

**DEFINING  
STRATEGIES  
DRIVING  
GROWTH**

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# Sunway REIT

## Financial Results

**4<sup>th</sup> Quarter Ended 30 June 2014  
(FYE 30 June 2014)**

**Announcement Date:  
11 August 2014**

# Disclaimer

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**This presentation 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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# 1. Financial Highlights & Key Updates

# Distribution Details



## Dividend Distribution Details

Distribution Period	1 April 2014 - 30 June 2014
Distribution per Unit (DPU) (sen)	2.03 <sup>1</sup>
Notice of Entitlement	11 August 2014
Ex-Dividend Date	22 August 2014
Book Closure Date	26 August 2014
Payment Date	10 September 2014

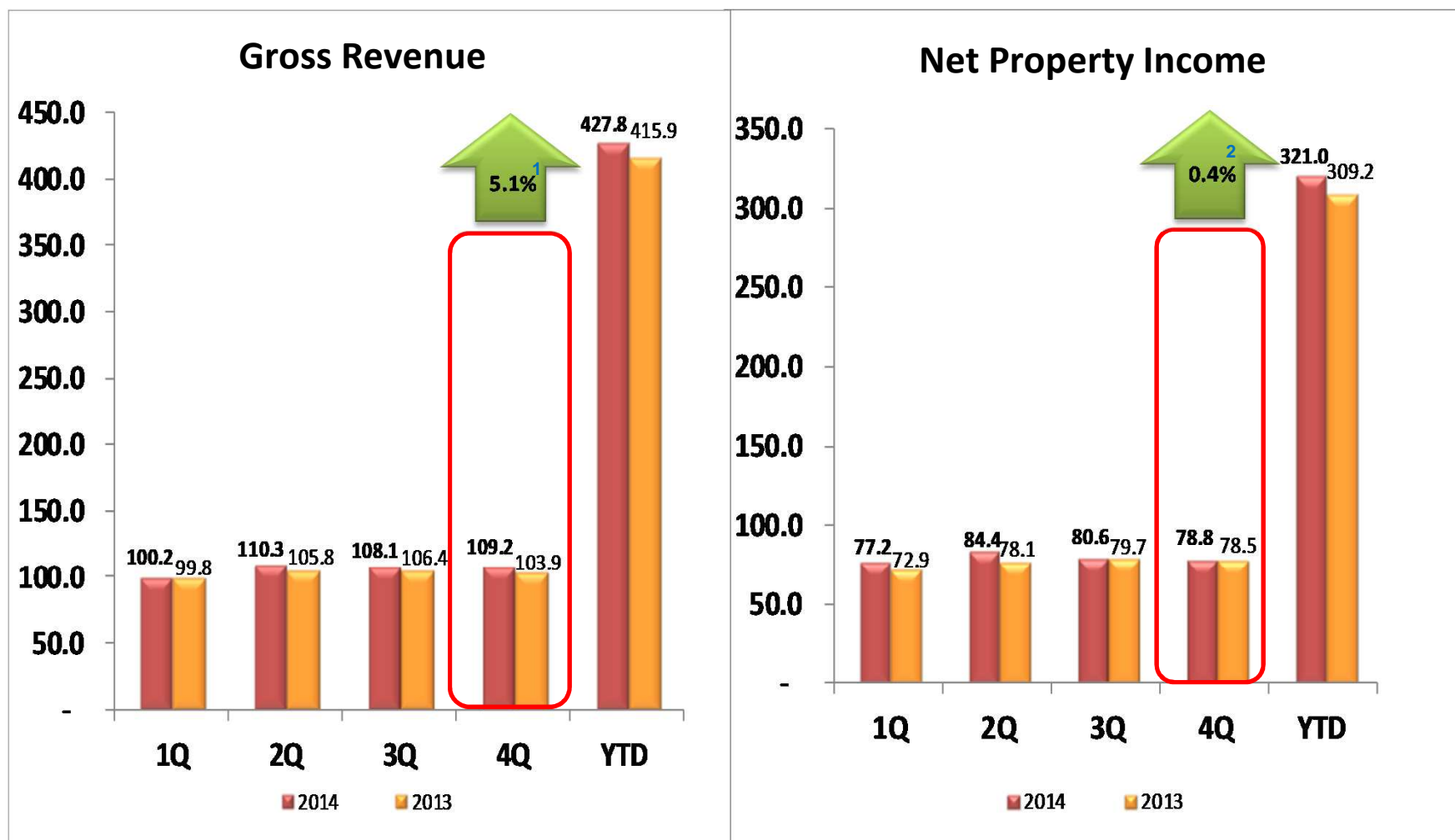
<sup>1</sup> Proposed income distribution for 4Q 2014 of 2.03 sen per unit (comprising taxable and non-taxable/tax exempt amount of 1.58 sen and 0.45 sen per unit respectively).

# Financial Highlights



Highlights	4Q 2014	4Q 2013	Change %
No. of Properties	12	12	0.0%
Property Value (RM'billion)	5.520	5.184	6.5%
No. of Units in Circulation	2,928,714,900	2,919,423,400	0.3%
Unit Price as at 30 June (RM)	1.44	1.54	-6.5%
Market Capitalisation (RM'billion)	4.217	4.496	-6.2%
Net Asset Value (NAV) per unit (RM) (After income distribution)	1.2390	1.1809	4.9%
Premium to NAV	16.2%	30.4%	-46.7%
Earnings Per Unit (EPU) (sen)	8.04	8.12	-1.0%
Distribution Per Unit (DPU) (sen)	2.03	2.02	0.5%
Distribution Yield (Based on market price as at 30 June)	5.8%	5.4%	7.7%
Management Expense Ratio (After income distribution)	0.78%	0.82%	-5.2%
YTD total return	-0.7%	18.6%	-103.7%
Gearing	31.1%	31.0%	0.3%

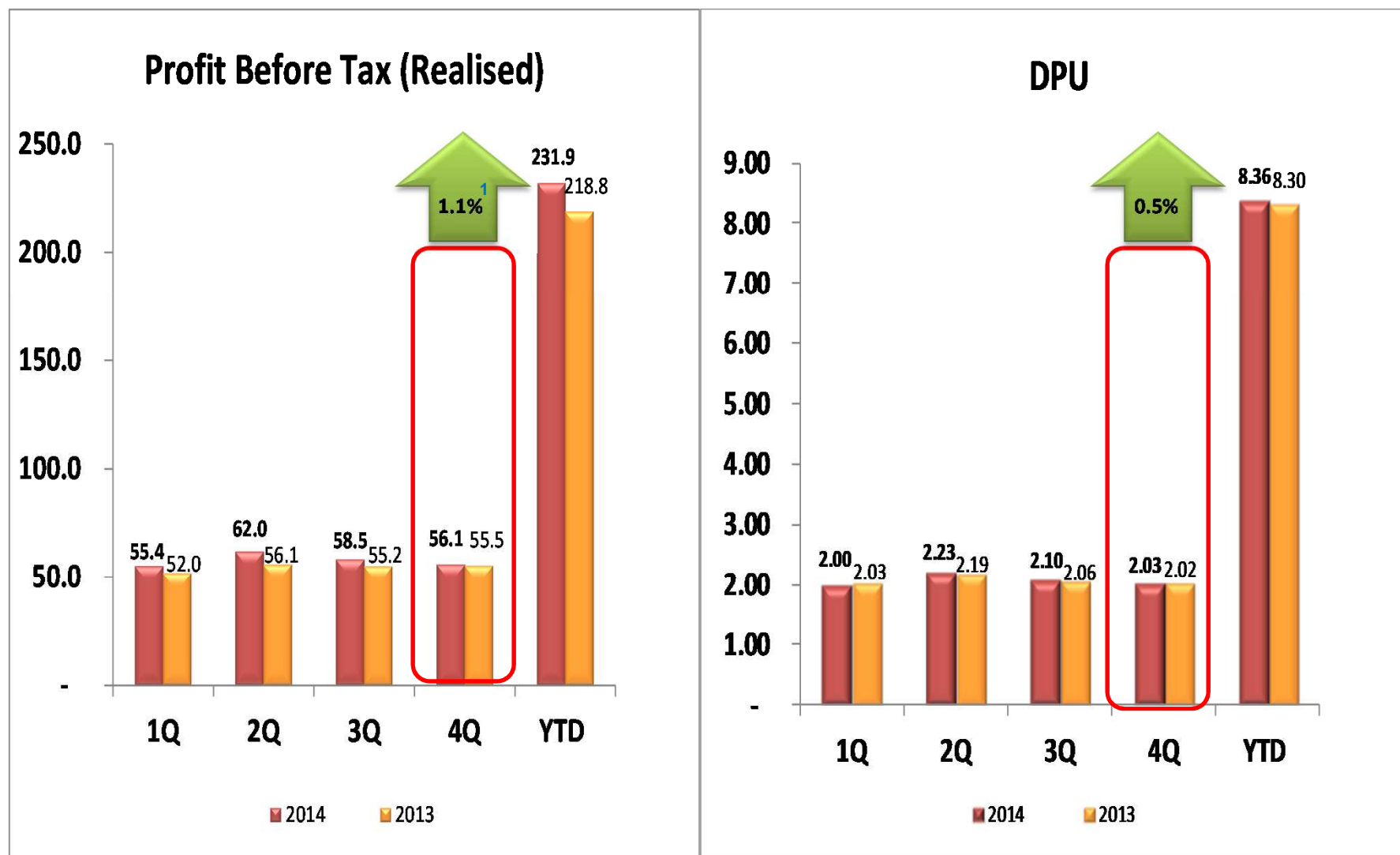
# Financial Highlights (Cont'd)



<sup>1</sup> Gross revenue increased by 5.1% or RM5.3m despite loss of contribution from Sunway Putra Mall which was closed for major refurbishment since May 2013, mainly contributed by better performance from Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall.

<sup>2</sup> NPI increased at a slower pace by 0.4% or RM0.3m mainly due to higher property operating expenses arising from electricity tariff hike, higher assessment for KL properties and maintenance expenses.

# Financial Highlights (Cont'd)



<sup>1</sup> Profit Before Tax (Realised) increased by 1.1% or RM0.6m mainly due to higher net property income and interest income coupled with lower trust expenses.

## Material litigation

After the Federal Court has on 20 February 2012 dismissed Metroplex Holdings Sdn Bhd's application for leave to appeal, RHB Trustees Berhad (as trustee of Sunway REIT) ("Trustee") and Sunway REIT Management Sdn Bhd ("Manager") proceeded with the enforcement of the remaining parts of the Orders made by the High Court that have not been enforced, *inter alia*, the damages awarded to the Trustee. The damages are subject to an assessment of damages to be undertaken by the High Court.

There are two proceedings as follows:

- (1) winding-up of Metroplex Holdings Sdn Bhd ("Metroplex") to enforce the payment of loss of income from 19 April 2011 to date of possession of RM6,189,000 under the Orders
- (2) assessment of damages of up to RM6.9 million

The High Court in the winding-up petition has found that there was no real dispute for the debt by Metroplex. The High Court ordered RM6,189,000 ("Stakeholder Sum") to be placed into a joint solicitors stakeholders account and the amount is to be released pending the full determination of the assessment of damages referred to in item (2) above.

The hearings for the assessment of damages under item (2) were held on 15 and 16 May 2014 and the matter has been fixed for decision on 27 August 2014.

## 2. 4Q 2014 Financial Results

# Statement of Comprehensive Income – Consolidated



	4Q 2014 RM'000	4Q 2013 RM'000	Change %	YTD 2014 RM'000	YTD 2013 RM'000	Change %
Gross revenue	109,217	103,906	5.1%	427,788	415,946	2.8%
Less : Property operating expenses	(30,394) <sup>1</sup>	(25,382)	-19.7%	(106,811)	(106,750)	-0.1%
<b>Net property income</b>	<b>78,823</b>	<b>78,524</b>	<b>0.4%</b>	<b>320,977</b>	<b>309,196</b>	<b>3.8%</b>
Changes in fair value of investment properties	179,122	173,487	3.2%	179,122	173,487	3.2%
Other income	635	451	40.8%	2,278	1,402	62.5%
Manager's fees	(6,559) <sup>2</sup>	(6,299)	-4.1%	(25,834)	(24,271)	-6.4%
Trustee's fees and other trust expenses	(963) <sup>2</sup>	(1,487)	35.2%	(2,388) <sup>2</sup>	(3,888)	38.6%
Finance costs	(15,848) <sup>3</sup>	(15,705)	-0.9%	(63,031)	(63,604)	0.9%
<b>Profit for the period/year</b>	<b>235,210</b>	<b>228,971</b>	<b>2.7%</b>	<b>411,124</b>	<b>392,322</b>	<b>4.8%</b>
<b>Total comprehensive income for the period/year comprises the following:</b>						
Realised						
- Initial 8 IPO assets + SMC	58,953	54,202	8.8%	238,725	203,221	17.5%
- Sunway Putra Place	(2,884) <sup>4</sup>	1,267	-327.6%	(6,794)	15,564	-143.7%
<b>Total realised</b>	<b>56,069</b>	<b>55,469</b>	<b>1.1%</b>	<b>231,931</b>	<b>218,785</b>	<b>6.0%</b>
Unrealised	179,141	173,502	3.3%	179,193	173,537	3.3%
<b>Total net profit for the period/year</b>	<b>235,210</b>	<b>228,971</b>	<b>2.7%</b>	<b>411,124</b>	<b>392,322</b>	<b>4.8%</b>
No. of Units in circulation (million)	2,929	2,919	0.3%	2,929	2,919	0.3%
<b>EPU (sen)</b>						
- realised	<b>1.91</b>	<b>1.88</b>	1.8%	7.93	7.87	0.8%
- unrealised	<b>6.13</b>	<b>6.24</b>	-1.8%	6.13	6.24	-1.8%
<b>Total EPU</b>	<b>8.04</b>	<b>8.12</b>	<b>-1.0%</b>	<b>14.06</b>	<b>14.11</b>	<b>-0.3%</b>
Proposed/declared distribution	<b>59,453</b>	<b>58,972</b>	<b>0.8%</b>	<b>244,533</b>	<b>230,893</b>	<b>5.9%</b>
<b>Proposed/declared distribution per unit (sen)</b>	<b>2.03</b>	<b>2.02</b>	<b>0.5%</b>	<b>8.36</b>	<b>8.30</b>	<b>0.7%</b>

<sup>1</sup> 4Q 2014 vs 4Q 2013 – Property operating expenses was higher in 4Q 2014 mainly attributable to higher utilities expenses following the electricity tariff hike, higher maintenance costs and provision for higher assessment for KL properties.

<sup>2</sup> 4Q 2014 vs 4Q 2013 – Other trust expenses was lower in the current quarter mainly due to lower valuation fee for desktop valuation in FY 2014 compared to full valuation in FY 2013.  
YTD 2014 vs YTD 2013 – Other trust expenses was higher in YTD 2013 mainly due to incurrence of one-off expense for the acquisition of SMC and private placement and the reason above.

<sup>3</sup> 4Q 2014 vs 4Q 2013 – Finance costs was only marginally higher in 4Q 2014 despite total outstanding borrowings increased by 6.7% primarily due to lower amortisation of loan upfront expenses and reduction in underwriting fee for the Commercial Papers (CPs) programme with effect from May 2013 (4Q 2013) following reduction of its underwritten limit as part of the active capital management strategies.

<sup>4</sup> 4Q 2014 vs 4Q 2013 – Higher realised net loss in 4Q 2014 compared to 4Q 2013 mainly due to lower income contribution from Sunway Putra Hotel as its average occupancy rate slipped from 57.0% in 4Q 2013 to 38.8% (63.3% based on number of saleable rooms) in 4Q 2014. The performance of this hotel was affected by the major refurbishment works at the adjoining Sunway Putra Mall. In 4Q 2013, there was a 1 month contribution from Sunway Putra Mall.

# Statement of Financial Position – Consolidated



	30.06.14 RM'000	30.06.13 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	3,039	1,283
Investment properties	5,520,000	5,184,000
Derivative <sup>1</sup>	-	7,540
	5,523,039	5,192,823
<b>Current assets</b>		
Receivables, deposits and prepayments	16,361	18,190
Cash and bank balances	54,607	58,519
Derivative <sup>1</sup>	12,484	-
	83,452	76,709
	5,606,491	5,269,532
<b>EQUITY AND LIABILITIES</b>		
<b>Unitholders' funds</b>		
Unitholders' capital	2,702,788	2,690,002
Undistributed income	985,283	816,467
	3,688,071	3,506,469
<b>Non-current liabilities</b>		
Borrowings <sup>1</sup>	1,000,000	1,317,850
Long term liabilities	60,279	41,956
	1,060,279	1,359,806
<b>Current liabilities</b>		
Borrowings <sup>1</sup>	742,042	314,769
Trade and other payables	116,099	88,488
	858,141	403,257
	5,606,491	5,269,532

	30.06.14 RM'000	30.06.13 RM'000
<b>Number of units in circulation ('000)</b>	<b>2,928,715</b>	<b>2,919,423</b>
<b>Net Asset Value (NAV) (RM'000)</b>		
Before income distribution	3,688,071	3,506,469
After income distribution	3,628,618	3,447,497
<b>NAV Per Unit (RM)</b>		
Before income distribution	1.2593	1.2011
After income distribution	1.2390	1.1809

<sup>1</sup> Derivative financial instrument and USD term loan were reclassified from non-current to current as the cross currency swap contract and USD term loan will be due for repayment within the next 12 months i.e. Feb 2015.

# Debt Profile



	Facility Limit RM'mil	RM'mil
Term Loan	310.8	321.0 <sup>1</sup>
Commercial Papers/Revolving Loans <sup>2</sup>	600.0	421.0
Unrated MTNs	1,000.0	1,000.0
Total Gross Borrowings		1,742.0
Discount on Commercial Papers		-
Total Borrowings at carrying amount		1,742.0

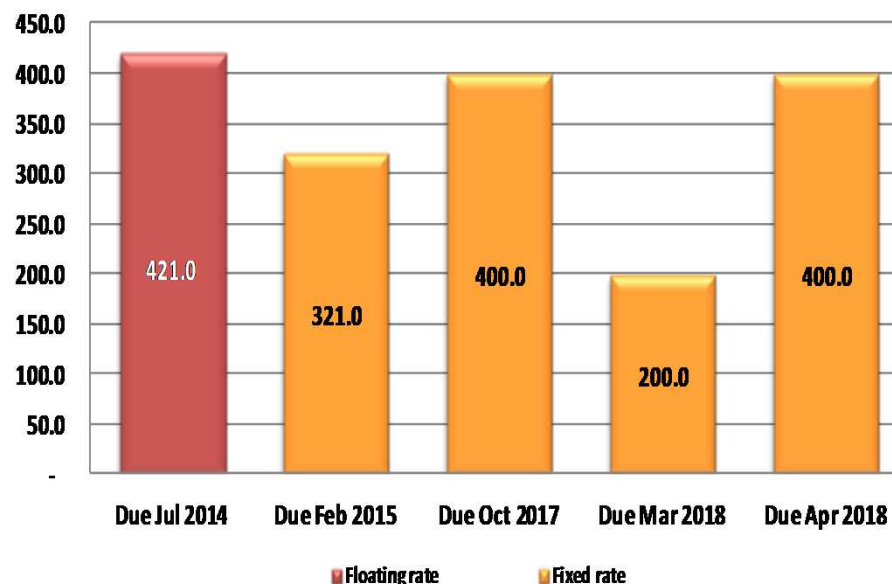
	RM'mil
Classification of Borrowings:	
Current (due within 1 year)	742.0
Non-current (due after 1 year)	1,000.0
Total Gross Borrowings	1,742.0

Average Cost of Debt	3.85%
Average Maturity Period (Years)	2.2
Debt Service Cover Ratio (DSCR)	5.0
Gearing Ratio	31.1%

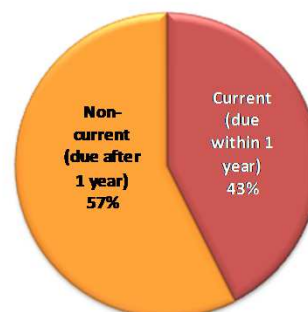
<sup>1</sup> Includes unrealised forex loss of RM10.2 million. This was fully hedged with cross currency swap contract entered on 3 February 2012.

<sup>2</sup> The current limit of RM600.0 million can be increased to RM1.25 billion up to April 2015 and can subsequently be increased to RM1.60 billion up to expiry of the programme in April 2019.

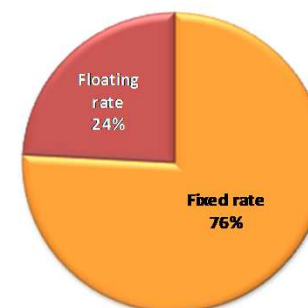
## Loan Maturity Profile (RM'mil)



## Classification of Borrowings



## Fixed versus Floating rate mix

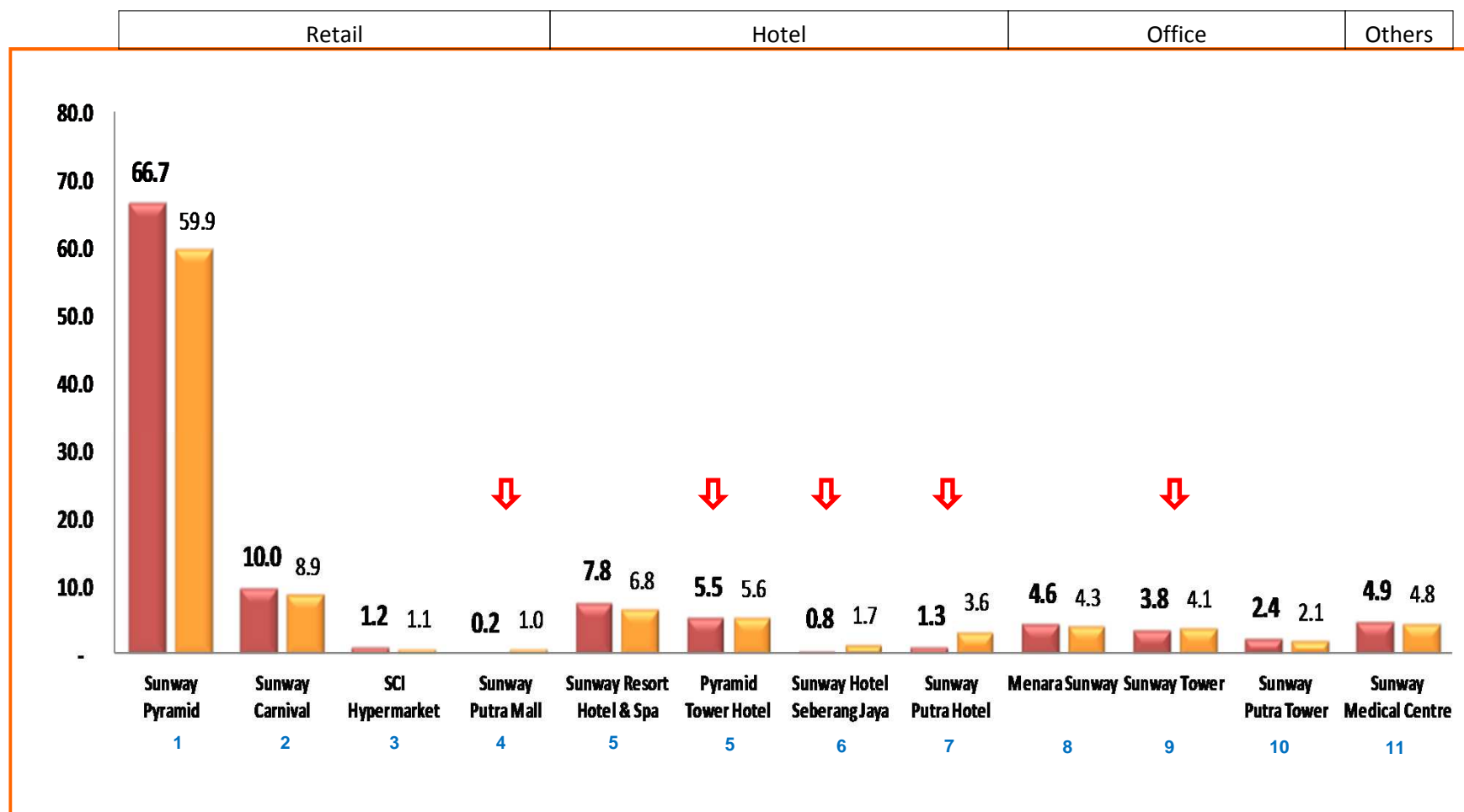


### **3. 4Q 2014 Portfolio Performance**

# 4Q 2014 Revenue Contribution



4Q 2014 (RM'mil)	109.2
4Q 2013 (RM'mil)	103.9



Please refer to next page for explanatory notes.

# 4Q 2014 Revenue Contribution (Cont'd)



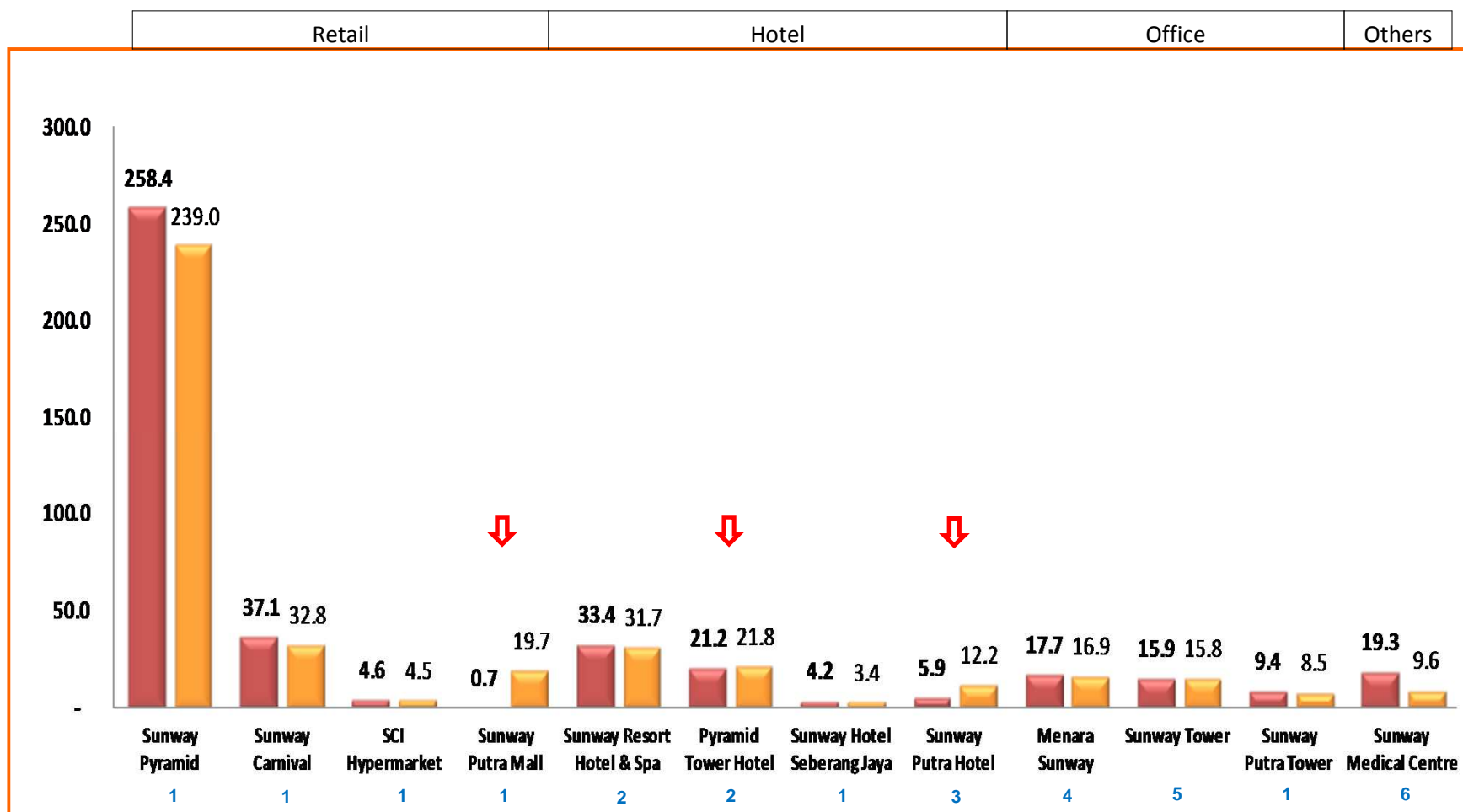
## Explanation:

- <sup>1</sup> Sunway Pyramid – Strong gross revenue growth primarily attributable to higher overall average rental rate (ARR) resulting from renewal/new tenancies whereby 1,033,523 sq. ft. was renewed/replaced with a double digit rental reversion for a 3-year term and additional income due to opening of Oasis Boulevard 5 (OB5) in 2Q 2014. The improved revenue was also due to increase in service and promotion charges with effect from June 2014.
- <sup>2</sup> Sunway Carnival – Robust growth in gross revenue mainly due to higher ARR resulting from a double digit rental reversion for a 3-year term and increase in service and promotion charges with effect from June 2014.
- <sup>3</sup> SCI Hypermarket – Higher revenue primarily due to renewal of tenancy agreement in April 2014 for a 3-year term at higher rental rate.
- <sup>4</sup> Sunway Putra Mall – Closed for major refurbishment since May 2013.
- <sup>5</sup> Sunway Resort Hotel & Spa and Pyramid Tower Hotel – Sunway Resort Hotel & Spa (SRHS) contributed higher revenue by 15.9% or RM1.1 mil for 4Q 2014. Average occupancy rate improved to 77.3% in 4Q 2014 compared to 72.7% in 4Q 2013 mainly due to recovery of the corporate and MICE business supported by tactical promotional activities undertaken. SRHS' rental contribution for 4Q 2013 was also affected by higher operating expenses due to replenishment of hotel operating equipment and major overhaul of plant and machineries. Likewise, Pyramid Tower Hotel (PTH) also enjoyed higher average occupancy rate of 82.2% in 4Q 2014 compared to 77.9% in 4Q 2013 due to the same reason as SRHS. However, revenue growth was flattish compared to 4Q 2013 as it is not supported by food & beverage and banquet operations being a “rooms only” hotel and also at the expense of room rates.
- <sup>6</sup> Sunway Hotel Seberang Jaya – Completed major refurbishment in May 2013 and achieved higher average occupancy of 81.5% for 4Q 2014 compared to 65.8% for 4Q 2013. However, revenue contribution for the current quarter was lower by 51.1% compared to 4Q 2013. In 4Q 2013, additional rental was recognised for shortfall in guaranteed rent and adjustment in hotel master lease rental pursuant to the annual statutory audit of the operator.
- <sup>7</sup> Sunway Putra Hotel – Adversely affected by the ongoing major refurbishment works at the adjoining Sunway Putra Mall since May 2013 and the hotel's own refurbishment. Occupancy for 4Q 2014 slipped to 38.8% (63.3% based on number of saleable rooms) compared to 57.0% in the preceding year corresponding quarter.
- <sup>8</sup> Menara Sunway – Higher revenue mainly due to rental reversion at higher average rental rates.
- <sup>9</sup> Sunway Tower - Lower gross revenue due to surrender of some space by an anchor tenant.
- <sup>10</sup> Sunway Putra Tower – Commendable jump in revenue due to alignment of the current low rental rates to market rate from a tenancy renewal.
- <sup>11</sup> Sunway Medical Centre – Higher revenue by 3.5% due to rental reversion in accordance with the Master Lease Agreement.

# YTD 4Q 2014 Revenue Contribution



YTD 4Q 2014 (RM'mil)	427.8
YTD 4Q 2013 (RM'mil)	415.9



Please refer to next page for explanatory notes.

# YTD 4Q 2014 Revenue Contribution (Cont'd)

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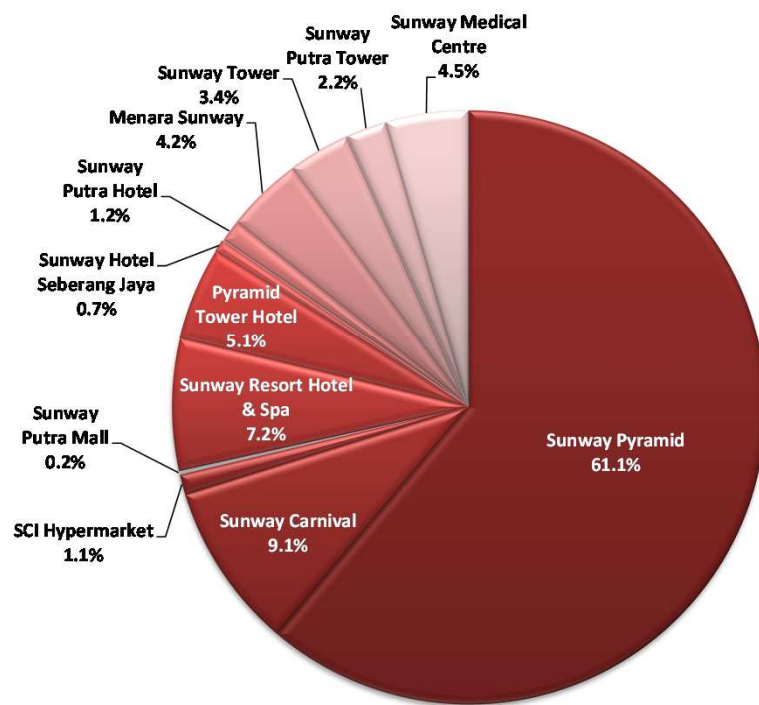
## Explanation:

- <sup>1</sup> Same reason as in previous slide.
- <sup>2</sup> Sunway Resort Hotel & Spa and Pyramid Tower Hotel - Sunway Resort Hotel & Spa's performance in YTD 4Q 2014 had improved with a 5.3% growth in revenue or RM1.7 million compared to YTD 4Q 2013, after experiencing a slowdown in corporate activities prior to the general election in FY2013 and a weak 1Q 2014 attributable to slower macro environment in the electrical & electronics sector which the hotel predominantly served. Average occupancy soared to 78.8% in YTD 4Q 2014 compared to 71.3% in YTD 4Q 2013, as a result of tactical promotion activities during the year supported by recovery in the corporate and MICE activities. SRHS' rental contribution for YTD 4Q 2013 was also affected by higher operating expenses due to replenishment of hotel operating equipment and major overhaul of plant and machineries. Although similar strategy was applied to Pyramid Tower Hotel which faced the same headwinds as Sunway Resort Hotel & Spa, its performance did not rebound as strongly and was lower by 2.4% or RM0.5 million compared to YTD 4Q 2013 despite achieving higher average occupancy at 82.4% compared to 78.7% in the previous year as it is not supported by food & beverage and banquet operations being a "rooms only" hotel and also at the expense of room rates.
- <sup>3</sup> Sunway Putra Hotel – This property's performance was adversely affected by the ongoing refurbishment works at the adjoining Sunway Putra Mall as explained in slide 17, with drop in average occupancy from 60.2% for YTD 4Q 2013 to 42.6% (53.8% based on number of saleable rooms) for YTD 4Q 2014. Consequently the lease rental from this property declined by 52.0% from RM12.1 million for YTD 4Q 2013 to RM5.8 million for YTD 4Q 2014. The guaranteed rental for the this property was waived for FY2014 and FY2015 in light of the disruptions from Sunway Putra Mall. The shortfall between actual rent and guaranteed rent for FY2014 was RM4.0 million ("Differential Sum"). The Differential Sum shall be adjusted in agreed proportions and added to the guaranteed rent from the 4<sup>th</sup> Fiscal Year until the 11<sup>th</sup> Fiscal Year.
- <sup>4</sup> Menara Sunway - Higher revenue mainly due to completion of the asset enhancement initiative (AEI) in 2Q 2013 and higher average rental rate from rental reversion.
- <sup>5</sup> Sunway Tower - Higher revenue mainly due to marginally improved YTD average occupancy rate.
- <sup>6</sup> SMC – Higher revenue due to full year income contribution and annual rental reversion of 3.5%.

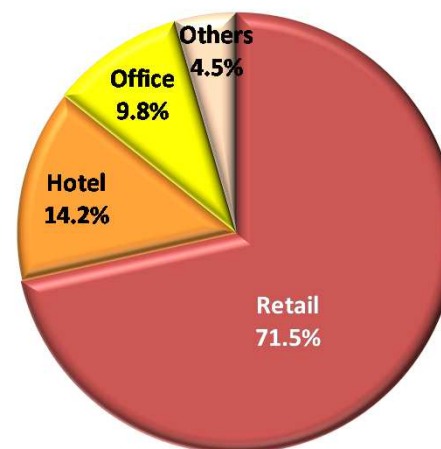
# 4Q 2014 Revenue Contribution



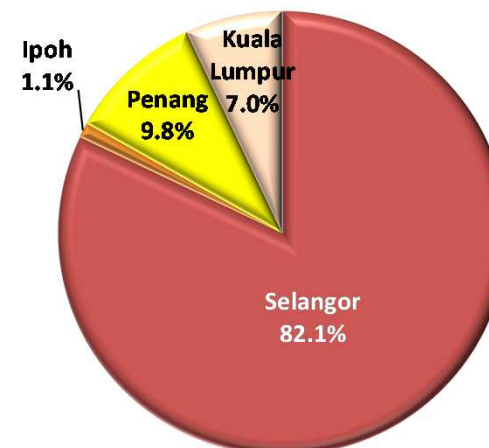
## By property



## By sector



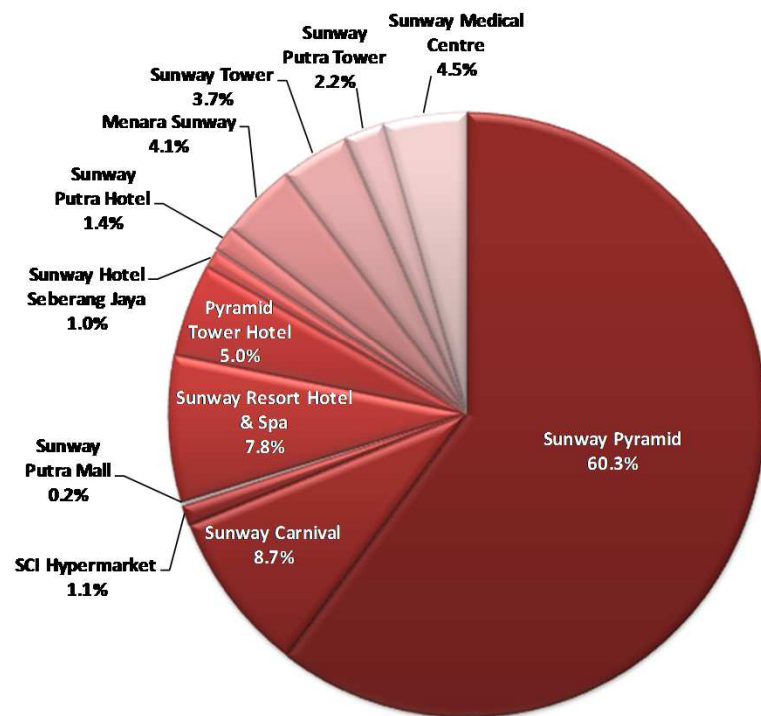
## By location



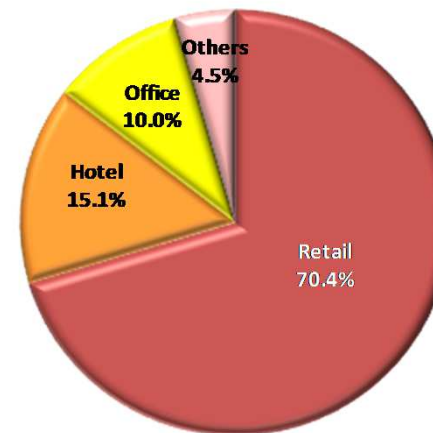
# YTD 4Q 2014 Revenue Contribution



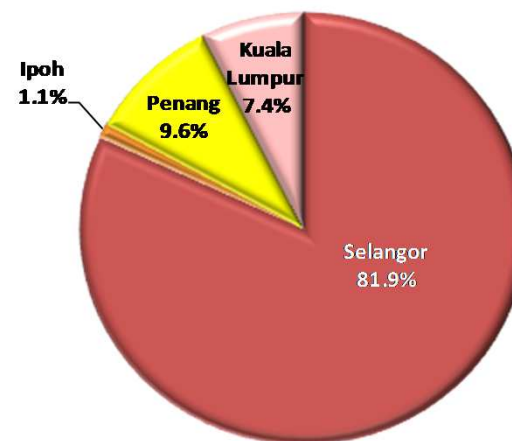
## By property



## By sector



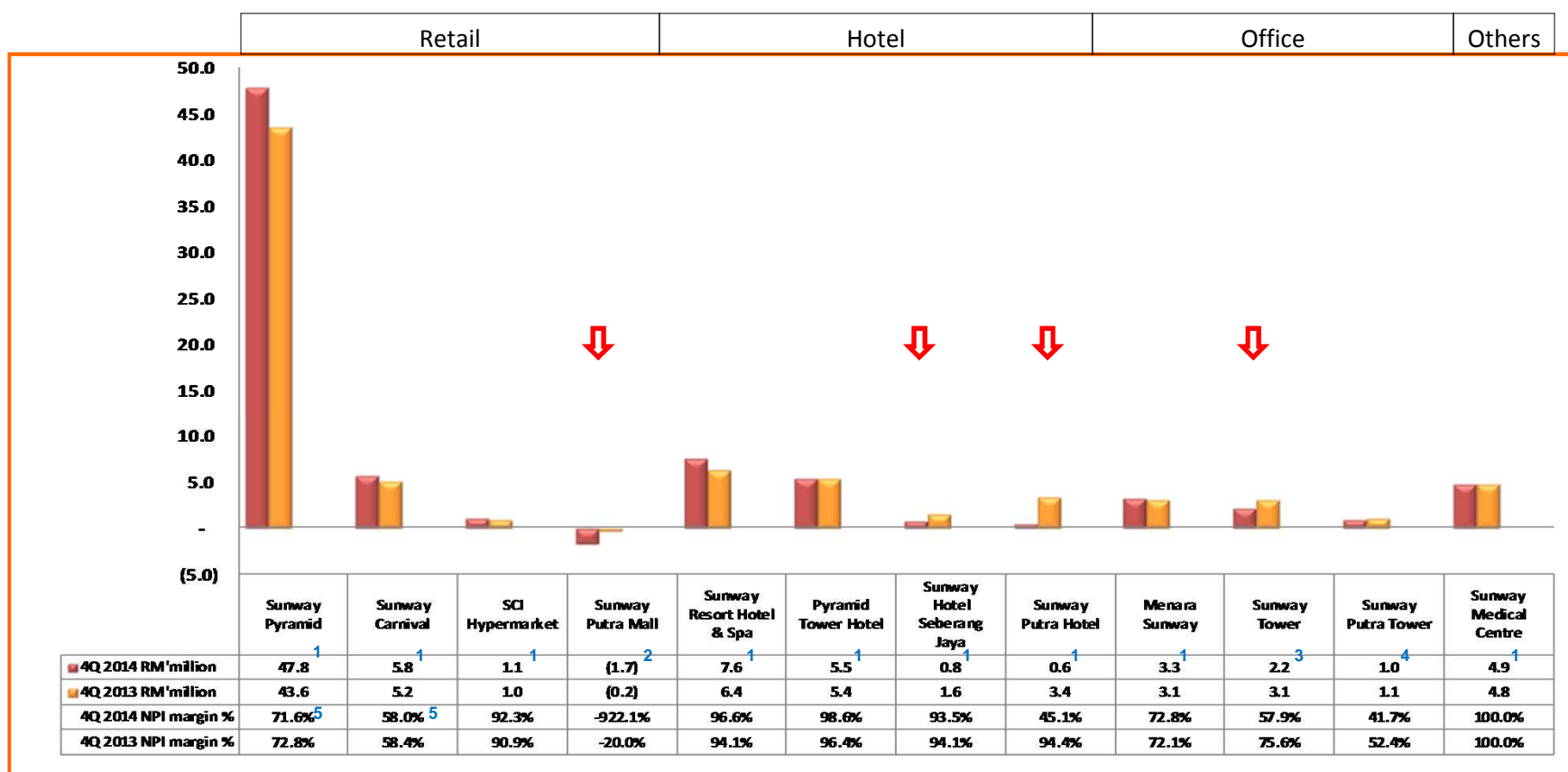
## By location



# 4Q 2014 NPI Contribution



	<u>NPI</u>	<u>Margin</u>
4Q 2014 (RM'mil)	78.8	72.2%
4Q 2013 (RM'mil)	78.5	75.6%



<sup>1</sup> As explained in slide 17.

<sup>2</sup> Sunway Putra Mall – Net property loss mainly due to quit rent, assessment, insurance and property management reimbursement costs.

<sup>3</sup> Sunway Tower – Lower NPI mainly attributable to higher utilities expenses following the electricity tariff hike, provision for increased assessment and higher general building upkeep expenses.

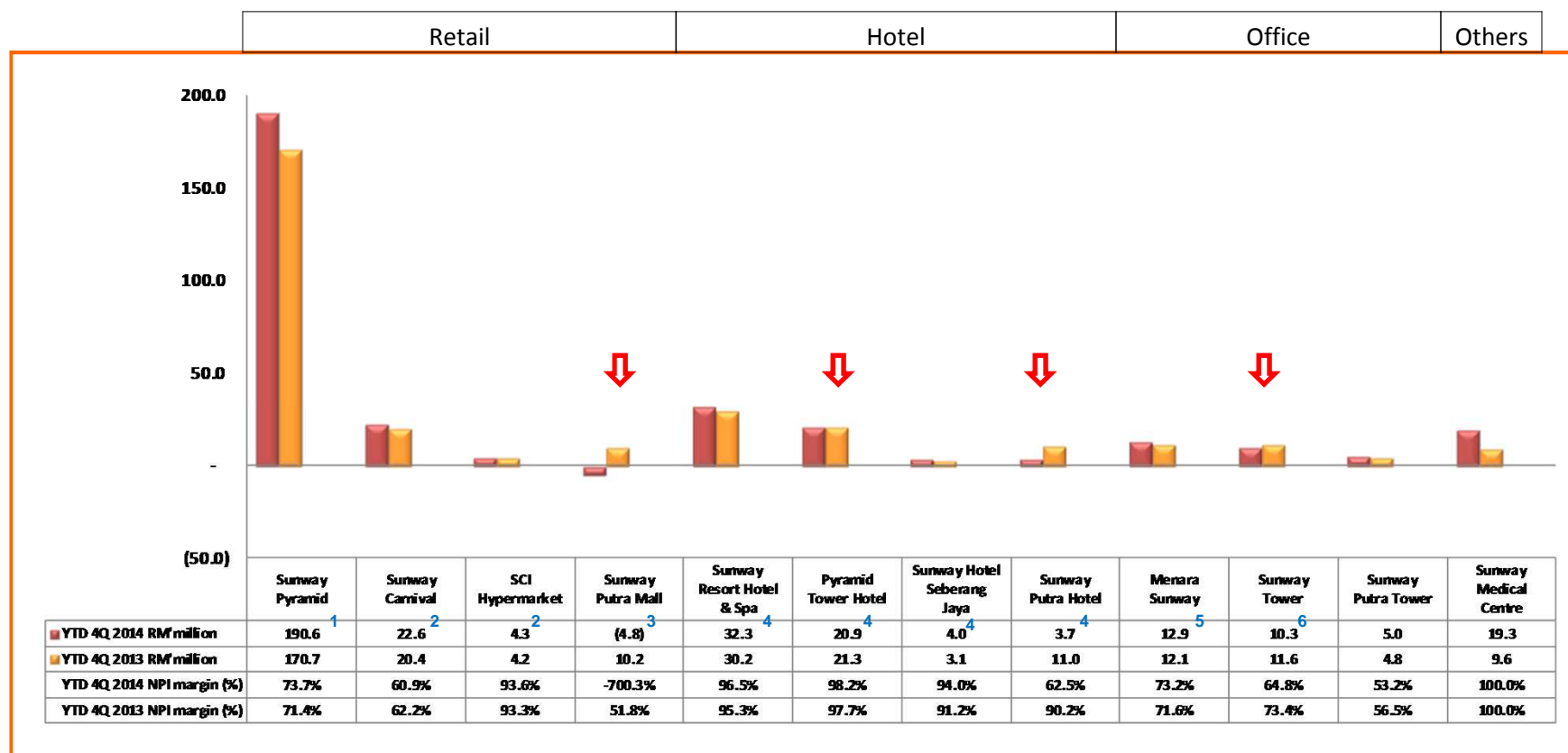
<sup>4</sup> Sunway Putra Tower - Lower NPI mainly due to higher utilities expenses following the electricity tariff hike, provision for higher assessment as well as higher advertising and agents' commission incurred.

<sup>5</sup> Sunway Pyramid and Sunway Carnival NPI Margin – Lower NPI margin due to higher utilities expenses following the electricity tariff hike and higher maintenance costs.

# YTD 4Q 2014 NPI Contribution



	<b>NPI</b>	<b>Margin</b>
YTD 4Q 2014 (RM'mil)	321.0	75.0%
YTD 4Q 2013 (RM'mil)	309.2	74.3%

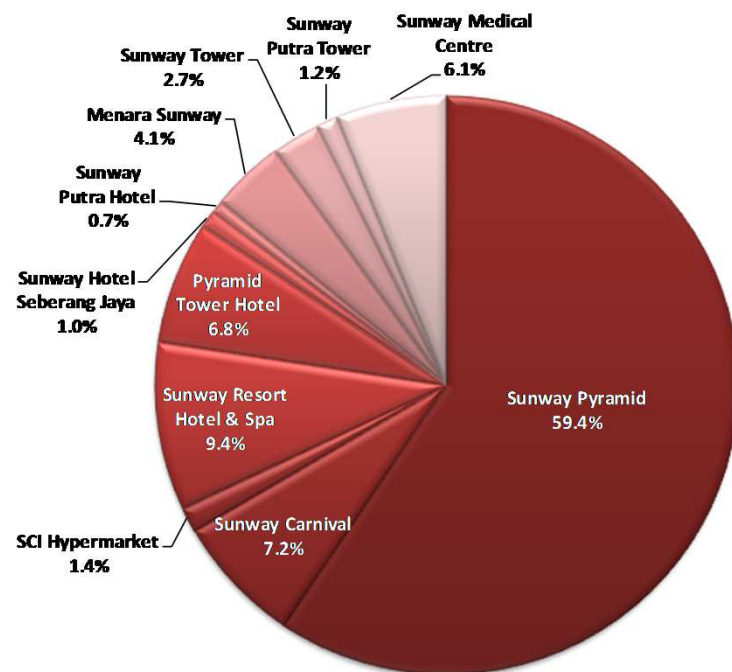


- Sunway Pyramid – Higher NPI attributable to increase in revenue coupled with lower utilities expense in the first half FYE 2014 (prior to the tariff hike in January 2014) arising from energy savings upon completion of chiller retrofit exercise in 4Q 2013 and lower provision for doubtful debts.
- Sunway Carnival and SCI Hypermarket – Higher NPI due to higher revenue as explained in slide 17.
- Sunway Putra Mall – Net property loss mainly due to quit rent, assessment, insurance and property management reimbursement costs.
- Sunway Resort Hotel & Spa, Pyramid Tower Hotel, Sunway Hotel Seberang Jaya, Sunway Putra Hotel and Sunway Medical Centre – As explained in Slide 19.
- Menara Sunway – Higher NPI due to higher revenue as explained in slide 17 and lower maintenance costs.
- Sunway Tower – Lower NPI due to higher utilities expenses following the electricity tariff hike, provision for increased assessment and higher general building upkeep expenses.

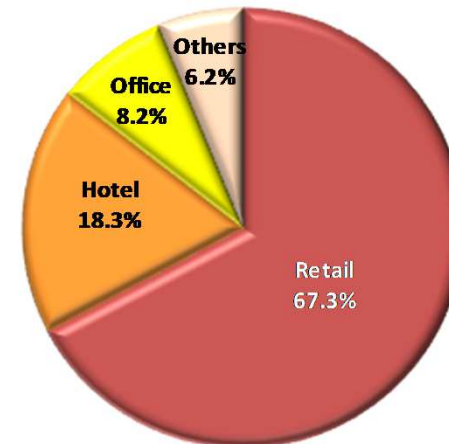
# 4Q 2014 NPI Contribution



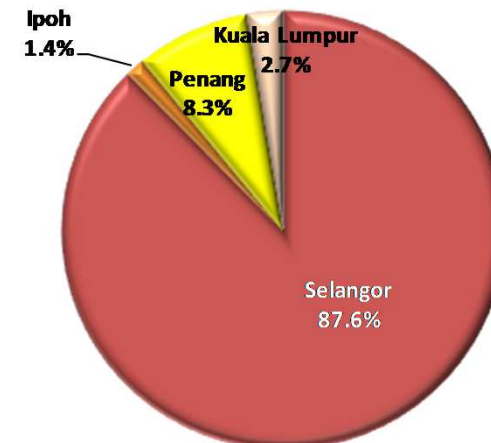
## By property



## By sector



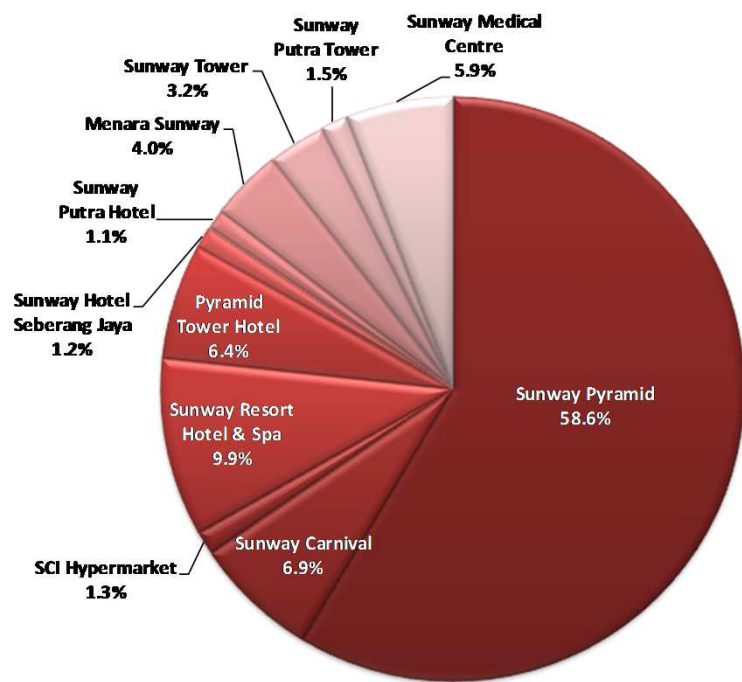
## By location



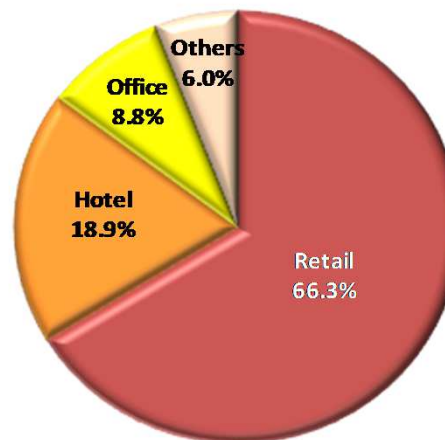
# YTD 4Q 2014 NPI Contribution



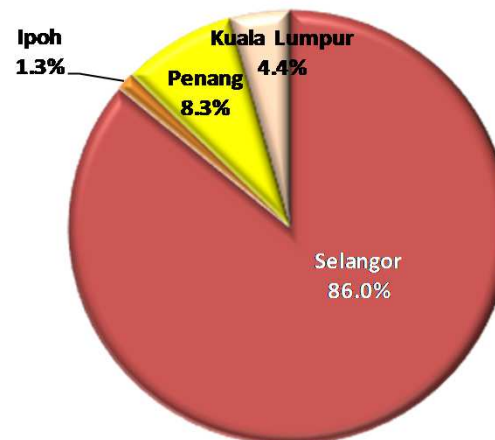
## By property



## By sector



## By location



# RESILIENT INCOME STREAM

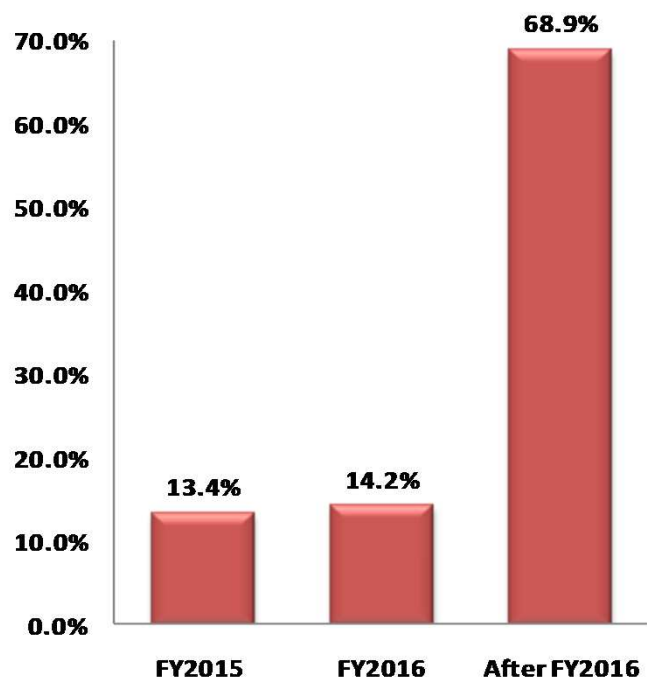
Well spread-out lease expiry profile and diverse tenant base



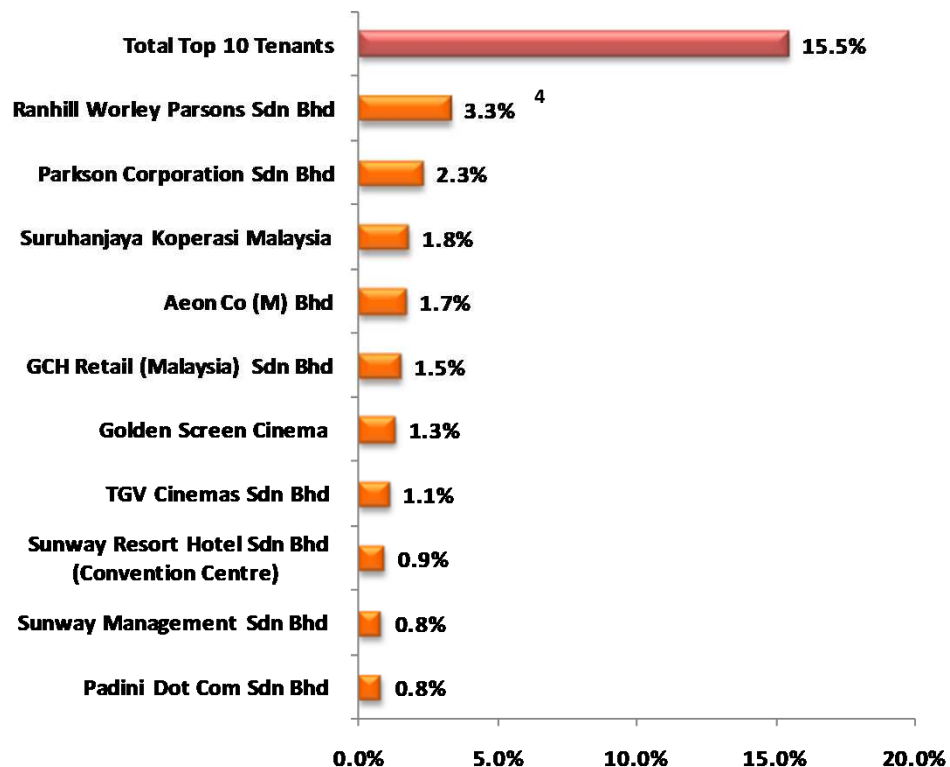
WALE <sup>1</sup> as at 30 June 2014– 2.49 years

Top 10 tenants comprise approximately 15.5%

Projected tenancy expiry of portfolio <sup>2</sup>



Top 10 tenants <sup>3</sup>



<sup>1</sup> Calculated based on gross rental income.

<sup>2</sup> Calculated using NLA for the Retail and Office Properties and GFA for the Hotel and Hospital Properties.  
(NLA for Sunway Putra Mall has been excluded as the mall is closed for major refurbishment.)

<sup>3</sup> Based on gross rental income for the month of June 2014.  
(Exclude Hotel Master Leases, Hospital Master Lease and car park tenancies.)

<sup>4</sup> Ranhill's contribution will drop to approximately 1.9% upon surrendering approximately 72,000 sq. ft. in FY2015

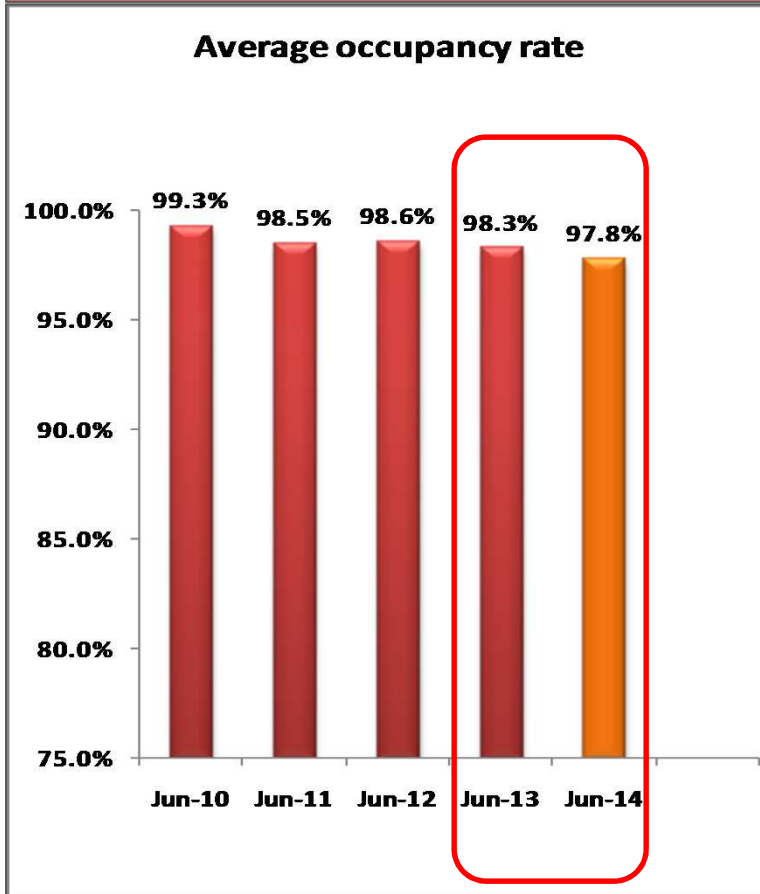
## 4. 4Q 2014 Property Performance

# RETAIL PROPERTIES

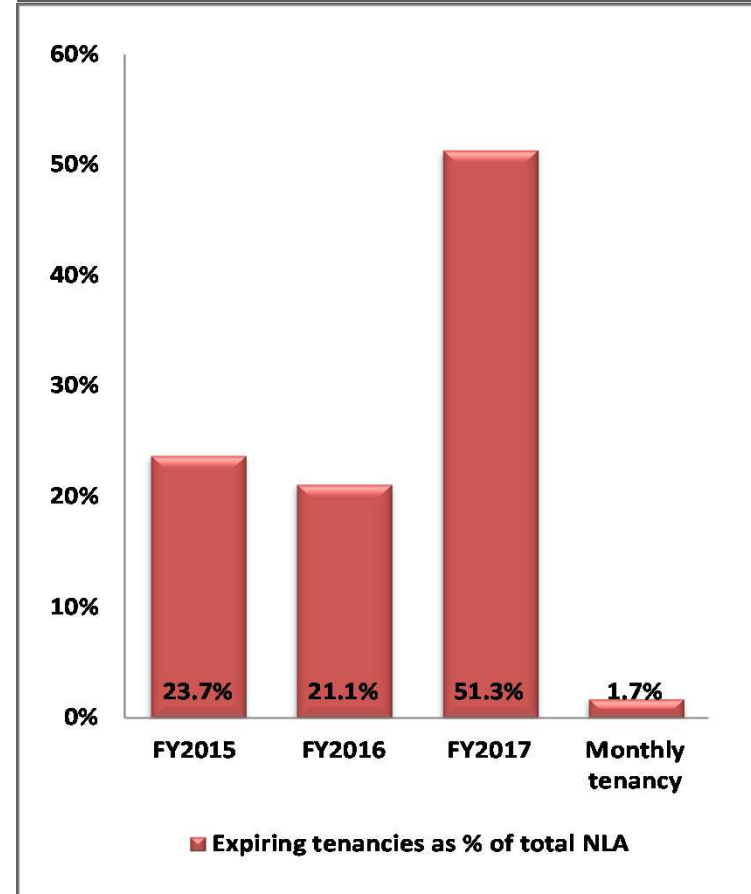
## SUNWAY PYRAMID SHOPPING MALL



Historical occupancy rates



Projected lease expiry schedule



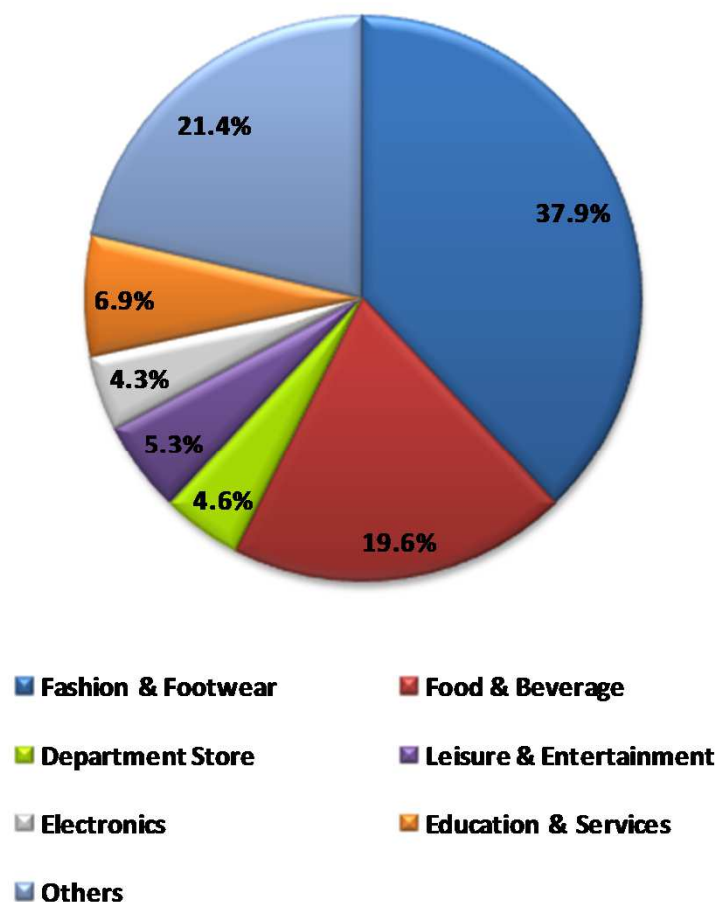
Note: Lower average occupancy rate for FY 2014 (97.8%) compared to FY 2013 (98.3%) was mainly due to the reconfiguration work for an existing area of 22,096 sq.ft. under Oasis Boulevard 5 Project which commenced in April (4Q 2013) was only completed in December 2013 (2Q 2014).

# RETAIL PROPERTIES

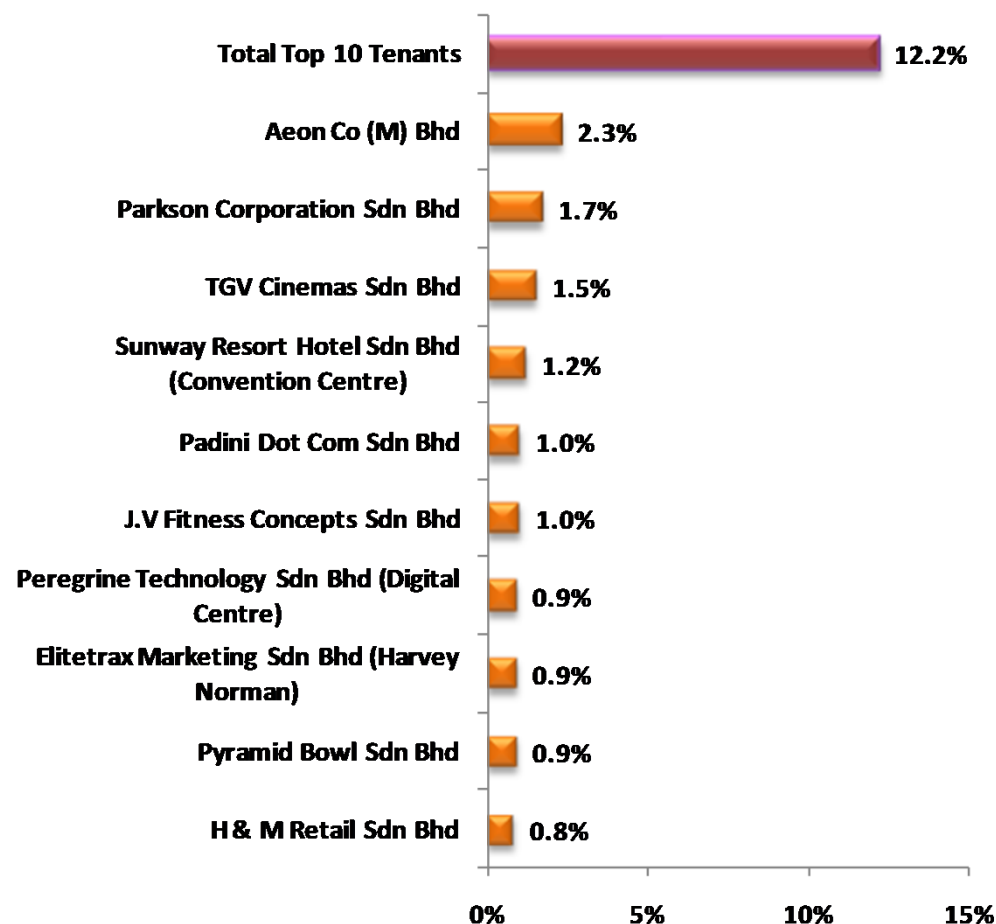
## SUNWAY PYRAMID SHOPPING MALL (Cont'd)



Tenant mix



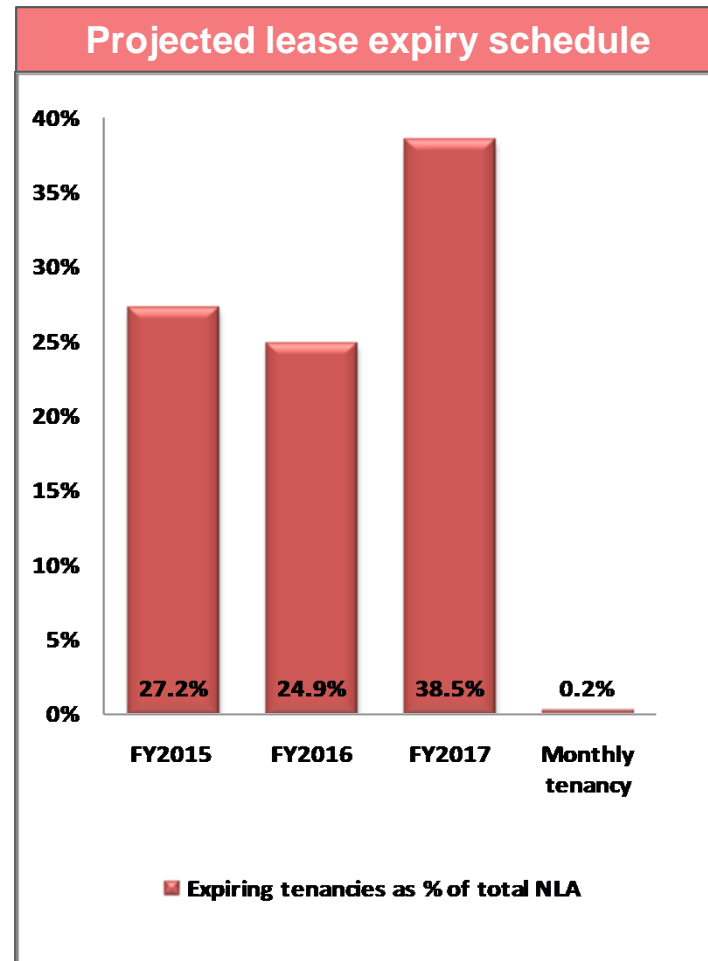
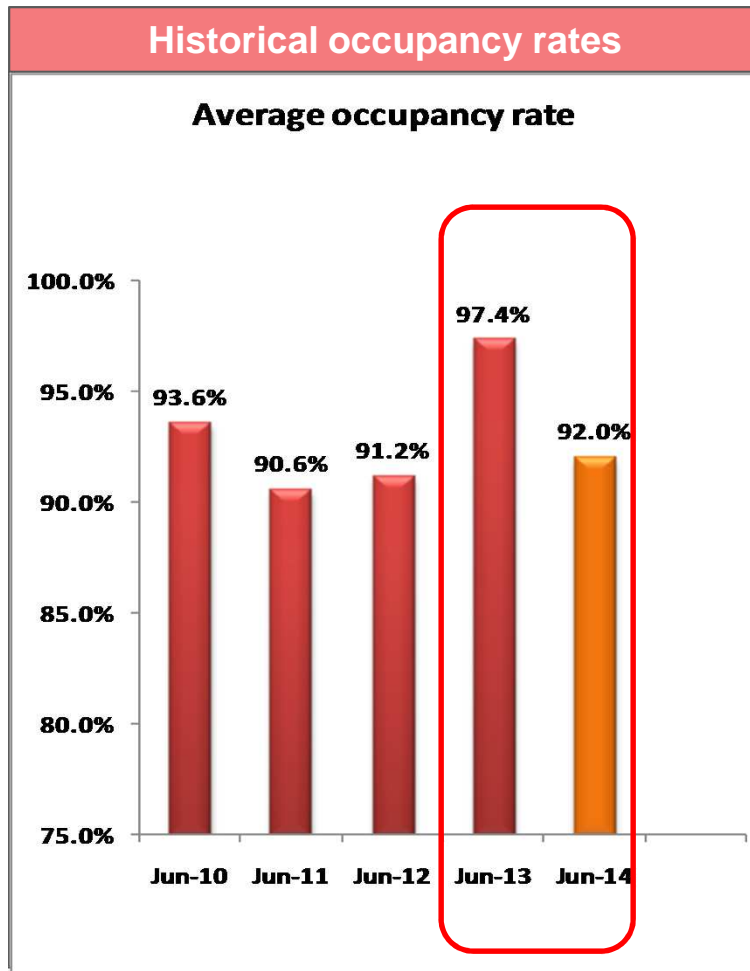
Top 10 tenants



Note: Based on gross rental income for the month of June 2014

# RETAIL PROPERTIES

## SUNWAY CARNIVAL SHOPPING MALL



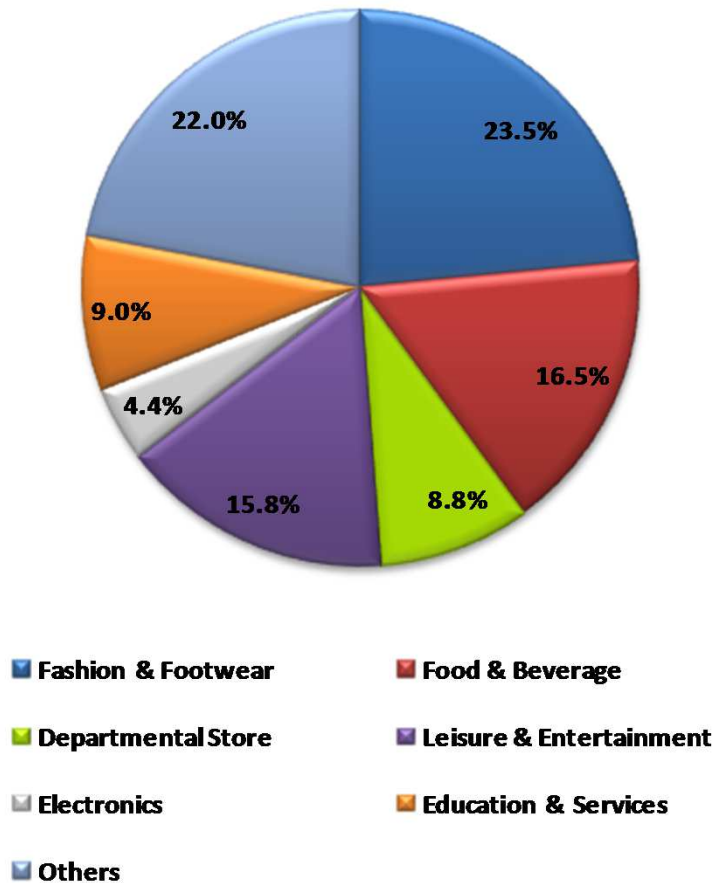
Note: Lower average occupancy rate for FY 2014 (92.0%) compared to FY 2013 (97.4%) was mainly due to non-renewal by a mini anchor tenant in June 2013 with NLA of 39,676 sq. ft. This space will be occupied by a new tenant effective July 2014 (FY 2015). Upon commencement of the tenant's operations, the average occupancy rate is expected to increase to 99%.

# RETAIL PROPERTIES

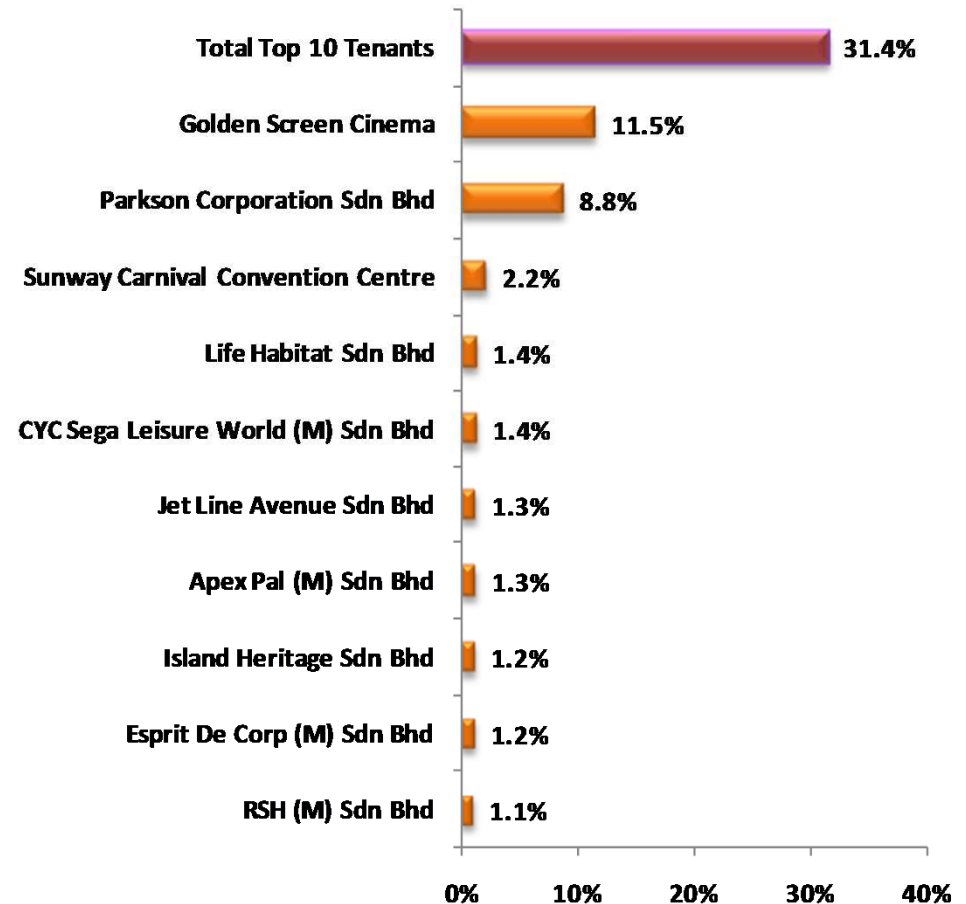
## SUNWAY CARNIVAL SHOPPING MALL (Cont'd)



Tenant mix



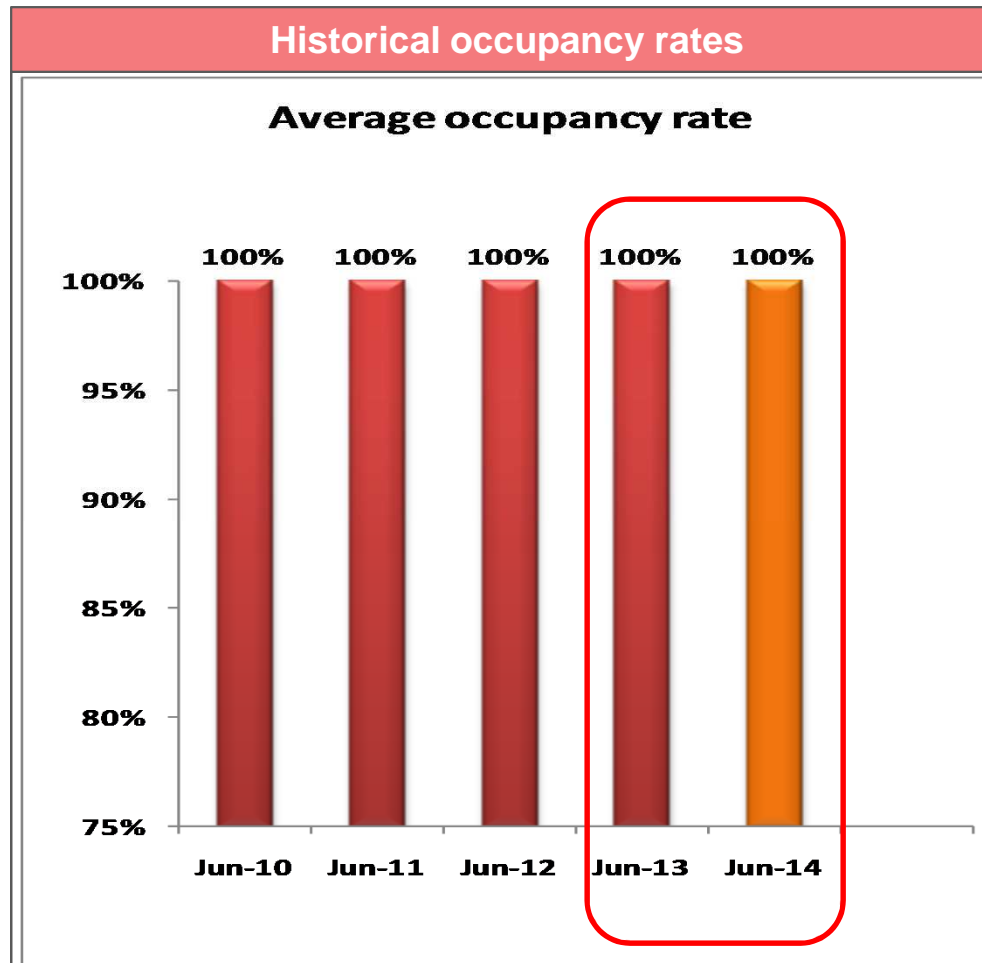
Top 10 tenants



Note: Based on gross rental income for the month of June 2014

# RETAIL PROPERTIES

## SUNCITY IPOH HYPERMARKET



Suncity Ipoh Hypermarket is tenanted to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand in Malaysia, Singapore, Indonesia and Brunei Darulsalam. The tenancy was recently renewed in April 2014 at a predetermined rental reversion rate for a period of 3 years.

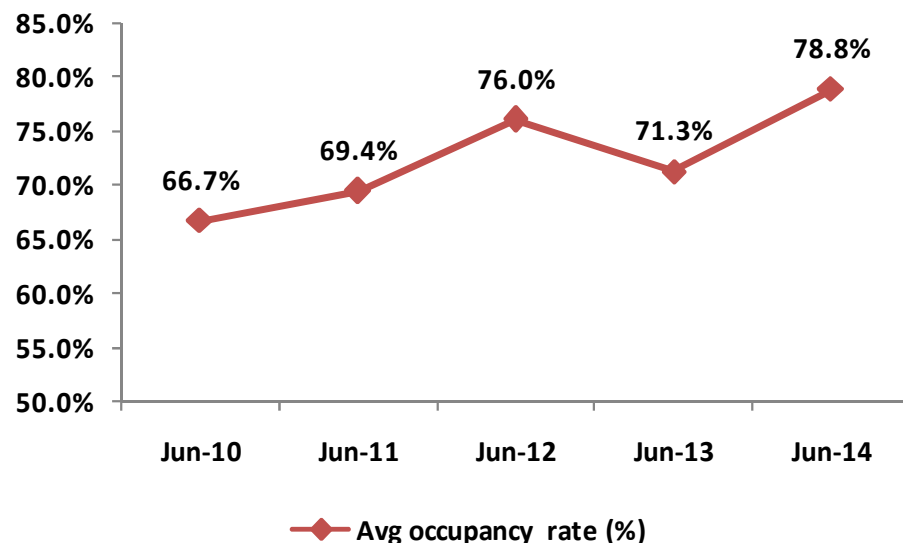
# HOSPITALITY PROPERTIES

## SUNWAY RESORT HOTEL & SPA

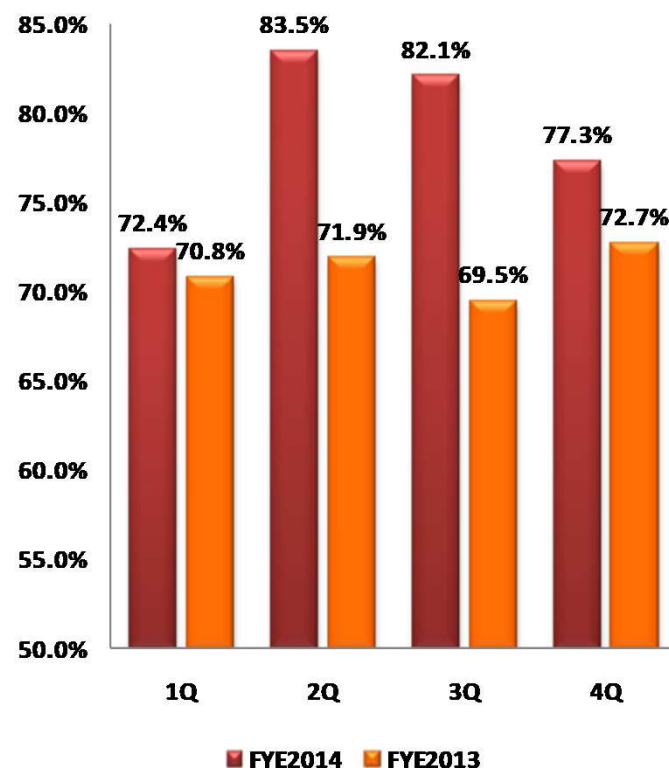


Historical occupancy rate (Q on Q)

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

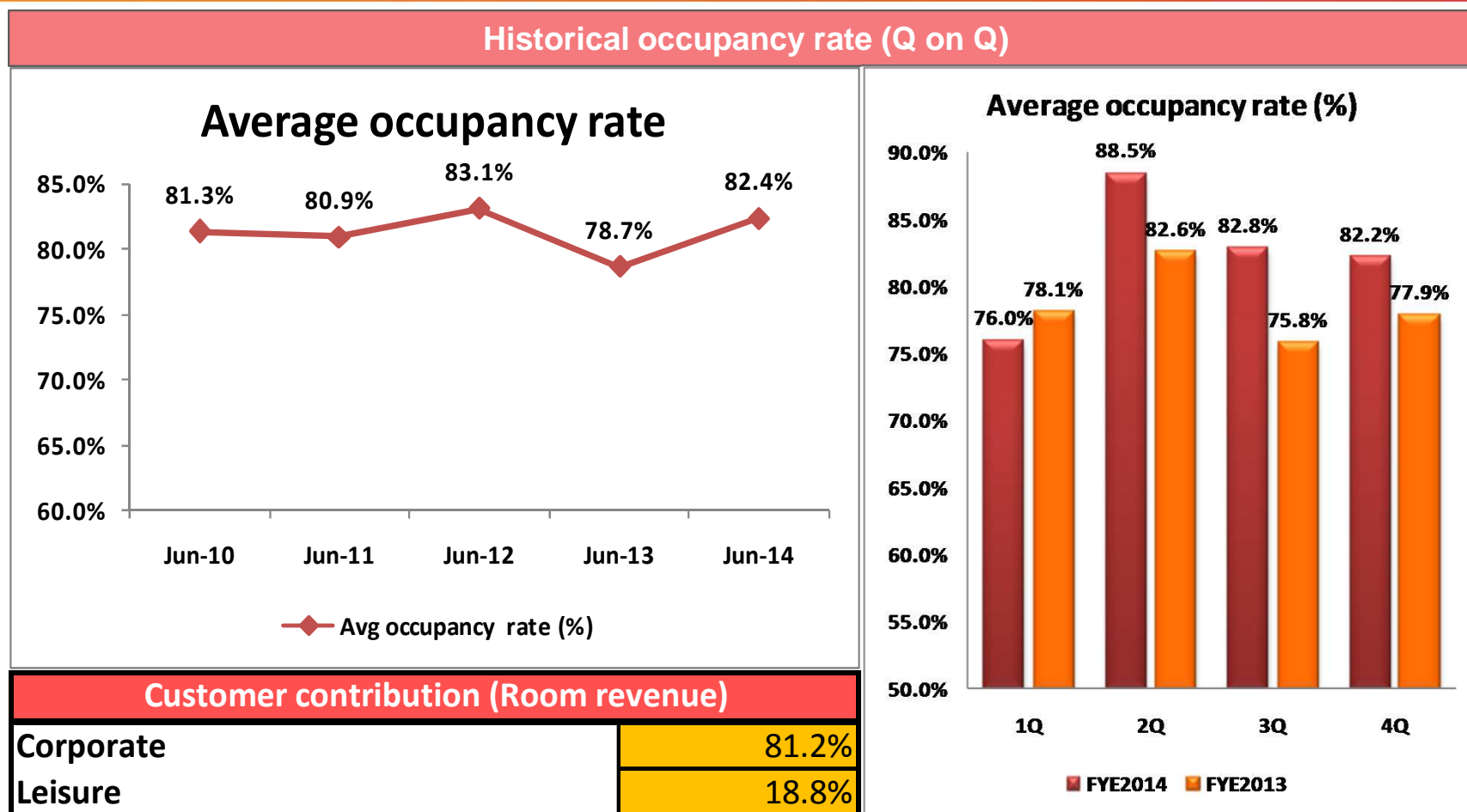
Corporate	73.8%
Leisure	26.2%

Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Pyramid Tower Hotel master lease is expiring in July 2020.

Sunway Resort Hotel & Spa's occupancy rate improved to 77.3% in 4Q 2014 compared to 72.7% in 4Q 2013 mainly due to recovery of the corporate and MICE business supported by tactical promotional activities undertaken.

# HOSPITALITY PROPERTIES

## PYRAMID TOWER HOTEL



Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Pyramid Tower Hotel master lease is expiring in July 2020.

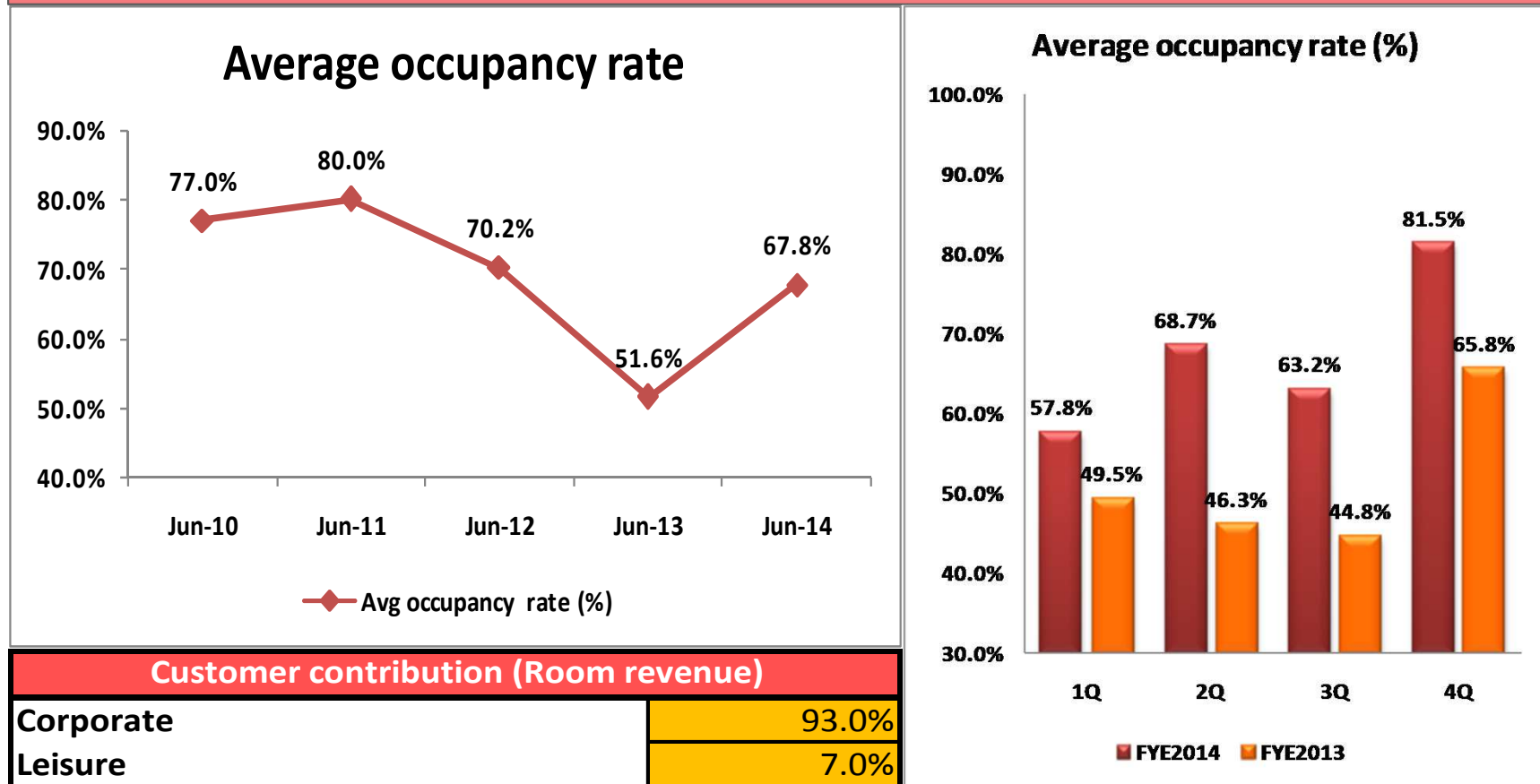
Pyramid Tower Hotel (PTH) also enjoyed higher occupancy rate of 82.2% in 4Q 2014 compared to 77.9% in 4Q 2013 due to the same reason as SRHS.

# HOSPITALITY PROPERTIES

## SUNWAY HOTEL SEBERANG JAYA



Historical occupancy rate (Q on Q)



Note 1: The hotel properties are under 10-years master leases. The Sunway Hotel Seberang Jaya master lease is expiring in July 2020.

Note 2: Higher occupancy for current quarter (4Q 2014) compared to 4Q 2013 was due to completion of the major refurbishment in 4Q 2013.

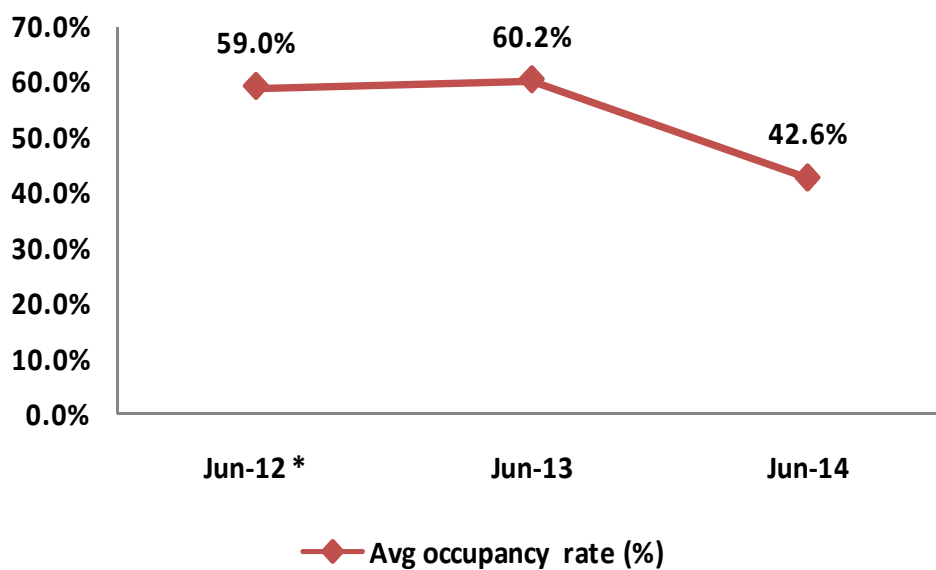
# HOSPITALITY PROPERTIES

## SUNWAY PUTRA HOTEL

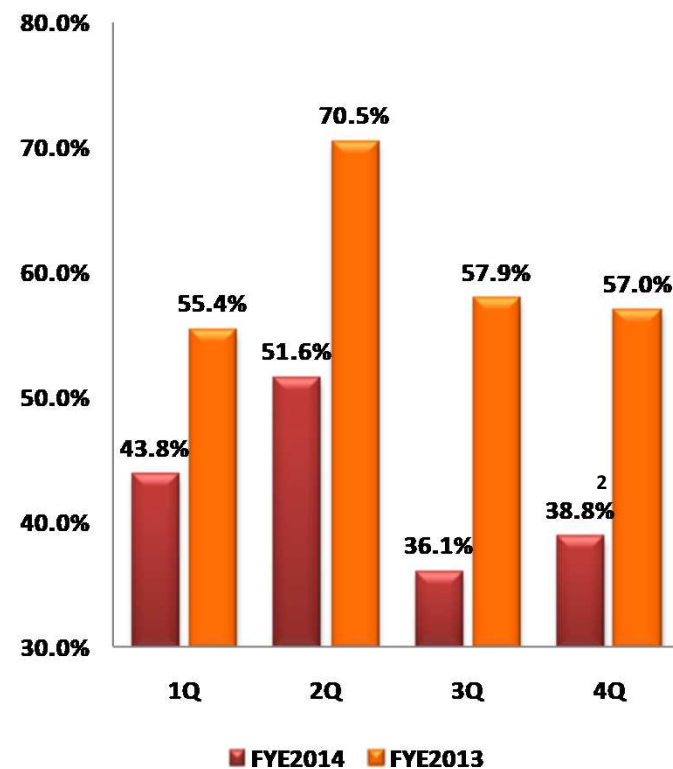


Historical occupancy rate (Q on Q)

### Average occupancy rate



### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	78.6%
Leisure	21.4%

Note 1: The hotel properties are under 10-years master leases. The Sunway Putra Hotel master lease is expiring in September 2021.

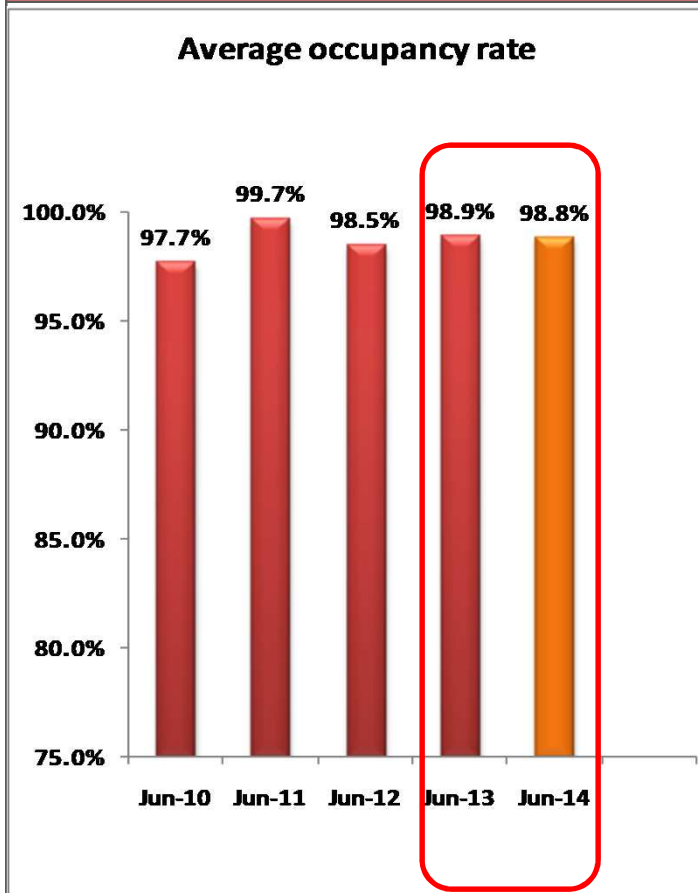
Note 2: The occupancy rate dropped significantly mainly due to the adverse impact of the ongoing refurbishment of the adjoining Sunway Putra Mall and the hotel's own upgrading works. Occupancy was 63.3% based on number of saleable rooms.

# OFFICE PROPERTIES

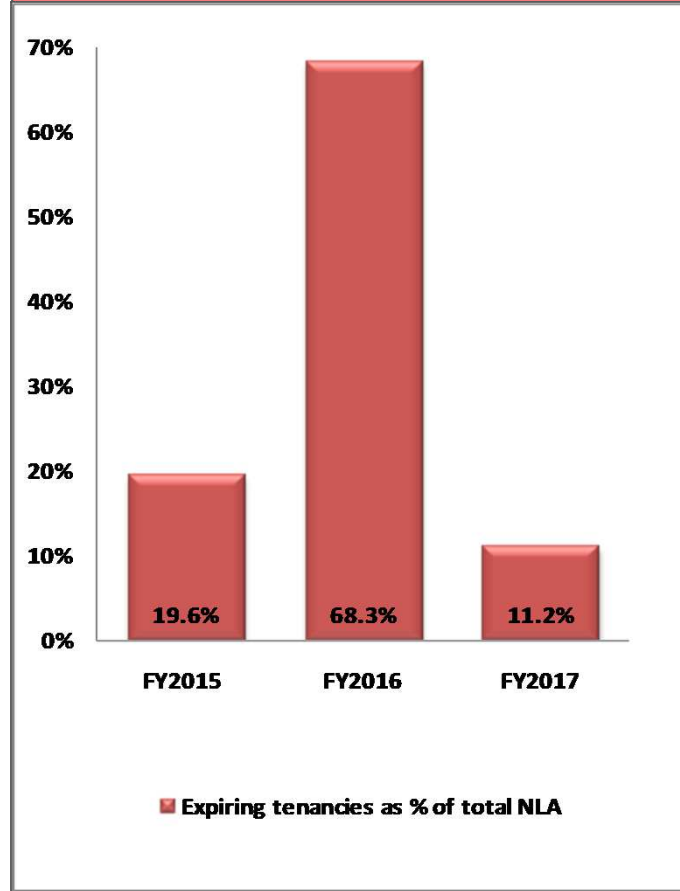
## MENARA SUNWAY



### Historical occupancy rates



### Projected lease expiry schedule

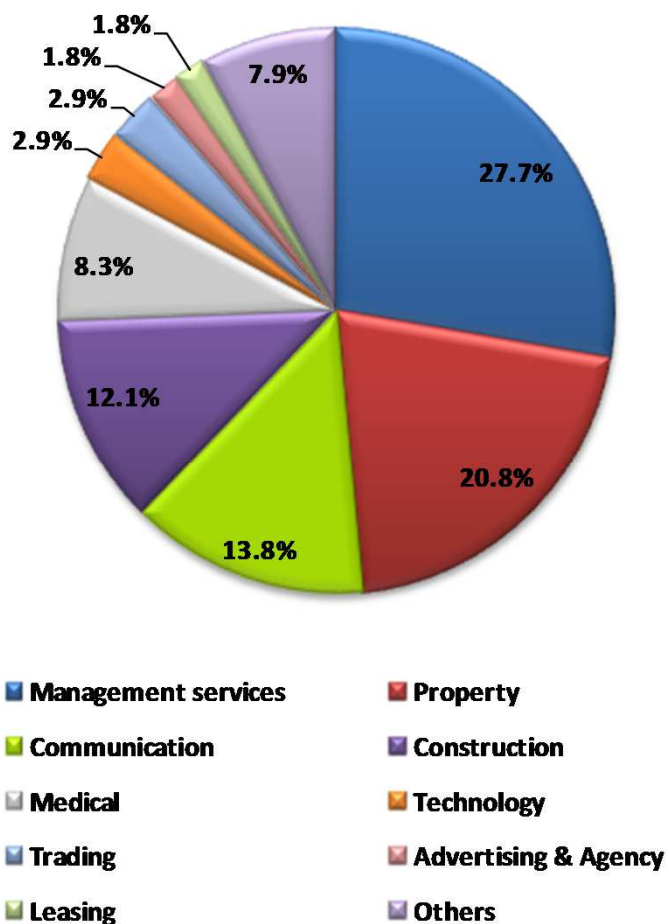


# OFFICE PROPERTIES

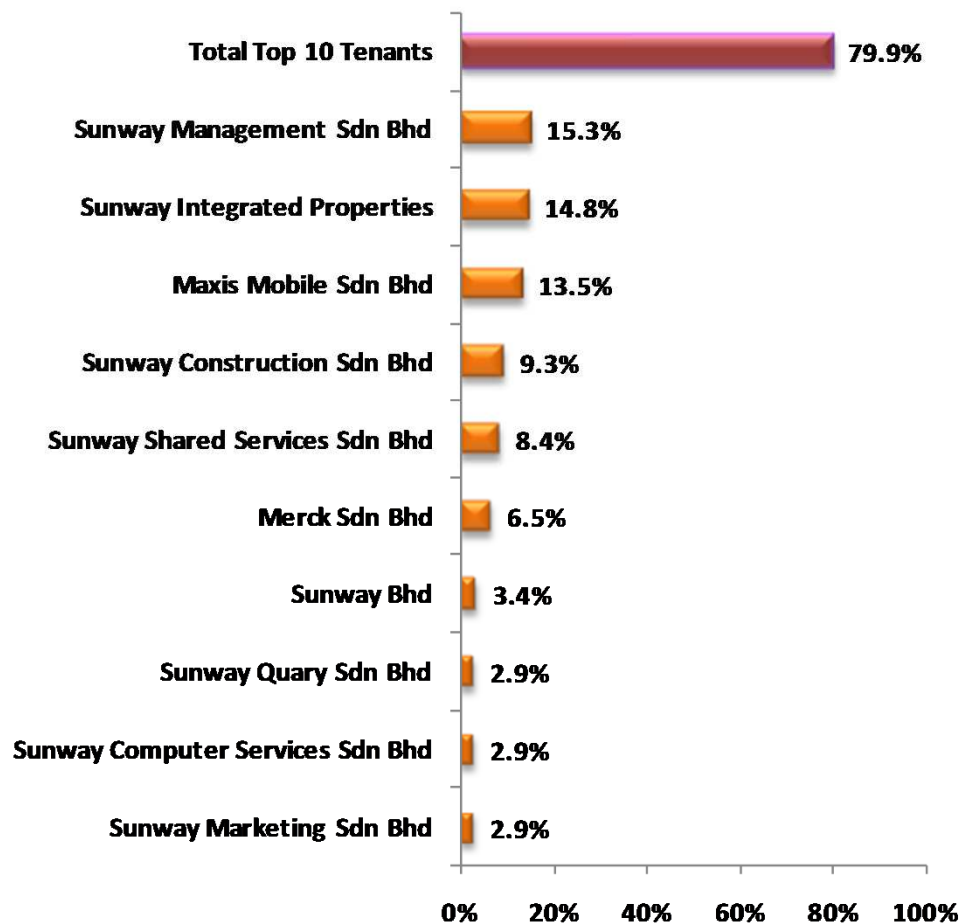
## MENARA SUNWAY (Cont'd)



Tenant mix



Top 10 tenants



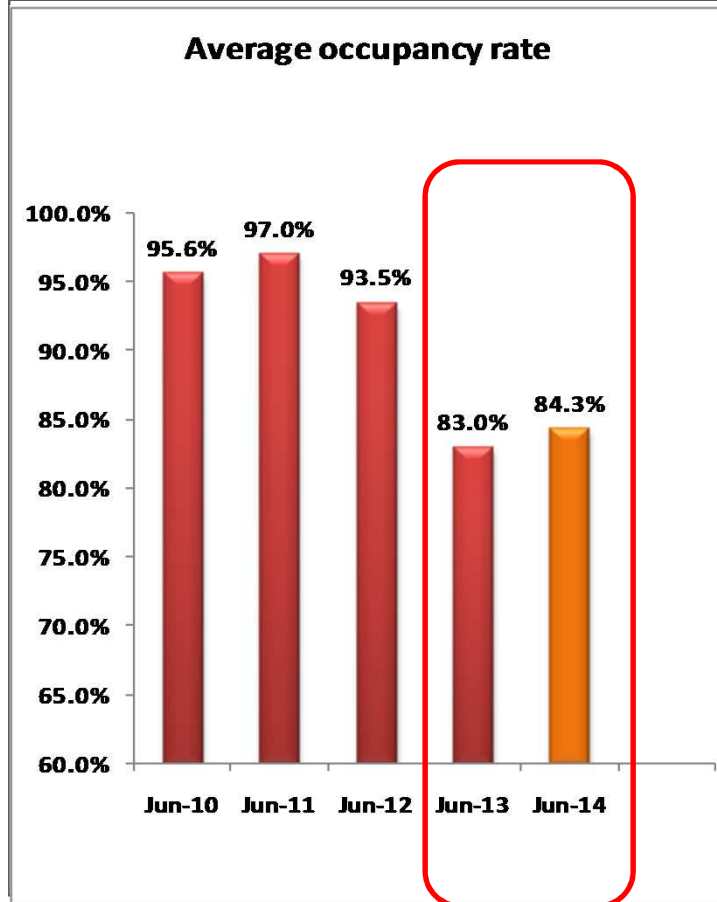
Note: Based on gross rental income for the month of June 2014

# OFFICE PROPERTIES

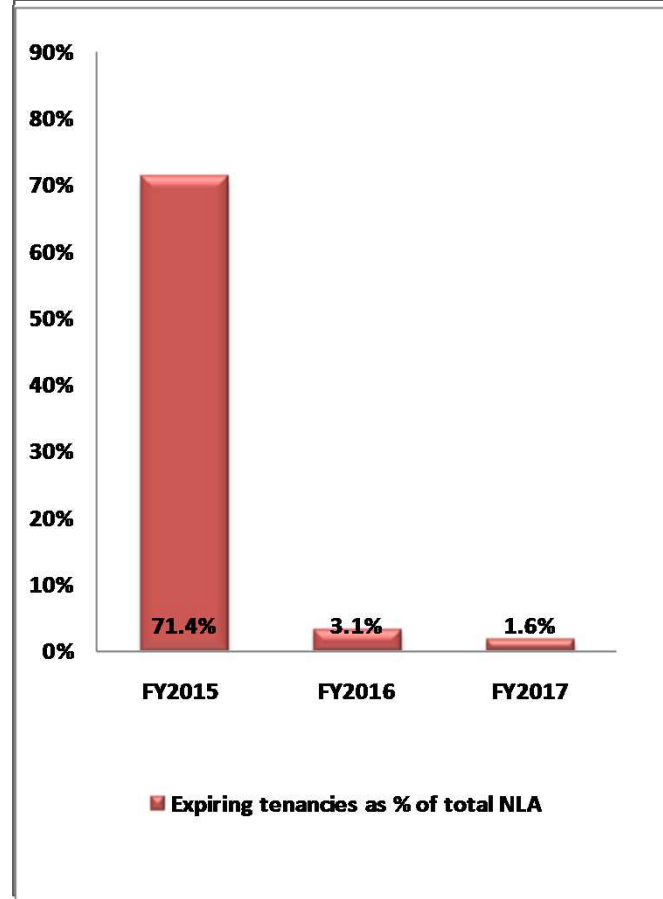
## SUNWAY TOWER



### Historical occupancy rates

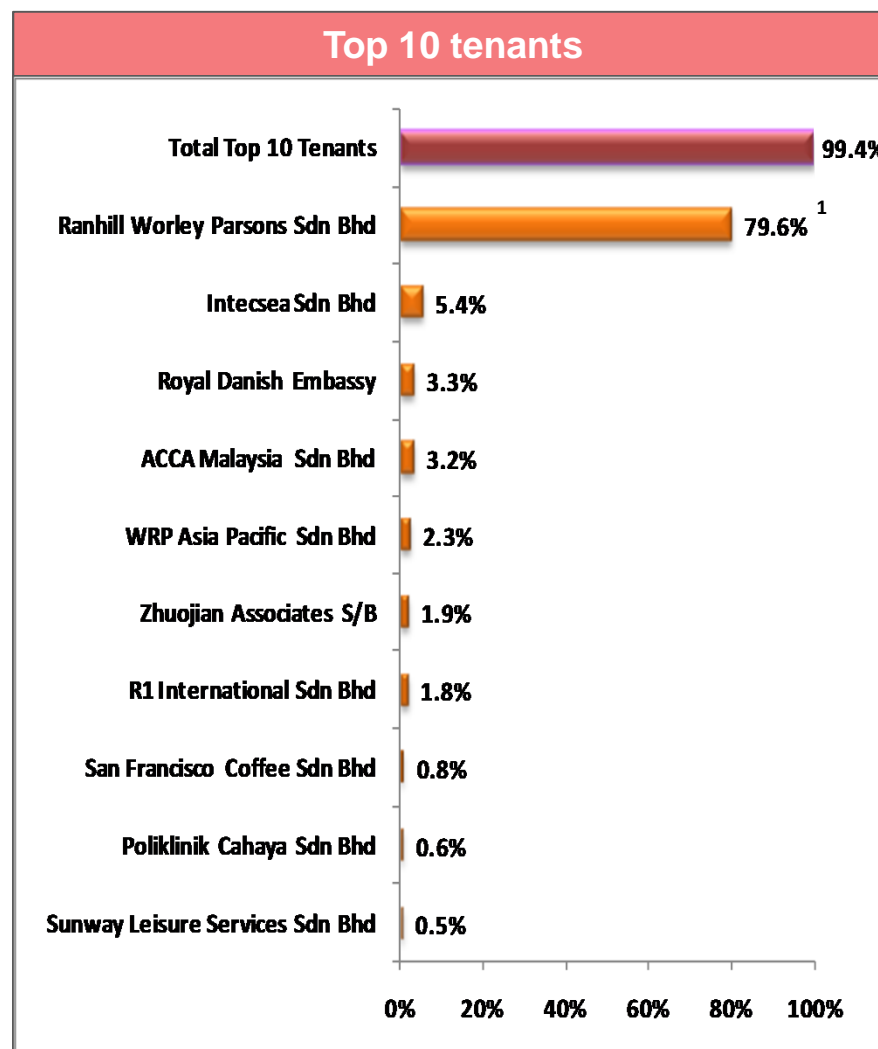
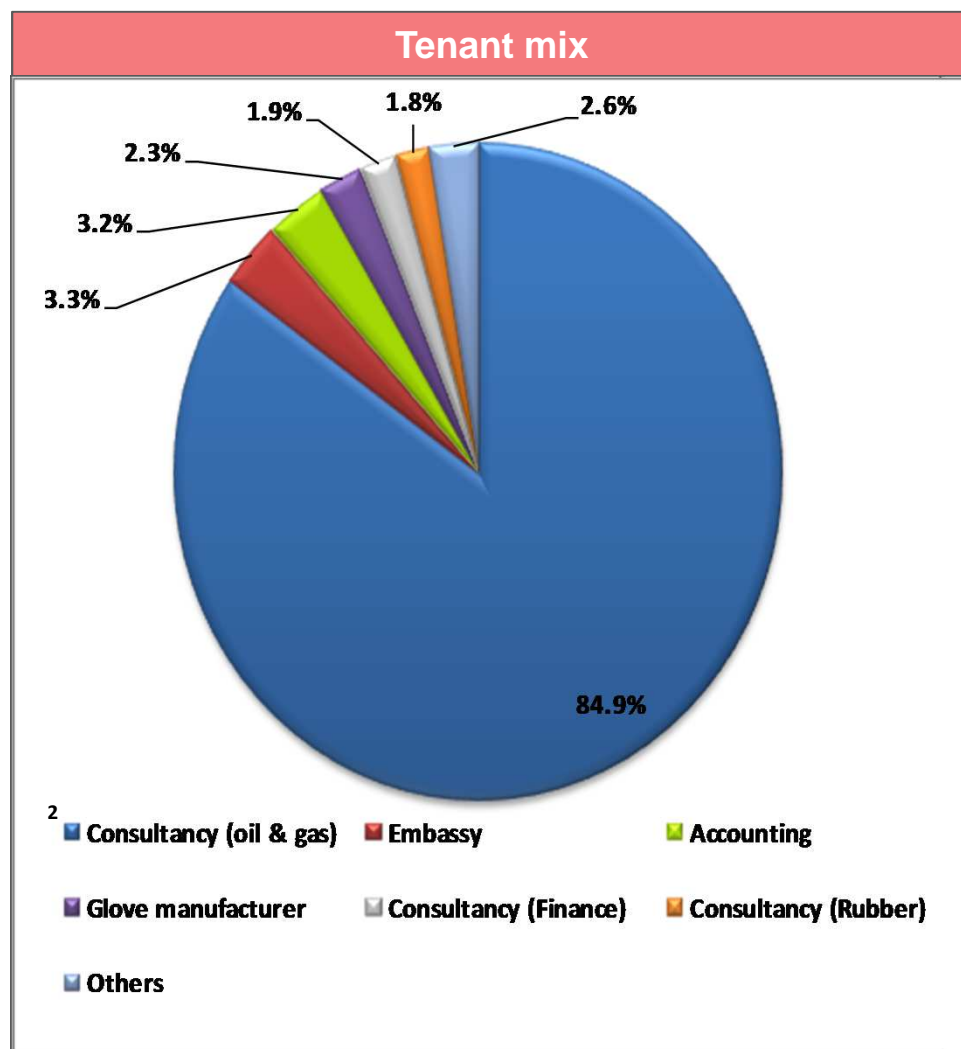


### Projected lease expiry schedule



# OFFICE PROPERTIES

## SUNWAY TOWER (Cont'd)



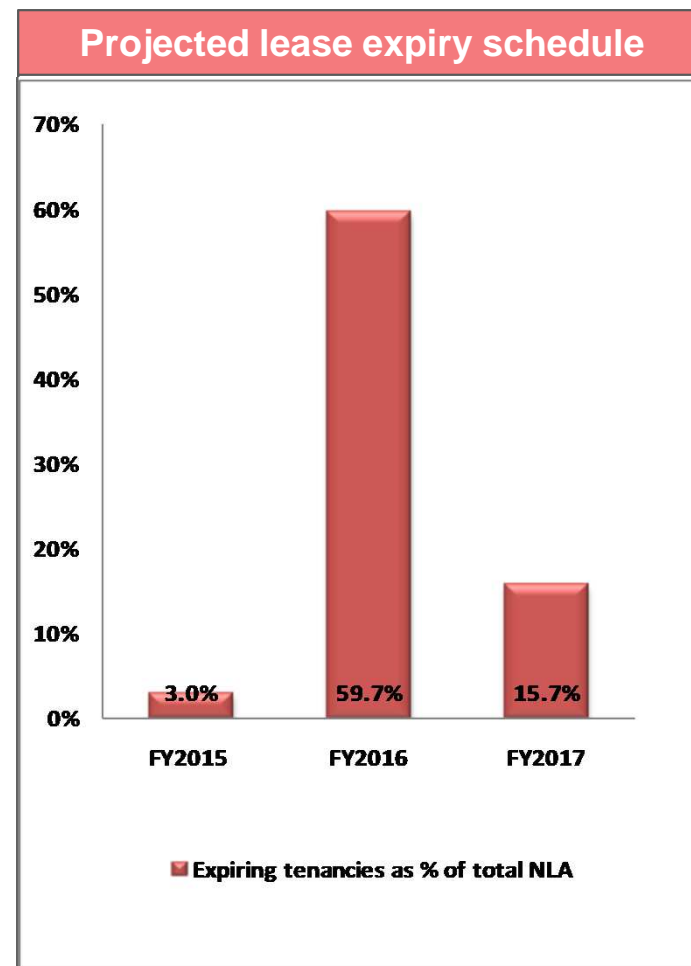
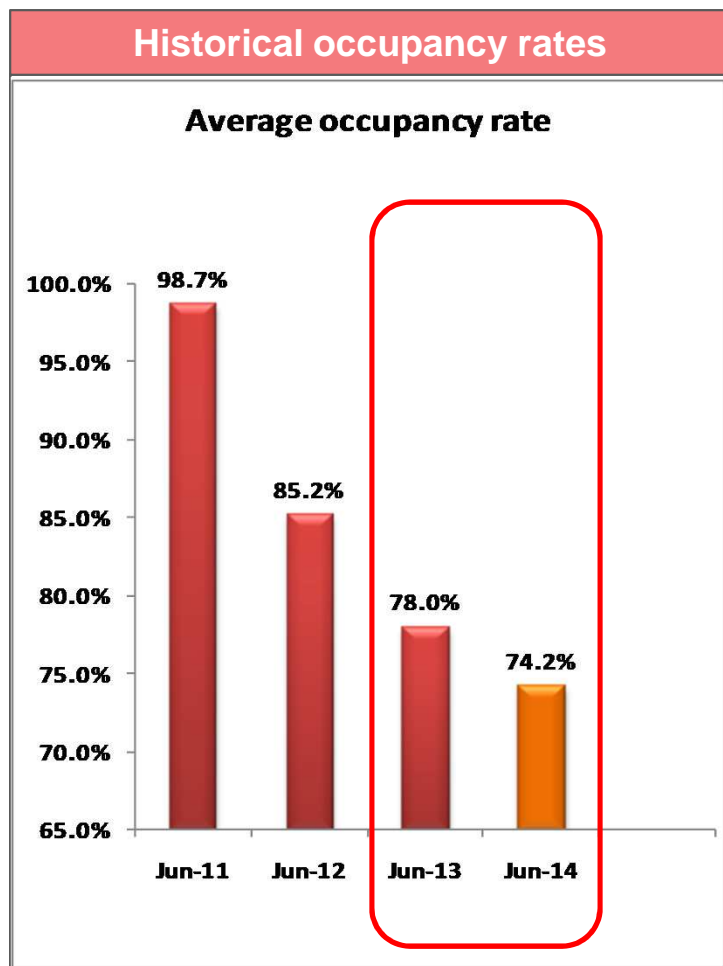
Note: Based on gross rental income for the month of June 2014

<sup>1</sup> Ranhill's contribution will drop to approximately 69% upon surrendering approximately 72,000 sq. ft. in FY2015

<sup>2</sup> The percentage will drop to 77% when Ranhill surrenders approximately 72,000 sq. ft. in FY2015

# OFFICE PROPERTIES

## SUNWAY PUTRA TOWER



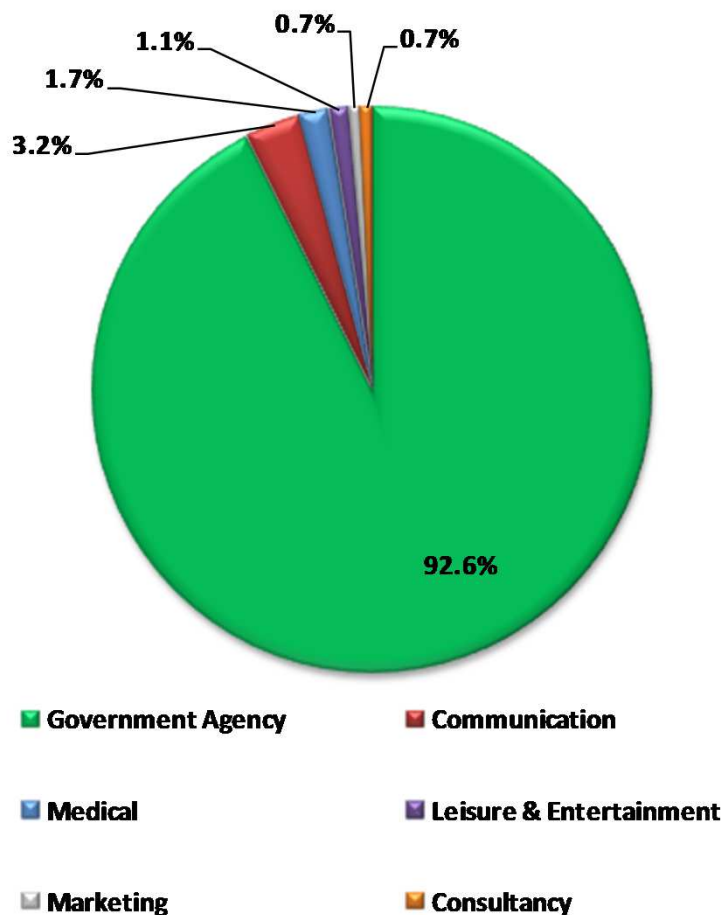
Note: Lower occupancy rate for FY 2014 (74.2%) compared to FY 2013 (78.0%) was mainly due to non-renewal by a tenant since September 2013.

# OFFICE PROPERTIES

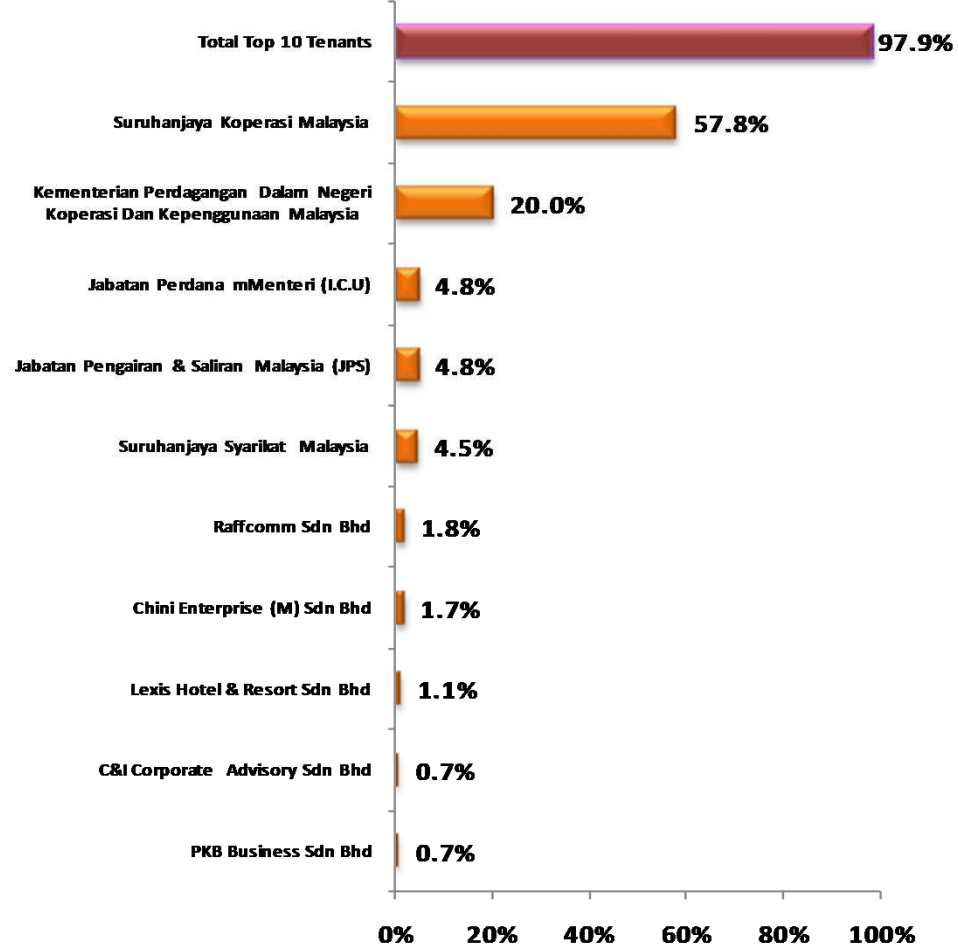
## SUNWAY PUTRA TOWER (Cont'd)



**Tenant mix**



**Top 10 tenants**



Note: Based on gross rental income for the month of June 2014

## 5. Market Outlook

- 1Q CY2014 GDP growth picked up to 6.2% YoY (4Q CY2013: 5.1% YoY) underscored by strong domestic demand growth of 7.4% (4Q CY2013: 6.4%) and 14.9% rebound in net external demand (4Q CY2013: -6.8% YoY) as exports of goods and services (1Q CY2014: +7.9% YoY) outpaced imports (1Q CY2014: +7.1% YoY).
- Bank Negara Malaysia (“BNM”) expects Malaysia’s economy to remain on a steady growth path in the remaining three quarters of the year. 2014 full year growth is expected to hit the upper-end of its GDP projection of 4.5% - 5.5%.
- Inflation eased to 3.2% in May 2014 from February’s high of 3.5%. It is projected to range between 3% - 4% this year and stay elevated in 2015 in view of subsidy rationalisation and GST introduction which will impact prices of goods and services.
- BNM has increased the OPR by 25bps to 3.25% in July 2014. The Manager expects the interest rate hike to have a minimal impact on earnings growth for FY2015 given its high proportion of fixed rate borrowing of 76% and healthy gearing of 31%.
- The Manager expects its distribution per unit (“DPU”) to grow moderately in FY2015 with the re-opening of Sunway Putra Mall in 3Q FY2015.
- The Manager is committed to distribute 100% of its distributable net income for FY2015.

- 1Q CY2014 retail sales came in at 4.9%, in line with Retail Group Malaysia (“RGM”)’s estimate of 4.8%. For the 2Q CY2014, retail sales was expected to expand by 7%, higher than the earlier estimate of 5% made by RGM in March. Sporting goods, electrical and electronic goods as well as food delivery services were expected to receive a boost from the FIFA World Cup in June, while the Hari Raya celebration is expected to contribute 6.3% growth in 3Q CY2014. Sales momentum is expected to sustain in 4Q 2014 backed by year end school holidays and festival celebrations as well as pre-GST buying spree. For the full year of 2014, RGM forecasts retail sales to grow at 6% (2013: +4.5%).
- The retail market remained stable in 1Q CY2014, with the stock in Kuala Lumpur at 26.07 million sq. ft. (occupancy rate at 85.9%), Selangor at 31.96 million sq. ft. (occupancy rate at 81.7%) and Penang at 16.93 million sq. ft. (occupancy rate at 70.3%). However, going forward there will be additional retail space coming on stream by 2016 in Kuala Lumpur amounting to 4.65 million sq. ft., Selangor at 8.78 million sq. ft. and in Penang at 1.1 million sq. ft.. The Manager does not expect the new supply to have material adverse impact to Sunway REIT’s retail portfolio.
- The average occupancy rate for Sunway Pyramid Shopping Mall was marginally lower at 97.8% in FY2014 compared to 98.3% in FY2013, affected by the expansion work carried out during the financial year (4Q 2013 to 2Q 2014) under the Oasis Boulevard 5 (“OB5”) project. Sunway Pyramid Shopping Mall had a major rental reversion in FY2014 where a total NLA of 1,033,523 sq. ft. or 59.1% of total NLA was renewed/replaced. It achieved a double digit rental reversion over a period of three years, a feat that it has consistently achieved.

## Retail (Cont'd)



- Sunway Carnival Shopping Mall's average occupancy rate dropped to 92.0% in FY2014 from 97.4% in FY2013 mainly attributed to non-renewal by a mini anchor tenant in June 2013 with NLA of 39,676 sq. ft.. The vacancy has been taken up by a new mini anchor tenant commencing July 2014 and occupancy rate is expected to recover to 99.9% in FY2015. During the financial year, a total of 251,739 sq. ft. NLA was renewed/replaced at a double digit rental reversion over a period of three years.
- Sunway Putra Mall is on track to commence operation in 3QFY2015 with target occupancy of more than 70%.
- The Manager expects the retail assets to continue to register healthy growth in FY2015 with income contribution from Sunway Putra Mall resuming in 3QFY2015. The Manager is cautiously optimistic on retail sales performance as the recent interest rate hike, the government's on-going subsidy rationalisation measures and implementation of GST in April 2015 may affect consumer's spending power.

- Both Sunway Resort Hotel & Spa and Pyramid Tower achieved higher average occupancy rate at 78.8% and 82.4% respectively in FY2014 (FY2013: 71.3% and 78.7% respectively). The better performance was driven by improved demand from the corporate and MICE business supported by tactical promotional activities undertaken.
- The average occupancy rate for Sunway Putra Hotel dropped to 42.6% in FY2014 (53.8% based on number of saleable room) compared to 60.2% in FY2013, affected by the ongoing major refurbishment at the adjoining Sunway Putra Mall and the hotel's own refurbishment.
- Sunway Hotel Seberang Jaya's average occupancy rate continued to improve to 67.8% in FY2014 compared to 51.6% in FY2013 following completion of the refurbishment in May 2014. Occupancy rate have gradually recovered to the pre-refurbishment levels of above 70% with June 2014 recording occupancy of 83.4%.
- The hospitality segment is projected to register stable growth in FY2015. The Manager expects Sunway Putra Hotel's performance to improve gradually with reduced disruption from the refurbishment works at Sunway Putra Mall and progressive completion of its own upgrading works.

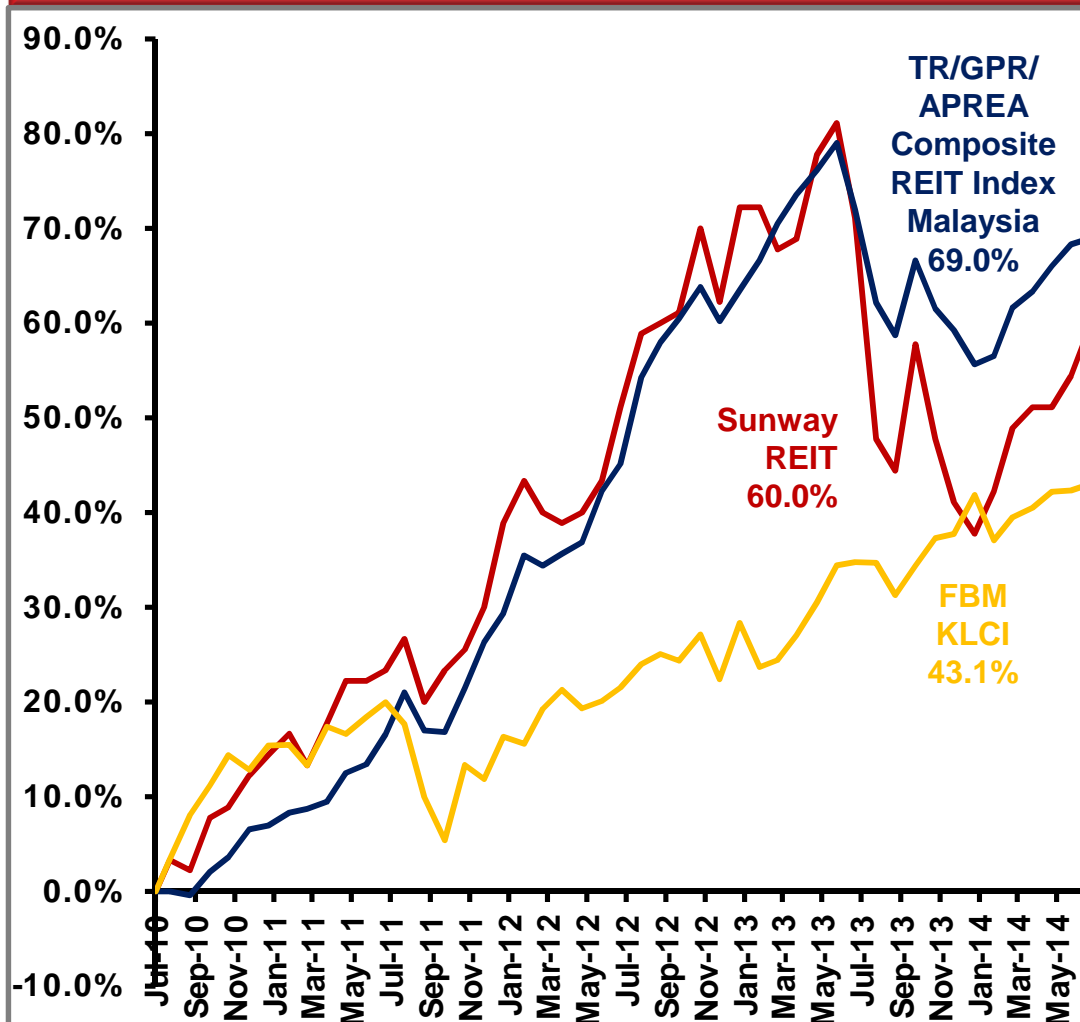
- The office market remains challenging as supply continues to outstrip demand. Total existing stock in Kuala Lumpur and Selangor rose 5.68% y-o-y in 1Q CY2014 to 116.52 million sq. ft. due to completion of several office buildings. However, demand remains steady for well located, good quality and new buildings with modern features and dual compliant (green certification and MSC CyberCentre status).
- The average occupancy rate for Menara Sunway was relatively stable at 98.8% in FY2014 compared to 98.9% in FY2013 and is expected to stay healthy at this level going forward.
- Sunway Tower recorded marginally higher average occupancy rate of 84.3% in FY2014 compared to 83.0% in FY2013. However, the occupancy rate is expected to decline significantly in FY2015 as the anchor tenant will surrender approximately 72,000 sq. ft. NLA. The Manager is actively seeking for replacement of tenants for the vacancy and this represent an opportunity for us to improve the tenancy mix to be less reliant on the anchor tenant. The impact is expected to be minimal as Sunway Tower contributed only 3.2% of FY2014 net property income.
- The average occupancy rate for Sunway Putra Tower declined to 74.2% in FY2014 compared to 78.0% in FY2013. A tenant did not renew due to the disruption caused by refurbishment works at the adjoining Sunway Putra Mall. The Manager expects the occupancy rate to improve upon completion of refurbishments in 2HFY2015.
- In view of the challenging business operating environment arising from the oversupply situation, the Manager expects income contribution from the office segment to be lower in FY2015.

## 6. Investor Relations

# Unit Price Performance (IPO to 30 June 2014)



## Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 30 June 2014)



Source: Bloomberg

## Performance Statistics\*

Price (as at 8/7/2010) : RM0.90

Closing Price (as at 30/6/2014) : RM1.44

Highest Price : RM1.70

Lowest Price : RM0.88

Daily Average Volume : 1.78mil units

% Change in Unit Price : 60.0%

% Change in FBM KLCI : 43.1%

% Change in TR/GPR/APREA Composite REIT Index Malaysia : 69.0%

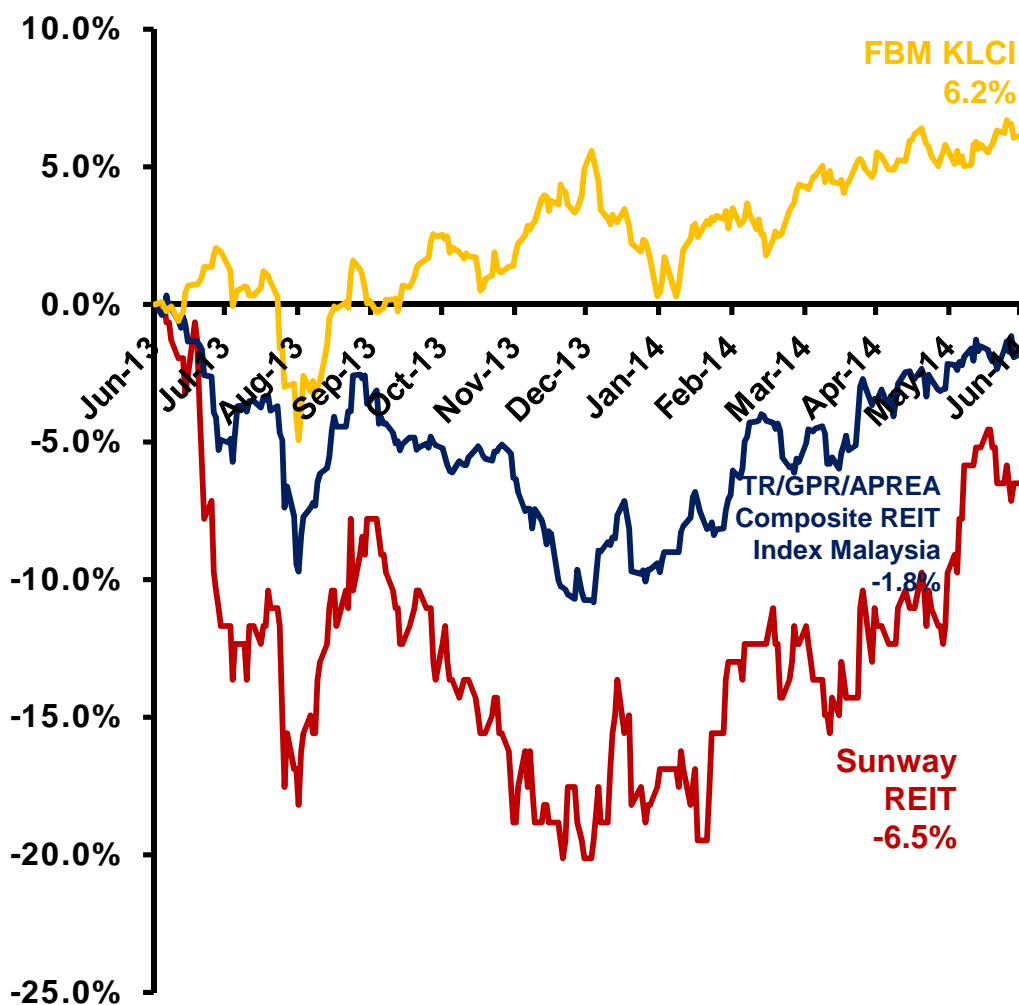
Source: Bloomberg

\*Computed for the period 8 July 2010 – 30 June 2014

# Unit Price Performance (YTD 4Q2014)



## Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2013 – 30 June 2014)



Source: Bloomberg

## Performance Statistics\*

Price (as at 30/6/2013) : RM1.54

Closing Price (as at 30/6/2014) : RM1.44

Highest Price : RM1.56

Lowest Price : RM1.22

Daily Average Volume : 1.51mil units

% Change in Unit Price : -6.5%

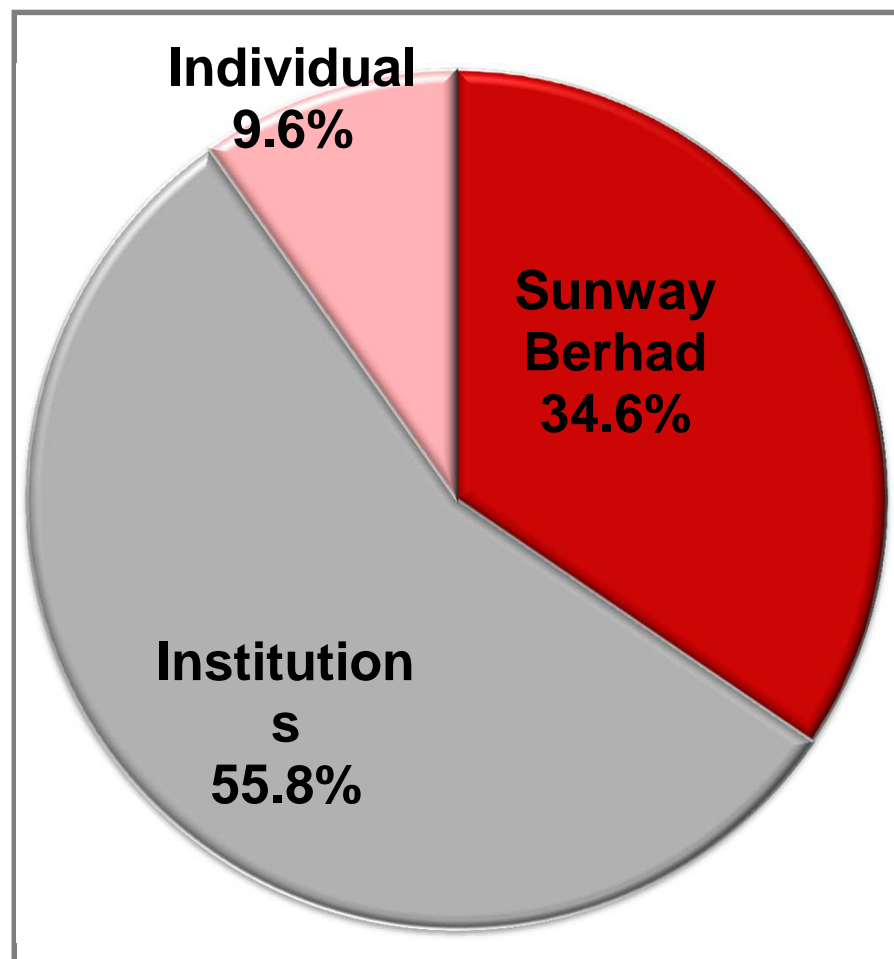
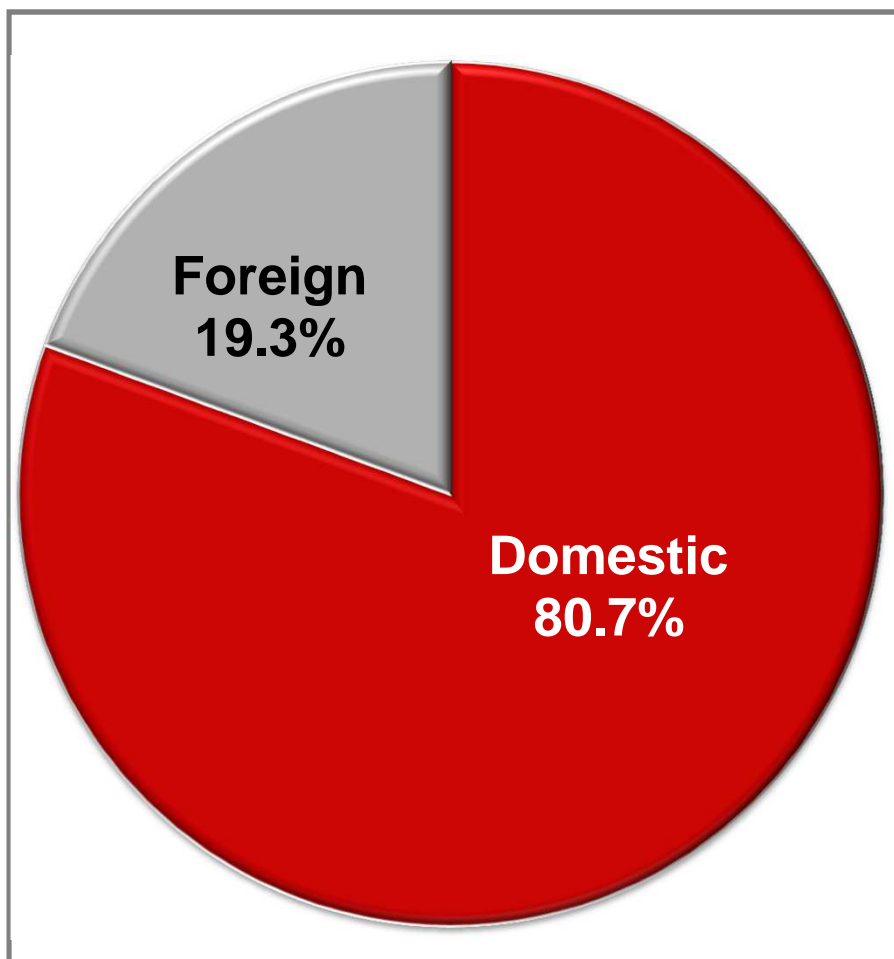
% Change in FBM KLCI : 6.2%

% Change in TR/GPR/APREA Composite REIT Index Malaysia : -1.8%

Source: Bloomberg

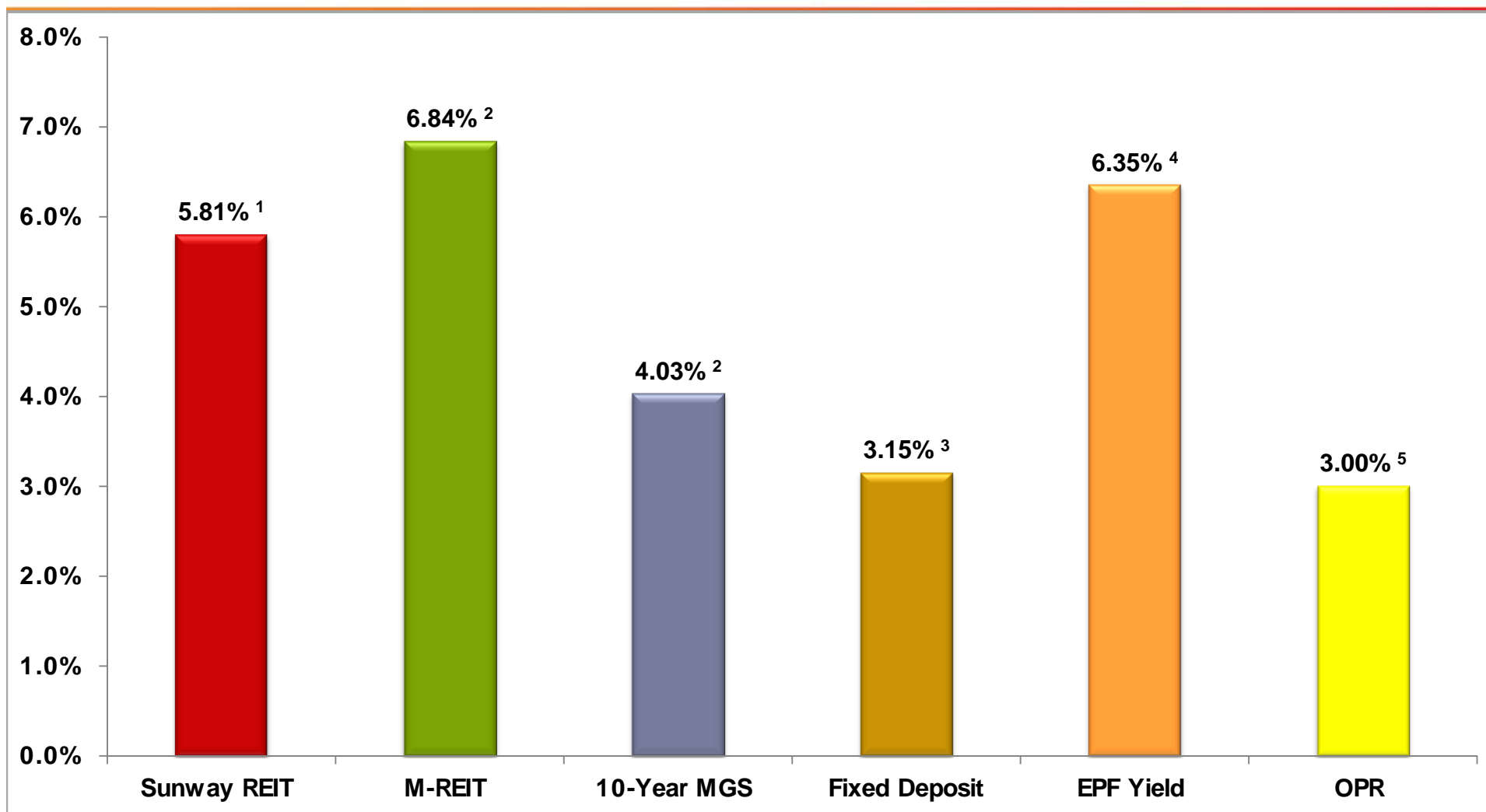
\*Computed for the period 30 June 2013 – 30 June 2014

# Unitholders' Composition (as at 30 June 2014)



- Total number of unitholders has reduced from 9,825 (as at 31 March 2014) to 9,581 (as at 30 June 2014).
- Retail participation has reduced from 9.8% as at 31 March 2014 to 9.6% as at 30 June 2014.
- Foreign unitholdings eased marginally from 19.4% as at 31 March 2014 to 19.3% as at 30 June 2014.

# Comparative Yields for Various Assets



Note:

1. Distribution yield based on FY2014 DPU of 8.36 sen
2. Information as at 30 June 2014 (Source: Bloomberg)
3. 12-Month Fixed Deposit rates offered by commercial banks as at 31 May 2014 (Source: BNM)
4. Dividend yield declared by Employees Provident Funds for the year 2013
5. As at 30 June 2014

# Award – The BrandLaureate BestBrands Awards 2013-2014

- On 30<sup>th</sup> May 2014, the Asia Pacific Brands Foundation awarded Sunway REIT *The BrandLaureate BestBrands Award 2013 - 2014, Corporate Branding, Best Brands in Investment - REIT.*
- The award was presented to Sunway REIT for its commitment in delivering the brand promises, endearing values and good social and business conduct.



# Award – MIRA Malaysia Investor Relations 2014 Awards

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- Sunway REIT was nominated in the following four categories:
  - (i) Best CEO
  - (ii) Best CFO
  - (iii) Best Investor Relation website
  - (iv) Quality of Annual Reports/Formal Disclosure
- An independent survey undertaken by Thompson Reuters Extel. The respondents are portfolio managers, buy-side and sell-side analysts in the region.
- A total of 2,000 invitations were sent out of which 193 qualifying responses were received.

# THANK YOU