

MEDIA RELEASE

27 January 2016

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT REPORTED RESILIENT FINANCIAL RESULTS FOR THE FIRST HALF OF FINANCIAL YEAR ENDING JUNE 2016

Key Highlights:

- Healthy net property income growth of 7.9% y-o-y in 1H FY2016, boosted by retail and hotel segments
- Proposed DPU increased by 3.1% to 4.69 sen for the first six months of FY2016, translated into annualized DPU yield of 6.4%
- Unit holders to benefit from higher DPU due to recognition of non-recurring income. Sunway REIT has recognized the court award of RM6.189 million for the loss of income for Sunway Putra
- The largest AEIs since IPO, Sunway Putra, was fully completed with the completion of the refurbishment of Sunway Putra Hotel in December 2015

Financial Highlights

FYE June 2016	Current quarter			Year to date		
	2Q2016	2Q2015	Change	2Q2016 (Unaudited)	2Q2015 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	131,867	113,996	15.7	253,083	227,808	11.1
Net property income (NPI)	97,054	86,737	11.9	186,996	173,229	7.9
Net Realised Income	73,576¹	62,994	16.8	134,141¹	126,429	6.1
Unrealised Income / (loss)	(2,056)	274	(>100.0)	1,892	290	>100.0
Total Profit for the period	71,520 ¹	63,268	13.0	136,033 ¹	126,719	7.4
Proposed / declared distribution	(75,592) ¹	(66,585)	13.5	(137,922) ¹	(133,411)	3.4
Distribution per unit (DPU) (sen)	2.57	2.27	13.2	4.69	4.55	3.1
Distribution yield (Based on closing price of RM1.46 per unit on 31 December 2015)	N.M	N.M		6.4%	5.7% ²	N.M

¹ Included the non-recurring income being court award of RM6.189 million with a DPU impact of 0.21sen

² Based on actual DPU of RM8.73 sen declared in FY2015 and unit price of RM1.54 as at 30 June 2015.

N.M. denotes not meaningful

Subang Jaya, 27 January 2016 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce its financial results ended 31 December 2015.

First half unaudited financial results for the period from 1 July 2015 to 31 December 2015 (“1H FY2016”)

Sunway REIT registered a set of resilient performance for the first six months of financial year ending June 2016. Gross revenue expanded by 11.1% year-on-year (“y-o-y”) to RM253.1 million, underpinned by strong performance in the retail and hotel segments however was partially mitigated by lower income contribution from the office segment. Net property income (“NPI”) increased by 7.9% y-o-y to RM187.0 million, in tandem with the growth in gross revenue.

The retail segment remained as the key growth catalyst for Sunway REIT’s assets portfolio. Despite a challenging operating environment amidst weak consumer sentiment and intense competition, the retail segment recorded a double-digit growth in revenue and NPI of 13.5% y-o-y and 10.8% y-o-y respectively in 1HFY2016. The performance was attributable to solid business performance from Sunway Pyramid Shopping Mall and resumption of income contribution from Sunway Putra Mall following its re-opening in May 2015 after a two years closure. The performance of Sunway Carnival Shopping Mall remained healthy however was offset by lower average occupancy rate arising from remodeling of approximately 21,000 sq. ft. (equivalent to 4% of total NLA) into food and beverage (“F&B”) area which is targeted to commence operation in 4Q FY2016 (2Q CY2016).

The hotel assets have recorded a mixed set of results on the back of lower tourist arrivals into the country and cautious business sentiments. In 1H FY2016, the hotel segment reported a revenue and NPI growth of 23.0% y-o-y and 20.6% y-o-y respectively, largely contributed by Sunway Resort Hotel & Spa and new income contribution from Sunway Hotel Georgetown, which was acquired on 28 January 2015. The better performance of Sunway Resort Hotel & Spa was attributable to seasonal boost from the traditionally strong Middle-Eastern summer holiday season in 1Q FY2016 followed by year-end holiday season. Meanwhile, the refurbishment of Sunway Putra Hotel was completed in December 2015 and the asset managers are embarking on aggressive joint marketing and promotional activities to leverage on the synergies of the transformed 3-in-1 mixed-use Sunway Putra (consisting of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower). In Penang, Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown experienced lower average occupancy rates due to intense competition arising from supply of new hotels amidst slower demand from the corporate and leisure segments.

The office segment was adversely affected by low average occupancy rates in Sunway Tower and Sunway Putra Tower following the termination of anchor tenants in the respective office towers. For the first six months of the financial year, the office segment reported a decline of 24.2% y-o-y in revenue and 43.6% y-o-y decline in NPI. This was however partially mitigated by new contribution from Wisma Sunway upon completion of the acquisition of the asset on 23 March 2015. Notwithstanding the weaker performance of the office segment, the income contribution to the portfolio is merely 6.3% of revenue and 4.2% of NPI (based on 1H FY2016 financial results)

Second quarter unaudited financial results for the period from 1 October 2015 to 31 December 2015 (“2Q FY2016”)

For the second quarter ended 31 December 2015, Sunway REIT has registered a gross revenue growth of 15.7% y-o-y to RM131.9 million, largely contributed by better performance from the retail and hotel segments, however offset by lower income contribution from the office segment. NPI increased by 11.9% y-o-y to RM97.1 million for the same reasons mentioned above.

For the quarter ended 31 December 2015, the retail segment recorded a revenue and NPI growth of 19.8% y-o-y and 15.4% y-o-y respectively. The main growth catalyst was due to resumption of income contribution from Sunway Putra Mall during the quarter. Meanwhile, Sunway Pyramid Shopping Mall continued to register a healthy growth supported by high average occupancy rate and locked in rental.

The performance of the hotel segment was encouraging during the quarter. For the quarter ended 31 December 2015, the hotel segment enjoyed a 24.6% y-o-y and 24.3% y-o-y surge in gross revenue and NPI largely attributable to year-end holiday seasons and new income contribution from Sunway Hotel Georgetown. Despite the seasonal boost from year-end holiday season, the sentiment for the hotel segment remains cautious on the back of weak business sentiment and intense competition exerting pressure on occupancy and rates.

The financial performance for the quarter was partially dampened by the lower income contribution from the office segment. Gross revenue and NPI declined by 26.6% y-o-y and 43.4% y-o-y due to reasons mentioned above.

During the quarter, the Manager has recognized a non-recurring income being the court award of RM6.189 million for the loss of income for Sunway Putra. The details are available in “**Material Litigation**” section in this media release.

The Manager has proposed a distribution per unit (“DPU”) of 2.57 sen for 2QFY2016, an increase of 13.2% compared to the same period last year. Total DPU for 1H FY2016 stood at 4.69 sen, representing a 3.1% growth compared to 1H FY2015. Based on the market closing price of RM1.46 as at 31 December 2015, it translated into an annualised DPU yield of 6.4%.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We were encouraged by the set of financial performance during the quarter boosted by seasonal factors and new income contribution from our acquisitions and completed asset enhancement initiatives ("AEIs") endeavours undertaken. However, we are adopting a cautious outlook moving into 2H FY2016 on the back of overall soft business sentiment and intense competition across all sectors that we are operating in coupled with the planned closure of Pyramid Tower East."

He further added, "We continue to identify AEIs opportunities for our existing assets in order to compete competitively with the upcoming supply in the market. We are taking this opportunity to embark on refurbishment for Pyramid Tower East (formerly known as Pyramid Tower Hotel) in 2H FY2016 with a gradual closure commencing 3Q FY2016 (1Q CY2016) and a full closure by 4Q FY2016 (2Q CY2016). The refurbishment is expected to be approximately 12 months."

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 RM4.3 billion as at 31 December 2015. Sunway REIT is a component of FTSE-Bursa Malaysia Mid 70 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 RM6.33 billion as at 31 December 2015.

Sunway REIT's assets are primarily located in Sunway Resort City ("SRC") where its flagship asset, Sunway Pyramid Shopping Mall, is located. The other assets located in SRC include Sunway Resort Hotel & Spa, Pyramid Tower East (formerly known as Pyramid Tower Hotel), 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.

Material Litigation [Extracted from Bursa Malaysia's quarterly results announcement note B11(2)]**Sunway Putra (formerly known as Putra Place) - Loss of Actual Income (High Court Originating Summons No. 28NCC-994-12/2012, Court of Appeal Civil No. W-02(IM)(MCC)-622-03/2013 and High Court Companies (Winding Up) No. 28NCC-994-12/2012)**

The solicitors for the Trustee and the Manager had on 2 August 2012, issued a section 218 Companies Act notice (winding up) to Metroplex Holdings Sdn Bhd ("MHSB") pursuant to one of the High Court Orders dated 28 June 2011 where MHSB is required to provide all accounting records and a true account of all income and receipts derived or received by it from Putra Place since 19 April 2011 together with all supporting documents and to pay all such income and receipts to Sunway REIT.

On 2 August 2013, the Kuala Lumpur High Court decided that a joint stakeholder account be opened and RM6,189,000 be deposited in the joint stakeholder account and the amount is to be released pending the outcome of the case on assessment of damages mentioned in Note B11(1) and committal proceedings.

As such, upon the decision of the court of appeal in Note B11(1), the Manager and the Trustee had instructed their lawyers to proceed with a notice of motion to the winding up court to release the money held in the joint stakeholders account. On 14 July 2015, the judge ordered that the amount of RM6,189,000 (without interest) held in the joint stakeholder account with MHSB be released to the Trustee and the REIT Manager within 14 days from the order.

MHSB filed for an appeal at the Court of Appeal on 20 July 2015 against the order made on 14 July 2015 and a stay of the said Order. However, the money in the joint stakeholder account was released to the REIT Manager on 28 July 2015 based on the said Order. The hearing for the stay application for the release of the money to the REIT Manager was dismissed on 20 August 2015. On 3 September 2015, the Court of Appeal judges fixed the hearing for the appeal on 12 November 2015.

The Court of Appeal dismissed the appeal and there was no appeal filed to the Federal Court within the appeal period. This case is now closed.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 27 January 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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