

MEDIA RELEASE

3 August 2017

**SUNWAY REIT PROPOSES TO ACQUIRE MIXED-USE SUNWAY CLIO PROPERTY TO CAPITALISE ON THE BUSINESS SYNERGIES OF OUR ASSETS PORTFOLIO IN SUNWAY CITY**

- *The total purchase consideration of RM340 million to be funded by debt and the proposed acquisition is expected to be yield accretive to the asset portfolio*
- *Guaranteed net property income for four years to offer certainty of income stream*
- *Sunway REIT's property value will increase by 7.0% to RM6.9 billion*

**Bandar Sunway, 3 August 2017** – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce that RHB Trustees Berhad, as trustee of Sunway REIT (“Trustee”), has entered into a conditional sale and purchase agreement (“SPA”) with Sunway Forum Hotel Sdn. Bhd. (“Vendor”), a wholly-owned subsidiary of Sunway Berhad (“Sunway”), for the proposed acquisition of Sunway Clio Property (“The Property”) (as defined below) for a total purchase consideration of RM340 million to be satisfied in cash (“Purchase Consideration”) (“Proposed Acquisition”). The Property has been independently valued by Knight Frank Malaysia.

The Property consists of a 19-storey 4-star rated hotel comprising 401 hotel rooms known as Sunway Clio Hotel, a 3-storey retail space with net lettable area of 88,384 sq.ft. and a multi-storey car park with 732 bays.

The Property is strategically located at Sunway City fronting the New Pantai Expressway (“NPE”) and within the sprawling 800 acres of Malaysia’s first fully integrated green township certified by the Green Building Index (“GBI”). Sunway Clio Property is connected to the renowned Sunway Pyramid Mall through a pedestrian sky bridge and seamless underground car park.

Sunway City is located approximately 20 minutes from the Kuala Lumpur city centre and well connected to the cities of Shah Alam, Petaling Jaya and Klang via an extensive network of road and espressway such as the Federal Highway, the Shah Alam Expressway (“KESAS”), the New Klang Valley Expressway (“NKVE”), the North-South Expressway Central Link (“ELITE”) and the Damansara-Puchong Expressway (“LDP”).

The township is well-served by public transportation by the urban-suburb rail link, the KTM Komuter, the Light Rail Transit (“LRT”) and the country’s first Bus Rapid Transit (“BRT”) system.

**Property Description**

Title details	: H.S. (D) 259881 Lot No. PT 1333, Bandar Sunway, District of Petaling, Selangor Darul Ehsan
Tenure	: Leasehold interest for a term of 99 years, expiring on 16 November 2108
Age of building	: 1.5 years
Land area	: 77,403 sq.ft. (7,191 sq.m.)
Gross Floor Area	: 798,762 sq.ft. (74,207 sq.m.)
No of Hotel Rooms:	: 401 rooms
Net Lettable Area (Retail Space)	: 88,384 sq.ft. (8,211 sq.m.)
Market Value	: RM340 million (Independently valued by Knight Frank Malaysia)
Purchase Price	: RM340 million

Sunway Clio Hotel will be leased to Sunway Resort Hotel Sdn. Bhd. (“SRH”) (“Lessee”) pursuant to a hotel lease agreement (“HLA”) entered into between the Trustee, the Manager and SRH, for an initial term of ten (10) years with an option to renew by the Lessee for a further period of ten (10) years (“Renewal Term”). The HLA is backed by a guaranteed minimum rent which acts as a protection to safeguard the downside risk of the rental income with sharing on the upside of the income based on a rental formula.

The Trustee has also entered into a conditional car park tenancy agreement with Sunway Leisure Sdn. Bhd., a wholly-owned subsidiary of Sunway (“Tenant”) for a period of three (3) years commencing from the date of completion of the Proposed Acquisition with an option to renew for a further term of 3 years.

In addition, Sunway City Sdn. Bhd. (“SunCity”), a wholly-owned subsidiary of Sunway and the holding company of the Vendor, Lessee and Tenant, is providing the Trustee a Guaranteed Net Property Income (“NPI”) of RM20.23 million per annum for a period of 4 years from the day of the completion date. In the event that there is any shortfall, SunCity shall pay the amount equivalent to the difference between the actual total annual NPI achieved and the Guaranteed NPI.

Sunway REIT's property value will increase by 7.0% from RM6.4 billion as at 30 June 2016 to RM6.9 billion upon the completion of Sunway REIT's recent acquisitions, namely Sunway Carnival Land (Purchase consideration: RM17.2 million), Sunway REIT Industrial-Shah Alam 1 (Purchase consideration: RM91.5 million) and the said Proposed Acquisition.

The Proposed Acquisition will be fully funded by its existing debt programme. The Proposed Acquisition is not expected to have any material effect on the earnings and distribution per unit ("DPU") of Sunway REIT for the financial year ending 30 June 2018. Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings and DPU of Sunway REIT as well as yield accretive to the assets portfolio.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., said, "The acquisition will further strengthen Sunway REIT's diversified assets portfolio and capitalise on the business synergies in Sunway City. We will be able to offer a complete suites of hotels ranging from 4-star to 5-star hotels within the same vicinity. The retail podium forms the enlarged Sunway Pyramid Mall through the direct connectivity at the West precinct of the mall and just a stone's throw away from the multi-award winning Sunway Lagoon. We are confident that the tremendous business synergies within the township coupled with an experienced hotel operator and Facilities Management team will maximise the performance of the property."

He added, "The property is expected to record healthy growth over the longer term horizon supported by the strong catchment in the township. The township welcomes 42 million visitations annually and the number is still growing. Sunway City remains as one of Southeast Asia's most preferred tourist destinations. Upon completion of the Proposed Acquisition, Sunway REIT will have a total rooms inventory of more than 1,400 rooms in Sunway City. We are increasing our marketing efforts to promote our portfolio of hotels in Sunway City to attract more tourists from new markets in the Middle East and other parts of Asia. We believe the Proposed Acquisition is timely to cater to the higher rooms inventory to capture a larger market share."

He further elaborated, "Sunway REIT's assets will increase to 16 properties upon the completion of the Proposed Acquisition and reinforces its position as the second largest REIT in Malaysia with a combined property value of RM6.9 billion."

## **About Sunway Real Estate Investment Trust**

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest retail-focused<sup>1</sup> 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 RM5.0 billion as at 2 August 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, FTSE EPRA / NAREIT Emerging REIT Index and MSCI Malaysia Small Cap Index. Currently, Sunway REIT owns a portfolio of 15 assets comprising 4 retail malls, 5 hotels, 4 offices, a medical centre and an industrial property. Property value stood at RM6.43 billion as at 30 June 2016 (excluding Sunway Carnival land and Sunway REIT Industrial – Shah Alam 1).

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid 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. 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.

On 1 August 2017, Sunway REIT has completed the acquisition of Sunway REIT Industrial-Shah Alam 1, marking its maiden foray in the industrial sub-sector.

<sup>1</sup> 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 August 2017 for a more comprehensive understanding of Sunway REIT's announcement.

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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