

MEDIA RELEASE

31 October 2017

FINANCIAL RESULTS ANNOUNCEMENT

SUNWAY REIT STARTED THE NEW FINANCIAL YEAR ON A FIRMER GROUND

Key Highlights:

- Revenue increased by 9.5% year-on-year to RM141.2 million mainly contributed by higher revenue across all segments.
- Proposed DPU increased by 17.6% year-on-year to 2.67 sen.
- Unitholders approved the proposed acquisition of Sunway Clio Property on 25 October 2017

Financial Highlights

FYE June 2018	Current Quarter / Cumulative Quarter		
	1Q2018 RM'000	1Q2017 RM'000	Change %
Gross revenue	141,169	128,879	9.5
Net property income (NPI)	110,986	96,065	15.5
Net realised income	78,736	66,732	18.0
Unrealised income	493	-2,589	>100.0
Total profit for the period	79,229	64,143	23.5
Proposed / declared distribution	78,634	66,853	17.6
Distribution per unit (DPU) (sen)	2.67	2.27	17.6
Annualised distribution yield (based on unit price of RM1.72 per unit on 30 September 2017)	6.2%	5.2% ¹	N.A.

¹ Based on actual DPU of 9.19 sen declared in FY2017 and unit price of RM1.78 as at 30 June 2017.
N.A. denotes not applicable

Bandar Sunway, 31 October 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 30 September 2017.

First quarter unaudited financial results for the period from 1 July 2017 to 30 September 2017 (1Q FY2018)

Sunway REIT started the financial year with an encouraging set of financial earnings in the first quarter of financial year ending 30 June 2018. Revenue increased by 9.5% year-on-year (y-o-y) to RM141.2 million, mainly contributed by higher revenue across all segments. Net property income (NPI) expanded at a stronger rate of 15.5% y-o-y to RM111.0 million on the back of higher revenue and lower property operating expenses.

The retail segment recorded a healthy growth in revenue and NPI underpinned by high average occupancy rates for all retail malls in the stable of asset portfolio, mainly due to higher average gross rent for Sunway Pyramid Shopping Mall. Revenue rose to RM103.6 million for the quarter ended 30 September 2017. In comparison to the corresponding quarter in the preceding year, revenue improved by 3.9%. NPI increased by a higher quantum of 9.4% in 1Q FY2018 to RM78.3 million on the back of higher revenue and lower property operating cost.

The hotel segment reported a stronger financial performance for the quarter ended 30 September 2017. Revenue and NPI increased by 40.9% y-o-y and 43.7% y-o-y in 1Q FY2018, primarily attributable to full resumption of operation at Sunway Pyramid Hotel following the completion of its refurbishment in June 2017. In addition, Sunway Putra Hotel enjoyed higher average occupancy and average daily rates during the quarter, benefitted from higher demand from the SEA Games 2017 and ASEAN Para Games 2017 held in August and September respectively.

Meanwhile, the office segment reported a revenue and NPI growth of 8.1% y-o-y and 8.5% y-o-y respectively, largely attributable to higher average occupancy rates at Menara Sunway and Sunway Putra Tower.

For the quarter ended 30 September 2017, the Manager proposed a DPU of 2.67 sen, representing an increase of 17.6% compared to the corresponding quarter in the preceding year.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "I am pleased to share the encouraging sets of financial earnings which is in line with our expectation of a firmer year in FY2018. We are confident that the asset enhancement initiatives (AEIs) which we had undertaken in the last several years are showing encouraging progress in performance despite the continuous challenges affecting the property market / sub-sectors."

Sunway REIT announced the proposed acquisition of the mixed-use Sunway Clio Property comprising a 4-star hotel, a retail podium and car park bays for a purchase consideration of RM340 million on 3 August 2017. Upon completion of the acquisition expected in 3Q FY2018, Sunway REIT's combined property value will increase to RM7.12 billion, achieving our target of RM7.0 billion. The proposed acquisition of Sunway Clio Property was approved by unitholders at the Unitholders' Meeting held on 25 October 2017.

Sharing on the prospect of Sunway REIT, Dato' Jeffrey further commented "Barring any unforeseen circumstances, we expect Sunway REIT's DPU to grow moderately in FY2018 supported by moderate growth in the retail segment, resumption in income contribution from Sunway Pyramid Hotel following the full completion of its refurbishment in June 2017 and gradual improvement in the overall occupancy of the office segment. In addition, we expect new income contribution from the recent acquisitions to contribute positively to the DPU in FY2018 and beyond."

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 30 September 2017.

Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE4 Good Index, Bursa Malaysia REIT Index, 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, FTSE EPRA / NAREIT Emerging REIT Index and MSCI Malaysia Small Cap Index. Sunway REIT owns a portfolio of 15 assets comprising 4 retail malls, 5 hotels, 4 offices, a medical centre and an industrial property with a combined property value of RM6.69 billion as at 30 June 2017 (excluding valuation for Sunway REIT Industrial – Shah Alam 1).

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), 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 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 31 October 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 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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