



Driving values through sustainable growth

MEDIA RELEASE

29 April 2014

FINANCIAL RESULTS ANNOUNCEMENT

Resilient Set of Results Despite Challenging Operating Environment

Key Highlights:

- Net realised income jumped 5.9% year-on-year in 3Q2014 despite loss of income contribution from Sunway Putra Mall and increasing property operating expenses (as a result of tariff hike and higher assessment for Kuala Lumpur properties).
- Key retail assets continue to perform strongly with double-digit rental reversion.
- Sunway REIT proposes a higher distribution per unit of 2.10 sen for 3Q2014 (+1.9% year-on-year), translating into annualized distribution yield of 6.2% for FY2014.

Financial Highlights

	Current quarter			Year to date		
	3Q2014	3Q2013	Change	3Q2014 (Unaudited)	3Q2013 (Unaudited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	108,082	106,448	1.5	318,571	312,040	2.1
Net property income (NPI)	80,623	79,669	1.2	242,154	230,672	5.0
Net Realised Income	58,462	55,203	5.9	175,862	163,316	7.7
Unrealised Income	18	17	5.9	52	35	48.6
Total Profit for the period	58,480	55,220	5.9	175,914	163,351	7.7
Proposed / declared distribution	61,453	57,995	6.0	185,080	171,921	7.7
Distribution per unit (DPU) (sen)	2.10	2.06	1.9	6.33	6.28	0.8
Annualised distribution yield (Based on closing price of RM1.36 per unit on 31 March 2014)				6.2%	5.4% ²	N.M

¹ Proposed income distribution for 3Q2014 of 2.10 sen per unit (comprising taxable and non-taxable/tax exempt amount of 1.71 sen and 0.39 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, 29 April 2014 – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce the third quarter unaudited financial results for financial year ending June 2014 for the period from 1 January 2014 to 31 March 2014 (“3Q2014”).

Sunway REIT reported a resilient set of financial results in 3Q2014 despite closure of Sunway Putra Mall since May 2013 for major refurbishment, lower income contribution from Sunway Putra Hotel as well as higher property operating costs arising from tariff hike and provision for higher assessment tax for Kuala Lumpur properties. Revenue and net property income (“NPI”) grew by 1.5% and 1.2% year-on-year respectively, driven by:

- Higher average rental rate (“ARR”) for Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall arising from double-digit rental reversion for a 3-year term;
- Additional income from Sunway Pyramid Shopping Mall’s Oasis Boulevard 5 (“OB 5”) which was opened in 2Q2014. The OB5 project added net lettable area (“NLA”) of 20,362 sq. ft. and reconfigured NLA of 23,432 sq. ft., taken up by two mini anchor tenants, namely H&M and Padini Concept Store (relocation); and
- Hotels in Sunway Resort City continue to perform well.

The retail segment registered a commendable net property income growth of 2.5% year-on-year in 3Q2014 despite loss of income from Sunway Putra Mall, supported by strong performance of both Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall. Sunway Pyramid Shopping Mall continues to be the key contributor with 12.3% year-on-year NPI growth in 3Q2014 on the back of 9.8% increase in revenue.

Despite better performance of our hotels in Sunway Resort City, the hotel segment recorded a marginal 1.1% decline in revenue year-on-year in 3Q2014 mainly due to lower income contribution from Sunway Putra Hotel which was adversely affected by the ongoing refurbishment at the adjoining Sunway Putra Mall and the hotel’s own refurbishment. The weak performance of this hotel was however mitigated by better performance of Sunway Resort Hotel and Spa and Pyramid Tower Hotel, which saw a recovery in business of the hotel’s clientele from the electrical and electronics sector as well as contribution from other corporate and MICE business supported by tactical promotional activities undertaken. Sunway Hotel Seberang Jaya reported a stronger set of results in 3Q2014 following completion of the major refurbishment in May 2013.

The office segment’s revenue was higher by 3.5% year-on-year in 3Q2014, underpinned by rental reversion for both Menara Sunway and Sunway Putra Tower. NPI, however, fell 1.9% year-on-year, mainly attributed to higher utilities expenses and provision for higher assessment for properties located in Kuala Lumpur.



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The Manager proposes a higher distribution per unit (“DPU”) of 2.10sen for 3Q2014 (+1.9% year-on-year), bringing cumulative 3Q2014 DPU to 6.33sen (cumulative 3Q2013: 6.28sen). This translates into annualised distribution yield of 6.2% based on closing price of RM1.36 on 31 March 2014.

Dato’ Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, “We are delighted to present another set of positive financial results despite challenges resulting from the loss of income from Sunway Putra Mall, lower income contribution from Sunway Putra Hotel, increased operating costs as well as challenging operating environment for the hotel and office segments. The additional income from the completed AEIs was timely (namely OB5 and chillers retrofit at Sunway Pyramid Shopping Mall and refurbished Sunway Hotel Seberang Jaya) to help cushion these adverse impacts.”

He added, “Our key focus currently is to ensure that the massive AEI plans (for Sunway Putra Place) are well executed and completed within the timeline in order to deliver enhanced earnings growth and DPU in the coming years. Barring any unforeseen circumstances, we endeavour to maintain previous financial year’s DPU for FY2014.”

He commented further, “In view of the rising interest rate environment, we will continue to adopt pro-active capital management strategies to manage the risks associated with increasing interest rates. We are well positioned to face the challenges with the fixed versus floating rate ratio at 77:23 and our average cost of debt of 3.85% (as at 3Q2014) is among the lowest within the sector.”



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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 31 March 2014. The assets of Sunway REIT comprise shopping malls, hotels, offices and healthcare that are located in Bandar Sunway, Kuala Lumpur, Seberang Jaya and Ipoh. Sunway REIT’s market capitalization is RM3.98 billion as at 31 March 2014 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 29 April 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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