition in April 2019. The income was further boosted by higher income contribution from Sunway Medical Centre on the back of annual rental reversion. Meanwhile, the industrial and others segment reported a revenue and NPI of RM1.5 million in 3Q FY2020.

Cumulative nine months unaudited financial results for the period from 1 July 2019 to 31 March 2020 (9M FY2020)

For the 9M FY2020, Sunway REIT has registered a modest growth in revenue and NPI, largely underpinned by new income contribution from the acquisition of Sunway university & college campus in April 2019. Revenue rose 4.0% y-o-y to RM452.0 million for 9M FY2020 with a corresponding 3.3% y-o-y increase in NPI to RM339.2 million.

The retail segment registered a 3.2% y-o-y moderation in revenue to RM310.6 million for 9M FY2020, where growth in the earlier part of the financial year was offset by rental support granted to retail tenants during the MCO period. NPI eased by 7.2% y-o-y to RM216.4 million during the same period, for the same reason mentioned above.

The hotel segment recorded a modest decline of 3.3% y-o-y in revenue to RM61.5 million for 9M FY2020. During the period under review, NPI contracted by 2.3% y-o-y to RM56.6 million. Despite the adverse impact resulted from COVID-19 pandemic and MCO, revenue and NPI for the hotel segment was partially cushioned by resumption of income contribution post-refurbishment of Sunway Resort Hotel & Spa's Grand Ballroom and meeting rooms.

The office segment recorded a revenue of RM31.3 million, an increase of 10.1% y-o-y for 9M FY2020. NPI improved correspondingly by 13.1% y-o-y to RM17.6 million for the same period. The improved financial performance was attributable to firmer performance across all office properties, on the back of commencement of new tenants, renewal at higher rental rate and expansion from existing tenant.

Revenue and NPI for the services segment soared by 151.7% y-o-y to RM44.0 million, due to new income contribution from Sunway university & college campus and annual rental reversion for Sunway Medical Centre. Similarly, the industrial and others segment reported a 6.5% y-o-y improvement in revenue and NPI to RM4.6 million contributed by rental reversion for the said property.

For the quarter ended 31 March 2020, Sunway REIT recorded a profit attributable to unitholders of RM60.7 million.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "The COVID-19 pandemic is an unprecedented black swan event which has resulted in major disruption to businesses and affected the livelihood of workers and their families. The recent experience of MCO which has created a "new normal" across the country has undoubtedly caused a major dent in the financial situation of many businesses."

He further elaborated, "During this difficult period, we have strived to support our tenants to our best endeavor to brave through the storm together and emerge stronger. At the same time, we have proactively and pre-emptively introduced cost containment and capital management measures to strengthen our financial position in case of any contingencies, while building on this robust foundation and momentum to be ahead of the recovery curve and to be in the best position to capitalise on any potential growth opportunities which may emerge from this crisis.

As such, with the above objectives in mind, the Manager has proposed a cash conservation programme as part of its capital management strategy in managing Sunway REIT's cashflow during the conditional MCO period and potential prolongation of post-MCO aftermath. The Manager has adjusted the frequency of income distribution from quarterly basis to semi-annual basis, with income distribution of at least 90% of the distributable income of Sunway REIT in each financial year, to sustain through this challenging period.

Dato' Jeffrey added, "All in all, we believe that opportunities will still prevail in times of adversity. As such, we are re-prioritizing our Asset Enhancement Initiatives while continuing to assess new income-generating strategies such as yield-accretive acquisition, property development and strategic Asset Enhancement Initiatives in anticipation of post-pandemic recovery in the longer term. This is on top of the fact that the current low interest regime is supportive of strategic fund-raising exercises to fund these yield-enriching initiatives."

He concluded, "Last but not least, the welfare of our employees is our priority. We have activated business continuity plan to ensure the wellbeing of our employees and continuity of the business despite disruption caused by COVID-19."

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 RM4.7 billion as at 31 March 2020.

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 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 RM8.1 billion as at 31 March 2020.

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 19 May 2020 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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