



Driving values through sustainable growth

MEDIA RELEASE

6 August 2013

FINANCIAL RESULTS ANNOUNCEMENT

Sunway REIT's Net Income (Realised) Rose 15.4% year-on-year in 4Q2013

Key Highlights:

- FY2013 DPU of 8.30 sen jumped 10.7% year-on-year, beating consensus estimates by 4%
- Sunway REIT's portfolio value expanded to RM5.18 billion pursuant to fair value gain of RM173.5 million
- Massive asset enhancement initiatives in excess of RM500 million underway for Sunway REIT's portfolio over the next 2-3 years

Financial Highlights

	Current quarter			Year to date		
	4Q 2013	4Q 2012	Change	FY2013 (Unaudited)	FY2012 (Audited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	103,906	102,558	1.3	415,946	406,426	2.3
Net property income (NPI)	78,524	75,864	3.5	309,196	299,198	3.3
Net Realised Income	55,469	48,072	15.4	218,785	190,583	14.8
Unrealised Income	173,502	230,212	-24.6	173,537	229,880	-24.5
Total Profit for the period	228,971	278,284	-17.7	392,322	420,463	-6.7
Proposed / declared distribution	58,972	50,963	15.7	230,893	201,972	14.3
Distribution per unit (DPU) (sen)	2.02¹	1.89	6.9	8.30	7.50	10.7
Distribution yield (Based on closing price of RM1.54 per unit on 30 June 2013)				5.4%	5.5% ²	N.M

N.M – Not meaningful

¹ Proposed income distribution for 4Q2013 comprising taxable and non-taxable amount of 0.68 sen and 1.34 sen per unit respectively.

² Actual distribution yield for FY2012 based on closing price of RM1.36 as at 30 June 2012.



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Petaling Jaya, 6 August 2013 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce the fourth quarter unaudited financial results for financial year ending June 2013 for the period from 1 April 2013 to 30 June 2013 (“4Q2013”).

In 4Q2013, net realised income jumped 15.4% year-on-year to RM55.5 million on the back of healthy growth from Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall, new contribution from Sunway Medical Centre as well as substantially lower interest costs. Sunway Pyramid Shopping Mall registered revenue growth of 3.9% year-on-year and NPI climbed 7.5% compared to the corresponding period in the preceding financial year. This was mainly attributable to higher average rental rate (“ARR”) where 410,355 sq.ft. were renewed at an average rental reversion rate of 18.1% for a 3-year term and energy savings arising from chillers retrofitting completed in 3Q2013.

Sunway Carnival Shopping Mall, a leading lifestyle mall in Seberang Jaya, Penang, continued to chart impressive growth. For the quarter ended 30 June 2013, Sunway Carnival Shopping Mall’s gross revenue soared 21.9% year-on-year while NPI rose correspondingly by 22.0% compared to the same period in the preceding year. The exceptionally strong performance was largely due to improvement of average occupancy rate and higher ARR. The average occupancy rate has improved from 91.2% for year-to-date 4Q2012 to 97.4% for year-to-date 4Q2013.

The growth registered by these two malls was partially offset by lower revenue from Sunway Putra Mall which was closed in end April 2013 to undertake major refurbishment.

The hotel segment experienced a decline of 11.4% year-on-year in gross revenue and a corresponding 11.3% year-on-year decline in NPI for 4Q2013. Business activities for Sunway Resort Hotel & Spa and Pyramid Tower Hotel picked up in the months of May and June post General Election but were affected by higher operating expenses for replenishment of hotel operating equipments and major overhaul of plant and machineries.

In Seberang Jaya, Sunway Hotel Seberang Jaya recorded higher revenue in 4Q2013 following the completion of its refurbishment in May 2013. Meanwhile, Sunway Putra Hotel was adversely affected by the ongoing refurbishment works at the adjoining Sunway Putra Mall.

The office segment registered a modest gross revenue growth of 1.3% year-on-year in 4Q2013, underpinned by additional net lettable area of 14,193 sq.ft. at Menara Sunway. However, the growth was offset by lower average occupancy rate in Sunway Tower and Sunway Putra Tower due to a glut in the office segment.



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Following the capital management programme undertaken since FY2012, the Manager has reaped the benefits of the programme. The average cost of debt has dropped from 4.45% in FY2012 to 3.77% in FY2013, translated into substantial interest savings. By anticipating ahead of possible reversal in interest rate trend, the Manager has converted a significant portion of the floating rate borrowings to fixed rate borrowings.

On a full year basis, Sunway REIT chalked a set of solid financial performance mainly attributable to new income stream from Sunway Medical Centre and interest savings arising from capital management initiatives. Although there was growth in the retail assets, it was however dampened by the weaker performance of the hotel and office assets. Distribution per unit (“DPU”) jumped 10.7% year-on-year to 8.30 sen from 7.50 sen in FY2012, beating consensus estimates by 4%.

For the financial year ended 30 June 2013, Sunway REIT’s portfolio value increased to RM5.18 billion after recognizing a fair value gain on investment properties of RM173.5 million. This reaffirmed Sunway REIT’s position as the second largest REIT in Malaysia measured by asset size.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “We are pleased that Sunway REIT has delivered another year of impressive financial performance with a 10.7% jump in DPU for FY2013. Since IPO, Sunway REIT has registered a 3-year DPU CAGR of 12.3%. By anticipating ahead of the possible disruptions arising from refurbishments in several properties, mitigating strategies have been implemented to avoid adverse impact on income.

He added, “For the coming financial year, planned strategies will be implemented in order to ensure sustainability in income which include substantial capex over the next two to three years in excess of RM500 million for asset enhancement initiatives (“AEIs”). Substantial portion of the capex is allocated for Sunway Putra Place. We have decided to accelerate the refurbishment of Sunway Putra Hotel and Sunway Putra Tower to allow a wholesome “brand new” 3-in-1 mixed use Sunway Putra Place by 2015. That aside, the ongoing AEI for Sunway Pyramid Shopping Mall under the Oasis Boulevard Phase 5 (“OB5”) is expected to be completed by end-2013. We are looking forward to exciting tenancy mix upon completion of OB5. In addition, major rental renewal exercise is due for Sunway Pyramid Shopping Mall in FY2014. ”



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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 June 2013. The assets of Sunway REIT comprise shopping malls, hotels and offices that are located in Bandar Sunway, Kuala Lumpur, Seberang Jaya and Ipoh. Sunway REIT’s market capitalization is RM4.50 billion and has total assets valued at RM5.18 billion as at 30 June 2013.

Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 6 August 2013 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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