SUNWAY REIT **Driving values through sustainable growth**

MEDIA RELEASE 3 May 2018

FINANCIAL RESULTS ANNOUNCEMENT

NET PROPERTY INCOME FOR SUNWAY REIT INCREASED BY 10.1% FOR THE NINE MONTHS OF FINANCIAL YEAR ENDING JUNE 2018

Key Highlights:

- Healthy revenue growth of 8.7% year-on-year to RM424.2 million for the 9M FY2018, supported by growth across all segments and new income contributions from completed acquisitions during the financial year.
- Proposed DPU of 2.37 sen for the third quarter of FY2018, bringing 9M FY2018 DPU to 7.42 sen and annualised distribution yield of 6.2%.
- The acquisition of Sunway Clio Property was completed in February 2018.
- Proactive capital management to mitigate refinancing risk and optimise debt profile.
- Expansion of Sunway Carnival Shopping Mall has commenced in March 2018.

Financial Highlights

	Current Quarter			Year-to-Date		
	3Q2018	3Q2017	Change	3Q2018 (Unaudited)	3Q2017 (Unaudited)	Change
FYE June 2018	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	141,515	134,573	5.2	424,154	390,332	8.7
Net property income (NPI)	105,303	100,181	5.1	319,656	290,301	10.1
Net Realised Income	**69,852**	**69,906**	**-0.1**	**218,633**	**203,768**	**7.3**
Unrealised Income	500	450	11.1	1,945	1,874	3.8
Total Profit for the period	70,352	70,356	0.0	220,578	205,642	7.3
Proposed / declared distribution	(69,798)	(69,798)	0.0	(218,525)	(203,799)	7.2
Distribution per unit (DPU) (sen)	**2.37**	**2.37**	**0.0**	**7.42**	**6.92**	**7.2**
Annualised distribution yield (Based on closing price of RM1.60 per unit on 31 March 2018)	N.A	N.A		6.2%	5.2%[1]	N.A

[1] Based on actual DPU of RM9.19 sen declared in FY2017 and unit price of RM1.78 as at 30 June 2017.
N.A. denotes not applicable

***Bandar Sunway, 3 May 2018* –** 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 31 March 2018.

Nine months unaudited financial results for the period from 1 July 2017 to 31 March 2018 (9M FY2018)

Sunway REIT has delivered a set of encouraging financial results for the nine months of financial year ending June 2018. The Trust has reported a healthy revenue growth of 8.7% year-on-year (y-o-y) to RM424.2 million for the 9M FY2018, supported by growth across all segments and new income contributions from completed acquisitions during the financial period (Sunway REIT has completed the acquisition of Sunway REIT Industrial-Shah Alam 1 and Sunway Clio Property in August 2017 and February 2018 respectively). Correspondingly, net property income (NPI) increased by 10.1% y-o-y to RM319.7 million.

The retail segment performed commendably for the 9M FY2018, mainly attributable to growth from all malls, except Suncity Ipoh Hypermarket on the back of lower rental rate upon renewal of the tenancy in 4Q FY2017. Revenue for the retail segment expanded by 3.6% y-o-y for 9M FY2018 to RM315.3 million. NPI improved by 3.7% y-o-y to RM226.3 million, in line with the growth in revenue. The higher revenue and NPI was largely contributed by higher average gross rent achieved by Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. Sunway Putra Mall has incurred lower rental rebates which contributed to higher revenue.

The financial performance of the hotel segment rebounded for the nine months of FY2018, mainly contributed by higher revenue from all hotels except Sunway Hotel Seberang Jaya. This was further boosted by resumption of income contribution from Sunway Pyramid Hotel following the full completion of its refurbishment in June 2017 and commencement of income contribution from Sunway Clio Property upon the completion of the acquisition in February 2018. For the 9M FY2018, revenue for the hotel segment surged by 37.8% y-o-y to RM63.9 million and NPI jumped 39.4% y-o-y to RM60.7 million.

The office segment reported a modest growth on the back of higher occupancy rates at Menara Sunway and Sunway Putra Tower, however, it was partially offset by marginally lower average occupancy rate at Wisma Sunway. During the financial period under review, revenue improved by 4.0% y-o-y to RM24.4 million. However, NPI eased by 1.5% y-o-y to RM12.1 million due to higher property operating expenses.

Under the “Others” segment, revenue and NPI rose by 26.3% y-o-y due to new income contribution from Sunway REIT Industrial – Shah Alam 1 upon the completion of the acquisition of the property in August 2017. This segment forms the defensive and steady income stream strategy of the assets portfolio.

Third quarter unaudited financial results for the period from 1 January 2018 to 31 March 2018 (3Q FY2018)

Sunway REIT has registered a moderate growth in revenue and NPI for the third quarter ended 31 March 2018. Revenue and NPI grew by 5.2% y-o-y and 5.1% y-o-y respectively, driven by improved financial performance across all segments as discussed above.

The retail segment recorded a revenue and NPI growth of 2.2% y-o-y and 1.5% y-o-y respectively, predominantly contributed by stronger financial performance from Sunway Pyramid Shopping Mall.

During the quarter, the financial performance for the hotel segment was mixed. Revenue and NPI surged 18.1% y-o-y and 17.2% y-o-y respectively, largely due to resumption of income contribution from Sunway Pyramid Hotel upon the completion of its refurbishment. However, this is partially offset by lower revenue from Sunway Resort Hotel and Spa due to softer leisure demand.

As the occupancy rates for the office properties improved, the office segment registered a revenue growth of 3.9% y-o-y, primarily attributable to Sunway Putra Tower. NPI eased by 2.1% y-o-y due to higher property operating expenses.

Under the “Others” segment, revenue and NPI rose by 28.6% y-o-y in 3Q FY2018 due to new income contribution from Sunway REIT Industrial – Shah Alam 1 as mentioned above.

For the quarter ended 31 March 2018, the Manager proposed distribution per unit (DPU) of 2.37 sen, unchanged compared to the corresponding quarter in the preceding year. Cumulative DPU for 9M FY2018 increased by 7.2% y-o-y to 7.42 sen, translating into an annualised distribution yield of 6.2% based on unit price of RM1.60 as at 31 March 2018.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “I am pleased to share that the financial earnings remained intact with continued growth from the retail segment and gradual improvement in the office segment, albeit the office segment is a small contributor to the asset portfolio. The resiliency of the income growth is supported by a diversified base in the asset portfolio coupled with new income contribution from the completed acquisitions in this financial year.”

He added, “In a rising interest rate environment, we proactively manage our debt profile in order to optimise the average cost of debt and stagger the debt maturity profile. We do not foresee any refinancing risk in view of the strong performance of our underlying assets and healthy macro-economic condition of the country.”

On 4 March 2018, the ground-breaking ceremony for the expansion of Sunway Carnival Shopping Mall at Seberang Jaya, Penang was held with onward commencement of construction works. The expansion is expected to add 330,000 sq.ft. of net lettable area (NLA) for the new wing of the mall. Upon the completion in 2020, the expanded mall (existing wing and new wing) will offer a total NLA of approximately 850,000 sq.ft.

About Sunway Real Estate Investment Trust

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest retail-focused[1] 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 RM4.7 billion as at 31 March 2018.

Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE4 Good Index, Bursa Malaysia REIT Index, 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 16 assets comprising 4 retail malls, 6 hotels, 4 offices, a medical centre and an industrial property with a combined property value of RM7.14 billion as at 31 March 2018 (included valuation for Sunway REIT Industrial – Shah Alam 1 and Sunway Clio Property).

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), Sunway Clio Property, 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 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 3 May 2018 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 businesses, 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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