

MEDIA RELEASE

3 May 2017

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT'S PROFIT BEFORE TAX INCREASED TO RM205.6 MILLION FOR THE NINE MONTHS OF FINANCIAL YEAR ENDING JUNE 2017

Key Highlights:

- Modest revenue and net property income growth for 9M FY2017, backed by resilient financial performance in the retail segment and gradual improvement in the office segment.
- Proposed DPU of 2.37 sen for the third quarter of FY2017, bringing 9M FY2017 DPU to 6.92 sen and annualized DPU yield of 5.4%.

Financial Highlights

FYE June 2017	Current Quarter			Year-to-Date		
	3Q2017	3Q2016	Change	3Q2017 (Unaudited)	3Q2016 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	134,573	130,345	3.2	390,332	383,428	1.8
Net property income (NPI)	100,181	96,685	3.6	290,301	283,681	2.3
Net Realised Income	69,906	67,714	3.2	203,768	201,855	0.9
Unrealised Income / (loss)	450	(2,948)	(>100.0)	1,874	(1,056)	(>-100.0)
Total Profit for the period	70,356	64,766	8.6	205,642	200,799	2.4
Proposed / declared distribution	(69,798)	(69,742)	0.1	(203,799)	(207,664)	(1.9)
Distribution per unit (DPU) (sen)	2.37	2.37	0.0	6.92	7.06	(2.0)
Distribution yield (Based on closing price of RM1.72 per unit on 31 March 2017)	N.A	N.A		5.4%	5.5% ¹	N.A

¹ Based on actual DPU of RM9.18 sen declared in FY2016 and unit price of RM1.66 as at 30 June 2016.

N.A. denotes not applicable

Bandar Sunway, 3 May 2017 – 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 2017.

Nine months unaudited financial results for the period from 1 July 2016 to 31 March 2017 (“9M FY2017”)

Sunway REIT has reported a modest growth in revenue and net property income (“NPI”) for the nine months of financial year ending June 2017. Revenue has increased from RM383.4 million to RM390.3 million, representing an increase of 1.8% year-on-year (“y-o-y”). NPI rose in tandem to RM290.3 million or higher by 2.3% y-o-y. The set of financial performance was attributable to resilient performance from the retail segment coupled with gradual improvement in the office segment, however partially offset by lower income contribution from the hotel segment.

The retail segment, being the largest income contributor to Sunway REIT, delivered a set of solid performance for the 9M FY2017. For the nine months ended 31 March 2017, revenue rose by 6.3% y-o-y to RM304.2 million and NPI increased by 8.2% y-o-y to 218.2 million. The higher revenue contribution was mainly attributable to Sunway Putra Mall. It recorded lower revenue in the previous financial year due to the 2.5 months of rent-free period granted to tenants during the initial opening period of the mall. In addition, Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall continued to deliver moderate growth for the 9M FY2017.

The financial performance for the hotel segment moderated for the nine months of FY2017. During the period under review, the hotel segment reported a revenue of RM46.4 million and NPI of RM43.6 million compared to RM58.7 million (revenue) and RM55.8 million (NPI) respectively in the corresponding period in the preceding year. The lower financial performance for the hotel segment was mainly due to the closure of Sunway Pyramid Hotel since April 2016 to undertake a refurbishment in a competitive market environment.

The office segment reported gradual improvement in the financial performance, primarily attributable to higher occupancy at Sunway Putra Tower. For the nine months of FY2017, revenue for the office segment increased from RM22.7 million (9M FY2016) to RM23.4 million, representing a growth of 3.2% y-o-y. Meanwhile, NPI rose 16.4% y-o-y to RM12.3 million.

Third quarter unaudited financial results for the period from 1 January 2017 to 31 March 2017 (“3Q FY2017”)

For the third quarter ended 31 March 2017, Sunway REIT has reported a revenue of RM134.6 million or an increase of 3.2% y-o-y compared to the same quarter in the preceding year. NPI rose 3.6% y-o-y to RM100.2 million for the quarter ended 31 March 2017. The contributing factors to the growth in revenue and NPI are as mentioned above.

During the quarter, the retail segment reported a revenue of RM105.7 million, representing a growth of 3.8% y-o-y. NPI increased by 3.5% y-o-y, from RM73.3 million in 3Q FY2016 to RM75.9 million in 3Q FY2017 mainly contributed by higher income contribution from Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall.

The hotel segment registered a contraction in revenue and NPI in 3Q FY2017, largely due to the closure of Sunway Pyramid Hotel since April 2016 to undertake refurbishment as well as lower business and leisure demand in a traditionally low quarter. Revenue and NPI contribution for the hotel segment slipped by 6.9% y-o-y and 7.2% y-o-y respectively in 3Q FY2017.

For the quarter ended 31 March 2017, revenue and NPI for the office segment improved by 18.3% y-o-y and 69.4% y-o-y respectively on the back of higher occupancy at Menara Sunway, Sunway Putra Tower and Sunway Tower coupled with lower operating expenses.

The Manager has proposed a distribution per unit (“DPU”) of 2.37 sen for 3Q FY2017 bringing total DPU for 9M FY2017 to 6.92 sen. 9M FY2017 DPU was marginally lower than the same period in the preceding year primarily due to the cessation of Manager’s fee payable in units effective from FY2017. The proposed DPU for the 9M FY2017 of 6.92 sen translated into a distribution yield of 5.4% based on the market closing price of RM1.72 as at 31 March 2017.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “The set of financial performance is largely in line with our guidance. The lower income contribution is a temporary setback in exchange for long-term improvement in the performance of Sunway Pyramid Hotel upon the full completion of the hotel refurbishment in 4Q FY2017.”

He added, “Despite the growing threat of online shopping based on global trend, our retail assets remain resilient with continuous effort of our retail asset manager to enhance lifestyle and experiential shopping at our shopping malls. The resiliency is also supported by lower online shopping penetration rate in Malaysia. As a retail-focused REIT, we strive to be ahead of the market competition to remain relevant to consumers.”

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 RM5.1 billion as at 31 March 2017. Sunway REIT is a component of FTSE-Bursa Malaysia Mid 70 Index, FTSE4 Good Index and TR/GPR/APREA Composite REIT Index Malaysia, FTSE EPRA / NAREIT Global REIT Index, FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Asia ex Japan Index, FTSE EPRA / NAREIT Asia Pacific Index and FTSE EPRA / NAREIT Emerging REIT 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 RM6.43 billion as at 30 June 2016.

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 SRC include Sunway Resort Hotel & Spa, Sunway Pyramid Hotel (formerly known Sunway Pyramid Hotel East), 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.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 3 May 2017 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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