

MEDIA RELEASE

6 November 2014

FINANCIAL RESULTS ANNOUNCEMENT

Solid Performance for 1QFY2015

Key Highlights:

- Revenue and NPI registered strong growth of 13.6% and 12.2% YoY respectively driven by strong performance of the retail and hotel segments.
- Operating environment for office segment remains challenging due to oversupply situation.
- 1QFY2015 DPU jumped 14% y-o-y to 2.28 sen.

Financial Highlights

	Current quarter / Year to date		
	1QFY2015 (Unaudited)	1QFY2014 (Unaudited)	Change
	RM'000	RM'000	%
Gross revenue	113,812	100,176	13.6%
Net property income (NPI)	86,492	77,106	12.2%
Net Realised Income	63,435	55,384	14.5%
Unrealised Income	16	16	0.0%
Total Profit for the period/year	63,451	55,400	14.5%
Proposed / declared distribution	66,826	58,429	14.4%
Distribution per unit (DPU) (sen)	2.28	2.00	14.0%
Annualised distribution yield (Based on closing price of RM1.53 per unit on 30 September 2014)	5.96%	5.81% 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, 6 November 2014 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce the first quarter unaudited financial results for financial year ending June 2015 for the period from 1 July 2014 to 30 September 2014 (“1Q2015”).

Sunway REIT’s 1Q2015 gross revenue increased by 13.6% year-on-year (“y-o-y”) to RM113.8 million while net property income (“NPI”) grew by 12.2% y-o-y to RM86.5 million, primarily attributable to better performance of the retail and hotel segments. NPI margin, however, dropped marginally to 76% in 1Q2015 (1Q2014: 77%) due to higher property operating expenses arising mainly from electricity tariff hike (17% increase with effect from January 2014), higher advertising and promotion expenses as well as one-off maintenance expenses at Sunway Pyramid Shopping Mall and pre-opening expenses for Sunway Putra Mall, partly offset by the reversal of over-provision for assessment for Kuala Lumpur properties pursuant to confirmation of final increase.

The retail segment continued to report healthy growth with revenue and NPI jumped 15.6% and 11.6% y-o-y respectively in 1Q2015. The growth was mainly driven by higher rental following the major rental reversion (in FY2014) and increase in service and promotional charges (with effect from June 2014) at Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall as well as additional income from the AEI at Oasis Boulevard 5 (“OB5”) at Sunway Pyramid Shopping Mall which was completed in 2Q2014.

Revenue for the hotel segment rose by 18.9% y-o-y in 1Q2015 due to better performance of all the hotels except for Sunway Putra Hotel (affected by the ongoing major refurbishment works at the adjoining Sunway Putra Mall and the hotel's own refurbishment). Sunway Resort Hotel and Spa, the largest revenue contributor to the hotel segment, registered encouraging growth supported by strong corporate and MICE business, higher number of Middle-Eastern tourist arrivals and continuous active yield management by the hotel’s operator. The hotel’s revenue jumped 33.8% y-o-y in 1Q2015 due to improvement in both the average daily rate and average occupancy rate. Further, last year’s performance was adversely affected by slowdown in the electrical and electronic (“E&E”) sector which the hotel predominantly serve.

Given the challenging operating environment in the office segment due to oversupply situation, Sunway REIT’s office assets recorded a marginal dip of 2.3% in revenue growth y-o-y in 1Q2015, attributed to lower income contribution from 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.

The Manager proposes a higher DPU of 2.28 sen in 1Q2015 compared to 2.0 sen for the same period in the preceding year, an increase of 14% y-o-y. This translates into distribution yield of 5.96% based on closing price of RM1.53 as at 30 September 2014.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We have delivered a solid start to the new financial year despite continued challenges flowing from FY2014 (due to the lost / reduced income from Sunway Putra Place). The retail and hotel segments continued to grow robustly with efforts put in for AEIs (such as OB5 at Sunway Pyramid Shopping Mall) and major rental reversion in the previous financial year which contributed positively to the portfolio."

He added, "While we are mindful of the impending higher vacancy for our Kuala Lumpur office assets, i.e. Sunway Tower and Sunway Putra Tower, this provides an opportunity to further diversify tenancy mix to reduce tenant concentration risk. As for Sunway Putra Tower, we would like to seek more private sector tenants in line with our strategy post refurbishment. Although income contribution from the office segment is expected to be significantly lower in FY2015, it is not expected to have a material adverse impact on our FY2015 DPU."

He commented further, "The refurbishment works for Sunway Putra Place is progressing well with Sunway Putra Mall expected to be reopened in 4QFY2015. As such, we expect DPU to grow moderately in FY2015."



Driving values through sustainable growth

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 30 September 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 is RM4.48 billion as at 30 September 2014 and 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 6 November 2014 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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