

MEDIA RELEASE

10 August 2017

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT REGISTERED A MODERATE NET PROPERTY INCOME GROWTH OF 4.0% FOR THE FINANCIAL YEAR ENDED JUNE 2017

Key Highlights:

- Revenue expanded by 3.1% year-on-year to RM522.9 million boosted by stronger than expected performance in the retail and hotel segments in the fourth quarter of FY2017
- Sunway REIT proposed and declared a marginally higher distribution per unit of 9.19 sen, translating into a distribution yield of 5.2% and a total return of 12.4% for FY2017
- Sunway REIT has completed the acquisition of an industrial property, Sunway REIT Industrial-Shah Alam 1, marking its maiden foray into the industrial segment.

Financial Highlights

FYE June 2017	Current Quarter			Financial Year		
	4Q2017	4Q2016	Change	2017 (Unaudited)	2016 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	132,536	123,585	7.2	522,868	507,013	3.1
Net property income (NPI)	98,516	90,170	9.3	388,817	373,851	4.0
Net Realised income	66,818	60,618	10.2	270,586	262,473	3.1
Unrealised income / (loss) ¹	152,024	62,279	>100.0	153,898	61,223	>100.0
Total profit for the period ¹	218,842	122,897	78.1	424,484	323,696	31.1
Proposed / declared distribution	(66,853)	(62,411)	7.1	(270,652)	(270,075)	0.2
Distribution per unit (DPU) (sen)	2.27	2.12	7.1	9.19	9.18	0.1
Distribution yield (Based on unit price of RM1.78 per unit on 30 June 2017)	N.A	N.A		5.2%	5.5% ²	N.A

¹ Mainly contributed by fair value gains arising from asset revaluation

² Based on actual DPU of 9.18 sen declared in FY2016 and unit price of RM1.66 as at 30 June 2016.

N.A. denotes not applicable

Bandar Sunway, 10 August 2017 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce its financial results for the period ended 30 June 2017.

Financial year 2017 unaudited financial results for the period from 1 July 2016 to 30 June 2017 (“FY2017”)

Sunway REIT has reported a marginally higher distribution per unit (DPU) in FY2017 despite the disruption of income arising from the refurbishment of Sunway Pyramid Hotel, which was closed since April 2016. For the financial year ended 30 June 2017, Sunway REIT proposed and declared a total DPU of 9.19 sen, representing a marginal increase of 0.1% compared to FY2016. Based on the unit price of RM1.78 as at 30 June 2017, this translated into a distribution yield of 5.2%. Sunway REIT has achieved a total return of 12.4%, contributed by distribution yield of 5.2% and appreciation in unit price of 7.2%.

For the financial year ended 30 June 2017, revenue expanded by 3.1% year-on-year (y-o-y) to RM522.9 million, boosted by stronger than expected performance from the retail and hotel segments in the fourth quarter of FY2017, resilient performance from the retail segment throughout the financial year and gradual improvement in the office segment. Net property income (NPI) rose by 4.0% y-o-y to RM388.8 million in FY2017, mainly attributable to higher NPI mainly due to reasons mentioned above.

Retail segment remained as the largest contributor to revenue and NPI growth. Revenue and NPI for the retail segment grew by 5.8% y-o-y and 7.6% y-o-y respectively, contributed by higher average occupancy rate and average rental rates at Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. In addition, Sunway Putra Mall has recorded improving performance in the second year of operations. Revenue and NPI for Sunway Putra Mall in the previous year was lower due to a 2.5 months rent-free period granted during the initial opening of the mall.

After a lull period, the office segment reported improvement in revenue and NPI on the back of higher average occupancy rates for Menara Sunway and Sunway Putra Tower.

The stronger set of financial performance was partially offset by lower contribution from the hotel segment mainly due to disruption in income contribution from Sunway Pyramid Hotel which was closed for refurbishment since April 2016.

Fourth quarter unaudited financial results for the period from 1 April 2017 to 30 June 2017 (“4Q FY2017”)

Sunway REIT reported a revenue of RM132.5 million in the 4Q FY2017, representing a growth of 7.2% compared to the corresponding quarter in the preceding year. NPI increased correspondingly by 9.3% y-o-y to RM98.5 million. The financial performance for the quarter was stronger than expected contributed by the retail and hotel segments coupled with gradual improvement from the office segment.

The higher income from the hotel segment was attributable to stronger demand for Meetings, Incentives, Conferences and Exhibitions (MICE) activities at Sunway Resort Hotel & Spa and Sunway Pyramid Hotel upon the full completion of its refurbishment in 4Q FY2017. The hotel was progressively opened since November 2016.

For the quarter ended 30 June 2017, the Manager proposed a DPU of 2.27 sen, representing an increase of 7.1% compared to the same period last year.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “I am pleased to share that we managed to report a marginally higher DPU than the previous financial year despite the income disruption arising from the closure of Sunway Pyramid Hotel. It is indeed a better than expected set of financial results for this financial year.”

On 1 August 2017, Sunway REIT has completed the acquisition of its maiden industrial property in Shah Alam. Thereafter, Sunway REIT announced the proposed acquisition of the mixed-use Sunway Clio Property comprising a 4-star hotel, a retail podium and car park bays for a purchase consideration of RM340 million on 3 August 2017. Upon completion of these acquisitions, Sunway REIT's combined property value will increase to RM7.12 billion, achieving our target of RM7.0 billion.

He added, “We continue to grow and diversify our income base in order to deliver sustainable growth in DPU over the long-term horizon. We expect the new acquisitions to contribute positively to our DPU from FY2018 and beyond.”

Sharing on the prospects, he commented, “Indicators are pointing towards a gradual recovery in consumer sentiment and business confidence supported by continuous growth in the domestic economy. Sunway REIT is well-positioned to capitalise on the recovery based our diversified portfolio of properties.”

He elaborated, “Barring any unforeseen circumstances, we expect Sunway REIT’s DPU to grow moderately in FY2018 supported by moderate growth in the retail segment, resumption in income contribution from Sunway Pyramid Hotel following the full completion of its refurbishment in June 2017 and gradual improvement in the overall occupancy of the office segment. In addition, we expect new income contribution from the recent acquisitions to contribute positively to the DPU in FY2018 and beyond.”

In another development, Sunway REIT bagged the Gold Award for The Asia Pacific Best of the Breeds REITs Awards 2017 for Retail REIT (Malaysia) in Singapore on 4 August 2017. The award recognises REITs and managers with the highest standards and performance in the Asia Pacific REITs sector.

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 RM5.2 billion as at 30 June 2017. 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, FTSE EPRA / NAREIT Emerging REIT Index and MSCI Malaysia Small Cap Index. Sunway REIT owns a portfolio of 15 assets comprising 4 retail malls, 5 hotels, 4 offices, a medical centre and an industrial property with a combined property value stood at RM6.69 billion as at 30 June 2017 (excluding valuation for Sunway REIT Industrial – Shah Alam 1).

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 Sunway City 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. 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 (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 10 August 2017 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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