

MEDIA RELEASE

11 August 2015

FINANCIAL RESULTS ANNOUNCEMENT

Sunway REIT's FY2015 Net Property Income Increased by 6.2% to RM340.8 million

Key Highlights:

- Gross revenue increased by 6.0% y-o-y for FY2015, underpinned by double-digit growth from the retail segment
- Proposed DPU of 2.05 sen for 4Q FY2015 with a total DPU of 8.73 sen for FY2015, exceeded analyst consensus DPU of 8.70 sen
- Profit for the year jumped 31.7% from RM411.1 million to RM541.4 million, comprising realised profit of RM242.0 million and unrealised profit of RM299.4 million, mainly arising from fair value gain
- Property value surpassed RM6 billion mark to RM6.32 billion, representing an increase of 14.6% compared to the preceding year.
- Sunway Putra Mall had its soft launch on 28 May 2015

Financial Highlights

FYE June 2015	Current quarter			Financial Year		
	4Q2015	4Q2014	Change	2015 (Unaudited)	2014 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	114,937	109,217	5.2	453,454	427,788	6.0
Net property income (NPI)	84,420	78,823	7.1	340,826	320,977	6.2
Net Realised Income	56,680	56,069	1.1	242,032	231,931	4.4
Unrealised Income	301,227	179,141	68.2	299,412	179,193	67.1
Total Profit for the period	357,907	235,210	52.2	541,444	411,124	31.7
Proposed / declared distribution	60,224	59,453	1.3	256,163	244,533	4.8
Distribution per unit (DPU) (sen)	2.05	2.03	1.0	8.73	8.36	4.4
Distribution yield (Based on closing price of RM1.54 per unit on 30 June 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, 11 August 2015 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce its financial results ended 30 June 2015.

Financial year 2015 unaudited financial results for the period from 1 July 2014 to 30 June 2015 (“FY2015”)

Sunway REIT recorded gross revenue growth of 6.0% year-on-year (“y-o-y”) to RM453.5 million for the financial year ended June 2015. The commendable growth was achieved on the back of a double-digit growth from the retail segment. Net property income (“NPI”) increased to RM340.8 million or 6.2% higher than the preceding year. Profit for the year jumped 31.7% from RM411.1 million to RM541.4 million, comprising realised profit of RM242.0 million and unrealised profit of RM299.4 million, mainly arising from fair value gain.

The retail segment remained as the growth impetus for Sunway REIT despite the increasingly challenging operating environment with a double-digit growth in revenue and NPI. For the financial year ended June 2015, gross revenue and NPI for the retail segment expanded by 10.6% y-o-y and 11.4% y-o-y respectively, largely contributed by strong performance from Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. The contributing factors include higher average net rental rates, higher average occupancy rates and increase in service and promotion charges with effect from June 2014. Sunway Putra Mall had its soft launch on 28 May 2015 with a secured occupancy above 80%.

Under the challenging operating landscape on the back of external headwinds and domestic uncertainties, the hotel and office segments registered lower revenue and NPI in FY2015. Gross revenue and NPI for the hotel segment declined by 5.1% y-o-y and 3.4% y-o-y respectively on the back of exceptionally soft market condition in the second half of FY2015 which offset the stronger performance from first half of FY2015. The financial performance of the hotel segment was also affected by indirect spillover effect arising from softer business and consumer sentiment following the introduction of Goods and Services Tax (“GST”) in April 2015 and intensifying competition due to opening of new hotels within our captive markets.

The office segment remained challenging with an abundance of oversupply of office space in the market. For the financial year ended June 2015, the office segment registered a gross revenue and NPI decline of 9.3% y-o-y and 11.9% y-o-y respectively due to lower average occupancy rates at Sunway Tower and Sunway Putra Tower. The lower gross revenue and NPI was partially compensated by new income contribution from Wisma Sunway upon the completion of acquisition of the asset on 23 March 2015.

Fourth quarter unaudited financial results for the period from 1 April 2015 to 30 June 2015 (“4QFY2015”)

Sunway REIT reported a healthy growth in gross revenue and NPI for the fourth quarter ended 30 June 2015. Gross revenue and NPI increased by 5.2% y-o-y and 7.1% y-o-y respectively, mainly contributed by the retail segment. The retail segment reported robust growth despite the much anticipated weaker consumer sentiment following the implementation of GST in April 2015. The resiliency of the performance was due to locked in tenancies. The performance was however affected by lower contribution from the hotel segment and office segment.

The Manager has proposed a distribution per unit (“DPU”) of 2.05 sen for 4QFY2015. The total DPU for FY2015 stood at 8.73 sen, representing an increase of 4.4% compared to the preceding year. This translated into a distribution yield of 5.7% based on market closing price of RM1.54 as at 30 June 2015.

Property value surpassed the RM6 billion mark to RM6.32 billion as at 30 June 2015, an increase of 14.6% compared to the valuation of RM5.52 billion as at 30 June 2014, contributed by acquisition, capital expenditure and fair value gains. The net asset value (“NAV”) per share (after income distribution) increased correspondingly from RM1.2390 as at 30 June 2014 to RM1.3350 as at 30 June 2015.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “Reflecting on the financial year ended June 2015, it was a challenging yet fulfilling year. I am pleased to share that we have completed our largest asset enhancement initiatives (“AEIs”) to date and saw the re-opening of Sunway Putra Mall in May 2015. As we celebrate our 5th anniversary of listing on the Main Market of Bursa Malaysia Securities Berhad, we have achieved several key milestones, amongst others, being one of the M-REIT with the largest acquisition track record of approximately RM1 billion and largest AEI to date with a combined completed and ongoing AEIs of approximately RM650 million, mainly for Sunway Putra (Formerly known as Sunway Putra Place), the 3-in-1 mixed use development comprising a retail mall, hotel and office. With a portfolio value of RM6.32 billion, we are on track to achieve our target of above RM7 billion in property value by FY2017.”

He further elaborated on the prospects going forward, “We are cautious on the prospect in the next financial year as we are clouded with external headwinds and domestic uncertainties affecting the economic growth, business and consumer sentiment. This is further exacerbated by challenges of oversupply and intense competition. Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall are expected to be more resilient in view that they are leading regional malls in established townships.”

He concluded, “The growth catalyst for Sunway REIT in FY2016 will be underpinned by resilient performance from the retail segment, the re-opening of Sunway Putra Mall and completion of refurbishment of Sunway Putra Hotel and Sunway Putra Tower. We endeavour to deliver stable growth in DPU for FY2016. In an increasingly challenging operating landscape, cost containment is our priority in addition to value adding through active asset management initiatives.”

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 property value as at 30 June 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 RM4.52 billion as at 30 June 2015 with total portfolio assets valued at RM6.32 billion as at 30 June 2015.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 11 August 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.

For more information, please contact:

Crystal Teh
Sunway REIT Management Sdn. Bhd.
(As Manager of Sunway Real Estate Investment Trust)

Tel : +603 5639 8864
Fax : +603 5639 8001
Mobile : +6012 330 6963
E-mail : crystaltl@sunway.com.my

Website of Sunway REIT: www.sunwayreit.com