



Driving values through sustainable growth

MEDIA RELEASE

24 January 2014

FINANCIAL RESULTS ANNOUNCEMENT

Sunway REIT's Second Quarter Financial Year Ending June 2014 Net Property Income Climbed 8.1% year-on-year

Key Highlights:

- Revenue expanded by 4.2% in 2Q2014 underpinned by strong performance from key assets and contribution from Sunway Medical Centre.
- Key retail assets continue to enjoy double-digit rental reversion.
- Sunway REIT proposes distribution per unit of 2.23 sen for 2Q2014, translating into annualized distribution yield of 6.8% for FY2014.

Financial Highlights

	Current quarter			Year to date		
	2Q2014	2Q2013	Change	2Q2014 (Unaudited)	2Q2013 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	110,313	105,820	4.2	210,489	205,592	2.4
Net property income (NPI)	84,425	78,123	8.1	161,531	151,003	7.0
Net Realised Income	62,016	56,116	10.5	117,400	108,113	8.6
Unrealised Income	18	6	200.0	34	18	88.9
Total Profit for the period	62,034	56,122	10.5	117,434	108,131	8.6
Proposed / declared distribution	65,198	59,144	10.2	123,627	113,926	8.5
Distribution per unit (DPU) (sen)	2.23¹	2.19	1.8	4.23	4.22	0.2
Distribution yield (Based on closing price of RM1.24 per unit on 31 December 2013)				6.8%	5.4% ²	N.M

¹ Proposed income distribution for 2Q2014 of 2.23 sen per unit (comprising taxable and non-taxable amount of 1.89 sen and 0.34 sen per unit respectively)

² Based on actual DPU of 8.30 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, 24 January 2014 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce the second quarter unaudited financial results for financial year ending June 2014 for the period from 1 October 2013 to 31 December 2013 (“2Q2014”).

Sunway REIT registered a commendable set of financial results in 2Q2014. Revenue expanded by 4.2% year-on-year while net property income (“NPI”) climbed 8.1% year-on-year, underpinned by strong performance from key assets, namely Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Resort Hotel & Spa as well as contribution from Sunway Medical Centre. The higher NPI was also attributable to lower utilities expenses arising from energy savings upon completion of chiller retrofit exercise at Sunway Pyramid Shopping Mall.

For the retail sector, the strong performance of Sunway Pyramid Shopping Mall substantially mitigated the loss of income arising from closure of Sunway Putra Mall for major refurbishment, resulting in marginal easing of revenue by 0.9% year-on-year in 2Q2014. The key contributor, Sunway Pyramid Shopping Mall’s revenue grew strongly at 7.5% year-on-year supported by growth in rental and completion of asset enhancement initiatives (“AEIs”). Sunway Pyramid Shopping Mall continued to enjoy double-digit rental reversion for a total of 902,316 sq. ft. The completion of AEIs in the current quarter, namely Oasis Boulevard 5 (“OB5”), added net lettable area (“NLA”) of 20,362 sq. ft. and reconfigured NLA of 23,432 sq. ft.

The hotel segment registered a marginal dip of 0.4% year-on-year in 2Q2014 largely due to lower income contribution from Sunway Putra Hotel which was adversely affected by ongoing refurbishment at the adjoining Sunway Putra Mall (undergoing major refurbishment). On a positive note, Sunway Resort Hotel and Spa, the largest revenue contributor to the hotel segment, registered encouraging growth following aggressive tactical promotional activities. The hotel’s revenue jumped 14.8% year-on-year in 2Q2014 due to significant improvement in the average occupancy rate from 71.9% in 2Q2013 to 83.5%.

The office segment was stable in 2Q2014 notwithstanding the challenging market environment. In 2Q2014, the office segment recorded a growth of 5.4% compared to the corresponding period in the preceding year. The better performance was attributable to additional NLA and overall higher average occupancy rate in Menara Sunway and rental reversion for Sunway Putra Tower.

The Manager proposes distribution per unit (“DPU”) of 2.23sen for 2Q2014, bringing cumulative 2Q2014 DPU to 4.23sen. This translates into annualised distribution yield of 6.8% based on closing price of RM1.24 on 31 December 2013.



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Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We are pleased that our financial results remain intact despite the loss of income from Sunway Putra Mall. Sunway Pyramid Shopping Mall has completed its AEs on OB5 and attracted the entry of H&M as well as relocation of Padini Concept Store occupying a larger space. We continuously introduce new retail concepts to refresh our tenancy mix to continue attract existing and new shoppers to the mall."

He added, "The property market is pointing towards an oversupply situation in the foreseeable future. It would be prudent to remain selective in our acquisition strategies coupled with the fact that we are backed by visible pipeline assets. For third party acquisition, we will focus on opportunistic or value-added deals. Also, the de-compression of distribution yields made it more challenging to make meaningful yield accretive acquisitions."

He further commented, "Barring any unforeseen circumstances from the hospitality segment, we strive to maintain previous financial year's DPU for FY2014."

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 31 December 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 RM3.65 billion as at 31 December 2013 and total portfolio 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 24 January 2014 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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