

MEDIA RELEASE

28 January 2015

FINANCIAL RESULTS ANNOUNCEMENT

Sunway REIT Achieved RM127 million in Profit for 1H2015

Key Highlights:

- Gross revenue and NPI growth remained healthy in 1H2015. Gross revenue and NPI increased by 8.2% y-o-y and 7.2% y-o-y respectively.
- The retail segment continued to thrive growth for Sunway REIT's assets portfolio, registering double digit growth in revenue and NPI in 1H2015
- 1H2015 DPU increased by 7.6% y-o-y to 4.55sen with annualized distribution yield of 6.0%.

Financial Highlights

FYE June 2015	Current quarter			Year to date		
	2Q2015	2Q2014	Change	2Q2015 (Unaudited)	2Q2014 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	113,996	110,313	3.3	227,808	210,489	8.2
Net property income (NPI)	86,737	84,425	2.7	173,229	161,531	7.2
Net Realised Income	62,994	62,016	1.6	126,429	117,400	7.7
Unrealised Income	274	18	>100.0	290	34	>100.0
Total Profit for the period	63,268	62,034	2.0	126,719	117,434	7.9
Proposed / declared distribution	66,585	65,198	2.1	133,411	123,627	7.9
Distribution per unit (DPU) (sen)	2.27	2.23	1.8	4.55	4.23	7.6
Distribution yield (Based on closing price of RM1.52 per unit on 31 December 2014)				6.0%	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, 28 January 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 December 2014.

First half unaudited financial results for the period from 1 July 2014 to 31 December 2014 (“1H 2015”)

Sunway REIT recorded gross revenue growth of 8.2% year-on-year (“y-o-y”) to RM227.8 million for the first six months of financial year ending June 2015, underpinned by strong performance in the retail segment however was partially mitigated by softer performance in the office segment. Net property income (“NPI”) increased by 7.2% y-o-y to RM173.2 million, largely in tandem with the growth in gross revenue.

The retail segment continued to thrive growth for Sunway REIT’s assets portfolio. The retail segment registered revenue and NPI growth of 12.0% y-o-y and 10.5% y-o-y respectively in 1H2015 underpinned by solid performance of Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. The strong performance of Sunway Pyramid Shopping Mall was attributable to higher rental following the major rental reversion in FY2014, increase in service and promotion charge (with effect from June 2014) as well as additional income from the asset enhancement initiatives “(AEIs)” of Oasis Boulevard 5 (“OB5”) which was completed in December 2013. Sunway Carnival Shopping Mall continued to achieve robust growth in gross revenue of 19.9% y-o-y, mainly attributable to higher rental pursuant to a double digit rental reversion for a 3-year term in FY2014 and increase in service and promotion charges with effect from June 2014 coupled with higher average occupancy rate.

The hotel revenue increased marginally by 0.6% y-o-y in 1H2015 while NPI rose 2.7% y-o-y to RM33.5 million during the same period despite lower income contribution from Sunway Putra Hotel which was adversely affected by the ongoing major refurbishment works at the adjoining Sunway Putra Mall since May 2013 and the hotel’s own refurbishment. Sunway Resort Hotel & Spa, the flagship hotel for the hotel segment, achieved a growth of 5.3% y-o-y in 1H2015 supported by strong corporate and MICE business as well as higher number of Middle-Eastern tourist arrivals in 1Q2015 and active yield management initiatives.

The office segment remains challenging amidst constant incoming of new office supply. Gross revenue declined by 3.8% y-o-y, predominantly due to lower occupancy at Sunway Tower due to progressive surrendering of some space by an anchor tenant since last financial year. The asset manager is actively seeking for replacement tenants for the vacancy and take this opportunity to diversify tenancy mix to minimize tenants concentration risk.

Second quarter unaudited financial results for the period from 1 October 2014 to 31 December 2014 (“2Q 2015”)

For the second quarter ended 31 December 2014, Sunway REIT recorded an increase of 3.3% y-o-y in revenue, underpinned by healthy growth from the retail segment, however affected by lower contribution from the hotel and office segments.

The retail segment grew by 8.7% y-o-y and 9.4% y-o-y in revenue and NPI respectively on the back of performance by Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall for the same reasons mentioned above.

Meanwhile, the hotel segment declined by 12.5% y-o-y in revenue in 2Q2015 as three out of four of the hotels in the portfolio recorded lower revenue. Sunway Hotel Resort & Spa and Pyramid Tower Hotel registered stronger revenue per available room (“revpar”) boosted by higher tourist arrivals, strong corporate and MICE business coupled with active yield management initiatives. However, revenue from these two hotels were lower in 2Q2015 compared to 2Q2014 due to the closure of food and beverage (“F&B”) outlets for change of F&B concept and higher operating expenses arising from electricity tariff hike, general maintenance of the buildings and other operating expenses to enhance guests service level.

The office segment registered a decline in revenue and NPI by 5.3% y-o-y and 7.7% y-o-y respectively for the same reasons mentioned above.

The Manager proposes distribution per unit (“DPU”) of 2.27 sen for 2Q2015 compared to 2.23 sen in 2Q2014. Total cumulative DPU for 1H2015 stood at 4.55 sen, representing an increase of 7.6% compared to the same period in the preceding year. This translates into annualised distribution yield of 6.0% based on market closing price of RM1.52 as at 31 December 2014.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “The assets portfolio continue to deliver solid financial performance despite increasingly challenging operating environment and external headwinds.”

He added, “We continue to focus on the portfolio’s largest AEI initiative and we are pleased to share that the construction progress of Sunway Putra Mall is on track and the refurbishment for the entire Sunway Putra (formerly known as “Sunway Putra Place”) is slated for completion by 2H CY2015. We are looking forward to the impending re-opening of the mall in 2Q CY2015 and confident that the mall will add vibrancy to the retail scene in the city of Kuala Lumpur.”

He further elaborated on the prospects going forward, “We are cautious on the economic climate which may adversely affect the assets sub-sectors in the portfolio. Barring any unforeseen circumstances, we expect modest DPU growth in FY2015.”

About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (“Sunway REIT”) was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010 and is the country’s second largest real estate investment trust (“REIT”) in terms of assets size as at 31 December 2014. The assets of Sunway REIT comprise shopping malls, hotels, offices and healthcare that are located in Bandar Sunway, Kuala Lumpur, Seberang Jaya and Ipoh. Sunway REIT’s market capitalization stood at RM4.46 billion as at 31 December 2014 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 28 January 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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