



Driving values through sustainable growth

MEDIA RELEASE

29 October 2013

## FINANCIAL RESULTS ANNOUNCEMENT

### Sunway REIT Recorded 5.8% Increase in Net Property Income in First Quarter Financial Year Ending June 2014

#### Key Highlights:

- Revenue and NPI continued to grow despite loss of income from Sunway Putra Mall which was closed for major refurbishment.
- Sunway REIT proposes income distribution of RM58.4 million in 1Q2014 compared to RM54.8 million, translating into DPU of 2.0 sen compared to 2.03 sen due to enlarged units in circulation.
- Sunway REIT's assets portfolio enjoyed strong double digit rental reversion in 1Q2014

#### Financial Highlights

	Current quarter / Year to date		
	1Q 2014	1Q 2013	Change
	RM'000	RM'000	%
Gross revenue	100,176	99,772	0.4
Net property income (NPI)	77,106	72,880	5.8
<b>Net Realised Income</b>	<b>55,384</b>	<b>51,997</b>	<b>6.5</b>
Unrealised Income	16	12	33.3
Total Profit for the period	55,400	52,009	6.5
Proposed / declared distribution	58,429	54,782	6.7
<b>Distribution per unit ("DPU") (sen)</b>	<b>2.00<sup>1</sup></b>	<b>2.03</b>	<b>-1.5</b>
Distribution yield (Based on closing price of RM1.42 per unit on 30 September 2013)	5.6%	5.4% <sup>2</sup>	N.M

<sup>1</sup> Proposed income distribution for 1Q2014 sen per unit (comprising taxable and non-taxable amount of 1.65 sen and 0.35 sen per unit respectively)

<sup>2</sup> Based on actual DPU of RM8.30 sen declared in FY2013 and unit price of RM1.54 as at 30 June 2013.

N.M. denotes not meaningful



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**Subang Jaya, 29 October 2013** – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce the first quarter unaudited financial results for financial year ending June 2014 for the period from 1 July 2013 to 30 September 2013 (“1Q2014”).

Sunway REIT registered a set of modest financial results in 1Q2014. Despite the loss of income contribution from Sunway Putra Mall which was closed to undertake major refurbishment, gross revenue continued to grow, albeit marginally, at 0.4% year-on-year in 1Q2014. The growth in revenue was largely contributed by Sunway Medical Centre which was acquired in December 2012 and healthy growth from major retail assets, namely Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. The performance was however, dampened by lower contribution from the hospitality segment.

Sunway REIT enjoyed higher net property income growth (“NPI”) of 5.8% year-on-year in 1Q2014, mainly attributable to revenue contribution from Sunway Medical Centre and lower utilities expenses arising from energy savings upon completion of chiller retrofit exercise as well as lower operating expenses at Sunway Pyramid Shopping Mall.

The retail segment registered lower revenue in 1Q2014 as a result of loss of income contribution from Sunway Putra Mall. Stripping out Sunway Putra Mall, the other retail assets registered encouraging growth in revenue and NPI in 1Q2014, which grew 4.8% year-on-year and 12.2% year-on-year respectively. Both Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall recorded double digit rental reversion over a 3-year term.

The hotel segment remained soft in 1Q2014 as evidenced in the downward revision in the Gross Domestic Products (“GDP”) forecast for 2013 by Bank Negara Malaysia (“BNM”). Sunway Resort Hotel & Spa and Pyramid Tower Hotel were adversely affected by the slower macro environment in the electrical and electronics (“E&E”) sector resulting in pressure on room rates and occupancy rate which the two hotels primarily serve. On a positive note, Sunway Hotel Seberang Jaya recorded higher growth in revenue in 1Q2014 following the completion of refurbishment where occupancy rates and average daily rates are improving. Meanwhile, performance of Sunway Putra Hotel was adversely affected by the major refurbishment works at the adjoining Sunway Putra Mall.



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Despite the challenging environment in the office segment due to oversupply situation, Sunway REIT's office assets in the portfolio recorded a 7.7% year-on-year growth in gross revenue and 6.3% year-on-year growth in NPI in 1Q2014. The improved performance was mainly attributable to completion of asset enhancement initiatives ("AEIs") at Menara Sunway which resulted in an increase of 14,193 sq. ft. in net lettable area ("NLA"). In addition, Sunway Tower achieved higher average occupancy rate of 88.3% for 1Q2014 compared to 81.3% in 1Q2013 due to additional space taken up by an existing anchor tenant. Sunway Putra Tower recorded higher rental reversion due to alignment to the market rates arising from the low rental base.

The Manager proposes income distribution of RM58.4 million in 1Q2014 compared to RM54.8 million for the same period in the preceding year, translating into DPU of 2.0 sen compared to 2.03 sen due to enlarged units in circulation. This translates into distribution yield of 5.6% based on closing price of RM1.42 as at 30 September 2013.

Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "Efforts put in for AEIs in last financial year, namely chillers retrofit at Sunway Pyramid Shopping Mall, refurbishment of Sunway Hotel Seberang Jaya and creation of additional NLA at Menara Sunway are beginning to reap its benefits and contribute positively to the portfolio. In view of the closure of Sunway Putra Mall, the additional income will help to cushion the loss of income."

He added, "We observe the operating environment in the hospitality and office segments are getting more competitive. Despite the Manager's endeavour to maintain DPU for FY2014 notwithstanding the closure of Sunway Putra Mall, the Manager is of the view that DPU may be lower due to the softer outlook for the hotel and office segments."

He commented further, "On acquisition strategy, we are adopting a prudent stance as we opine that more opportunities will prevail over the medium term in view of the soft economic environment. At the same time, making yield accretive acquisition is more difficult due to the decompression of M-REITs yields in recent months. Our focus for this financial year is to ensure that the massive AEI plans are well executed in order to deliver the growth in DPU in the coming years."

### **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 September 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 RM4.20 billion as at 30 September 2013 and total portfolio assets valued at RM5.18 billion as at 30 June 2013.



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### **Important notice**

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 29 October 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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