

MEDIA RELEASE

27 October 2016

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT PROPOSES 2.27 SEN DISTRIBUTION PER UNIT FOR THE FIRST QUARTER OF FINANCIAL YEAR ENDING 30 JUNE 2017

Key Highlights:

- Revenue and net property income increased by 6.3% and 6.8% year-on-year respectively in 1Q FY2017 supported by resilient business performance from the retail segment, however partially offset by lower contribution from the hotel and office segments
- Realised profit rose by 10.2% year-on-year in 1Q FY2017 mainly due to higher net property income
- Sunway REIT is now a constituent of internationally recognised FTSE EPRA / NAREIT Indices.

Financial Highlights

FYE June 2017	Current Quarter / Cumulative Quarter		
	1Q2017	1Q2016	Change
	RM'000	RM'000	%
Gross revenue	128,879	121,216	6.3
Net property income ("NPI")	96,065	89,942	6.8
Net Realised Income	66,732	60,565	10.2
Unrealised Income	-2,589	3,948	>-100.0
Total Profit for the period	64,143	64,513	-0.6
Proposed / declared distribution	66,853	62,330	7.3
Distribution per unit ("DPU") (sen)	2.27	2.12	7.1
Annualised Distribution yield (Based on closing price of RM1.73 per unit on 30 September 2016)	5.2%	5.5% ¹	

¹ Based on actual DPU of RM9.18 sen declared in FY2016 and unit price of RM1.66 as at 30 June 2016.

N.A. denotes not applicable

Petaling Jaya, 27 October 2016 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce its financial results ended 30 September 2016.

First quarter unaudited financial results for the period from 1 July 2016 to 30 September 2016 (“1Q FY2017”)

Sunway REIT reported solid set of financial earnings in the first quarter of financial year ending 30 June 2017 (“1Q FY2017”). For the quarter, revenue and net property income (“NPI”) increased by 6.3% and 6.8% year-on-year (“y-o-y”) respectively supported by resilient business performance from the retail segment.

The retail segment registered a revenue growth of 14.5% y-o-y, contributed by higher average net rental for Sunway Pyramid Shopping Mall, completion of remodeling of a new food and beverage (“F&B”) area on the second floor of Sunway Carnival Shopping Mall and higher average occupancy in Sunway Putra Mall.

The financial performance was partially offset by lower revenue and NPI contribution from the hotel and office segments. Revenue and NPI for the hotel segment eased by 20.5% and 21.5% y-o-y respectively mainly due to the closure of Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East) since April 2016 to undertake an accelerated refurbishment for an estimated period of twelve months. The hotel lobby has been reopened with two floors to be reopened in November 2016. The overall refurbishment is expected to be completed by 1Q CY2017 (“3Q FY2017”).

Meanwhile, the office performance continued to be weighed down by the low occupancy in Sunway Tower and Sunway Putra Tower. Despite the challenging operating environment in the office segment, the Manager has managed to gradually secure replacement tenants of approximately 35,000 sq.ft.(equivalent to 13% of total NLA) at Sunway Tower which has commenced in 3Q FY2016 and 4Q FY2016. Likewise, the Manager has secured replacement tenants of approximately 64,500 sq.ft. (equivalent to 20% of total NLA) at Sunway Putra Tower to commence in 2Q FY2017 and 3Q FY2017.

Correspondingly, realised profit rose by 10.2% y-o-y in 1Q FY2017 in line with the reasons mentioned above.

The Manager of Sunway REIT has proposed a distribution per unit (“DPU”) of 2.27 sen for 1Q FY2017 compared to 2.12 sen during the same period in the preceding year. On an annualised basis, this translated into a DPU yield of 5.2% based on unit price of RM1.73 as at 30 September 2016.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “I am pleased that the new financial year started on a firm ground however we remain cautious on the prospects for the financial year on the back of continuous soft economic outlook affecting consumer sentiment and business confidence. The oversupply situation in the various property sub-sectors will also pose pressure on occupancy and rental rates. In all, the operating environment is expected to remain challenging for this financial year.”

Sunway REIT is now included as a constituent in the FTSE EPRA / NAREIT Index series where Sunway REIT is represented in the FTSE EPRA / NAREIT Global REIT Index, FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Asia ex Japan Index, FTSE EPRA / NAREIT Asia Pacific Index and FTSE EPRA / NAREIT Emerging REIT Index.

Dato’ Jeffrey added, “At the point of IPO, it was our aspiration to be represented in internationally recognised REIT indices in order to enhance the visibility and investability of Sunway REIT in the radar screen of international investors. As a Malaysian REIT, we are now represented in the global REIT markets on par with some of the leading regional REITs.”

About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest retail-focused¹ 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 RM5.1 billion as at 30 September 2016. Sunway REIT is a component of FTSE-Bursa Malaysia Mid 70 Index, FTSE4 Good Index and TR/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 and FTSE EPRA / NAREIT Emerging REIT Index. Sunway REIT owns a portfolio of 14 assets comprising 4 retail malls, 5 hotels, 4 offices and a medical centre. Property value stood at RM6.43 billion as at 30 June 2016.

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Shopping Mall, is located. The other assets located in SRC include Sunway Resort Hotel & Spa, Sunway Pyramid Hotel (formerly known Sunway Pyramid Hotel East), Menara Sunway and Sunway Medical Centre. On the northern Peninsular of Malaysia, Sunway REIT owns SunCity Ipoh Hypermarket in Perak. On the mainland of Penang, Sunway REITs owns Sunway Hotel Seberang Jaya and Sunway Carnival Shopping Mall. In FY2015, Sunway REIT added two assets into the portfolio, namely Wisma Sunway in Shah Alam, Selangor and Sunway Hotel Georgetown, marking its maiden foray into Penang Island.

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 (formerly known as Sunway Putra Place). Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.

¹ Retail-focused is defined as at least 60% contribution from the retail assets to property value, revenue or NPI.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 27 October 2016 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 Management's current view of future events. Past performance is not necessarily indicative of its future performance.

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