

MEDIA RELEASE

29 April 2015

FINANCIAL RESULTS ANNOUNCEMENT

Sunway REIT Recorded Higher Net Property Income of RM256.4 million for YTD 3Q2015

Key Highlights:

- Gross revenue rose 6.3% for the first nine month of financial year ending June 2015, supported by sustainable growth momentum from the retail segment
- Proposed DPU increased by 5.5% to 6.68sen; annualized distribution yield of 5.7%
- Completed acquisition of Wisma Sunway on 23 March 2015

Financial Highlights

FYE June 2015	Current quarter			Year to date		
	3Q2015	3Q2014	Change	3Q2015 (Unaudited)	3Q2014 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	110,709	108,082	2.4	338,517	318,571	6.3
Net property income (NPI)	83,177	80,623	3.2	256,406	242,154	5.9
Net Realised Income	58,923	58,462	0.8	185,352	175,862	5.4
Unrealised Income	(2,105)	18	>(100.0)	(1,815)	52	>(100.0)
Total Profit for the period	56,818	58,480	(2.8)	183,537	175,914	4.3
Proposed / declared distribution	62,528	61,453	1.8	195,939	185,080	5.9
Distribution per unit (DPU) (sen)	2.13	2.10	1.4	6.68	6.33	5.5
Distribution yield (Based on closing price of RM1.57 per unit on 31 March 2015)				5.7%	5.8% ¹	N.M

¹ Based on actual DPU of RM8.36 sen declared in FY2014 and unit price of RM1.44 as at 30 June 2014.
N.M. denotes not meaningful

Subang Jaya, 29 April 2015 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce its financial results ended 31 March 2015.

Nine months unaudited financial results for the period from 1 July 2014 to 31 March 2015 (“YTD 3Q2015”)

Sunway REIT reported gross revenue growth of 6.3% year-on-year (“y-o-y”) to RM338.5 million for the first nine months of financial year ending June 2015. The healthy growth was achieved on the back of solid performance by the retail segment. Net property income (“NPI”) increased to RM256.4 million, representing a growth of 5.9% y-o-y compared to the corresponding period in the preceding year.

The retail segment, being the largest contributor in terms of gross revenue and NPI to Sunway REIT’s assets portfolio, sustained its strong growth momentum. For YTD 3Q2015, the retail segment reported gross revenue and NPI of RM247.4 million and RM177.9 million respectively, representing double-digit growth in gross revenue of 11.1% y-o-y and NPI of 11.4% y-o-y respectively. The strong performance of Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall, being the two key assets, is mainly attributable to higher average net rental rates, higher average occupancy rates and increase in service and promotion charges with effect from June 2014.

For the first nine months of financial year ending June 2015, the hotel segment recorded a decline in gross revenue and NPI by 5.3% y-o-y and 3.9% y-o-y respectively on the back of lower performance across all the hotels, however marginally mitigated by new rental contribution from Sunway Hotel Georgetown. The acquisition of Sunway Hotel Georgetown was completed on 28 January 2015 and commenced rental contribution on the same date. The hotels in the portfolio have enjoyed strong performance for the first half of the financial year however performance in the third quarter of the financial year (“3Q2015”) was adversely affected by softer business and consumer sentiment ahead of introduction of Goods and Service Tax (“GST”) in April 2015 and competition from newly opened hotels in the vicinity.

In the office segment, the oversupply phenomenon is causing widening gap between supply and demand resulting in tremendous pressures on rental and occupancy rates as landlords compete to secure and retain tenants for both the existing office buildings and new office buildings. For YTD 3Q2015, the office segment recorded a decline in gross revenue by 9.3% y-o-y due to lower average occupancy rates at Sunway Tower and Sunway Putra Tower. The lower revenue was partially compensated by new revenue contribution from Wisma Sunway upon the completion of acquisition of the asset on 23 March 2015.

Third quarter unaudited financial results for the period from 1 January 2015 to 31 March 2015 (“3Q2015”)

Sunway REIT reported higher gross revenue and NPI for the third quarter ended 31 March 2015, up 2.4% y-o-y and 3.2% y-o-y respectively, contributed by retail segment. The retail segment continued to thrive growth for Sunway RET’s assets portfolio despite increasingly challenging operating environment. The performance was however affected by lower contribution from the hotel segment and office segment.

The Manager has proposed distribution per unit (“DPU”) of 2.13 sen for 3Q2015 bringing cumulative YTD 3Q2015 DPU to 6.68 sen, representing an increase of 5.5% compared to the corresponding period in the preceding year. This translated into annualized distribution yield of 5.7% based on market closing price of RM1.57 as at 31 March 2015.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “Sunway REIT continued to remain resilient despite increasingly challenging operating environment on the back of intensifying competition as well as weakening business and consumer sentiment. Our retail assets are strategically located in robust townships with captive market which are more resilient in nature. Moreover, our tenancy mix in the malls comprise of more non-discretionary offerings where demand is less elastic should help to mitigate the impact of weaker consumer sentiment.”

He added, “It is the survival of the fittest to weather through these sub-sector property cycles. The competitive edge and key differentiating factors lie in the experience and skills of the asset managers and strong rapport with tenants over the years.”

He further elaborated on the prospects going forward, “The reopening of Sunway Putra Mall in May 2015 and new income stream following the completion of acquisition of Sunway Hotel Georgetown on 28 January 2015 and Wisma Sunway on 23 March 2015 will cushion the lower performance of the office segment. In all, the Manager expects moderate growth in DPU for FY2015.”

About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (“Sunway REIT” or “Trust”) was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010. The Trust is the country’s second largest real estate investment trust (“REIT”) in terms of assets size as at 31 March 2015. The assets of Sunway REIT comprise shopping malls, hotels, offices and healthcare centre that are located in Bandar Sunway, Shah Alam, Kuala Lumpur, Seberang Jaya, Georgetown and Ipoh. Sunway REIT’s market capitalization stood at RM4.61 billion as at 31 March 2015 with total portfolio assets valued at RM5.52 billion as at 30 June 2014.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 29 April 2015 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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