



Driving values through sustainable growth

MEDIA RELEASE

07 August 2012

## FINANCIAL RESULTS ANNOUNCEMENT

### Sunway REIT's FY2012 Net Property Income Surged 22.6% year-on-year

#### Key Highlights:

- FY2012 Net property income rose 22.6% year-on-year, contributed by Sunway Putra Place and strong business performance from retail and hotel segments.
- Declared distribution per unit of 7.5 sen for FY2012 representing an increase of 14.0% year-on-year; exceeded consensus estimates of 7.2 sen.
- Strong total return of 28.0%, comprising 22.5% from capital appreciation and 5.5% derived from distribution yield.

#### Financial Highlights

	Current quarter			Year to date		
	4Q 2012 (Unaudited)	4Q 2011 (Audited)	Change	4Q2012 (Unaudited)	4Q2011 <sup>1</sup> (Audited)	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Gross revenue	102,558	87,292	17.5	406,426	327,416	24.1
Net property income (NPI)	75,864	64,986	16.7	299,198	244,015	22.6
Net income						
- Realised	48,072	41,069	17.1	190,583	167,311	13.9
- Unrealised	230,212	112,988	103.8	229,880	386,352	-40.5
Total Profit for the year	278,284	154,057	80.6	420,463	553,663	-24.1
Income distribution declared	50,963	43,528	17.1	201,972	176,578	14.4
Distribution per unit (DPU) (sen)	1.89	1.62	16.7	7.50	6.58	14.0
Annualised DPU (sen)				7.50	6.70	11.9
Annualised dividend yield (Based on closing price of RM1.36 per unit on 30 June 2012) (4Q 2011 is computed based on closing price of RM1.11 as at 30 June 2011)				5.5%	6.0%	N.M

N.M – Not meaningful

<sup>1</sup> The comparative financial results reported refers to the period from 20 May 2010, being the date that Sunway REIT was constituted, to 30 June 2011. The acquisition of the initial portfolio of eight assets was completed on listing date, 8 July 2010.



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***Petaling Jaya, 7 August 2012*** – Sunway REIT Management Sdn. Bhd., the Manager of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce the fourth quarter unaudited financial results for financial year ended June 2012 for the period of 1 April 2012 to 30 June 2012 (“4Q2012”).

Sunway REIT registered a strong set of results in 4Q2012. Net property income (“NPI”) increased by 16.7% year-on-year to RM75.9 million, contributed by strong business performance in the retail and hotel segments. The retail segment registered a growth of 14.3% compared to the same period in the preceding year. The incremental income was mainly contributed by Sunway Putra Mall<sup>2</sup> and Sunway Pyramid Shopping Mall. Likewise, the hotel segment registered a growth of 35.4% year-on-year in 4Q2012 mainly attributable to Sunway Putra Hotel<sup>2</sup> and Sunway Resort Hotel & Spa. The Manager declared a quarterly distribution per unit (“DPU”) of 1.89 sen for the period from 1 April 2012 to 30 June 2012. This is 16.7% higher than the distribution of 1.62 sen in the corresponding period in the preceding year.

On a full financial year basis, NPI surged 22.6% year-on-year to RM299.2 million for financial year ended 30 June 2012 (“FY2012”). The surge in NPI was attributable to strong business performance in the retail and hotel segments. The retail segment recorded a 20.9% improvement compared to the preceding year. The improvement is mainly contributed by Sunway Putra Mall<sup>2</sup> and Sunway Pyramid Shopping Mall. Sunway Pyramid Shopping Mall enjoyed the flow through of major rental reversion involving 1.1 million sq. ft. back in September 2010 with an average rental reversion rate of 16.3% for a 3-year term. For FY2012, Sunway Pyramid Shopping Mall managed to achieve 100% renewal rate involving 327,326 sq. ft. with an average rental reversion rate of 16.3% for a 3-year term.

For the hotel segment, the main drivers of NPI growth were Sunway Putra Hotel<sup>2</sup> and hotels located in Sunway Resort City (“SRC”). The hotels located in the SRC benefitted from SRC’s strategic location in Klang Valley and vibrancy of the township. The hotels within SRC continued to experience improvement in occupancy rate and average daily rate underpinned by robust businesses from meetings, incentives, convention and exhibitions (MICE), corporate and tourists.

Cumulative FY2012 DPU rose by 14.0% year-on-year to 7.5 sen, exceeding consensus estimates of 7.2 sen. Based on Sunway REIT’s closing price of RM1.36 as at 30 June 2012, distribution yield stood at 5.5%. Sunway REIT recorded a total return of 28.0% in FY2012, comprising 22.5% from capital appreciation and 5.5% from distribution yield.

<sup>2</sup> Sunway Putra Place is a 3-in-1 mixed use development comprises of a retail mall, hotel and office tower. Sunway Putra Place was acquired via a public auction in March 2011, completed acquisition in April 2011 and full control and possession in September 2011.



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Dato' Jeffrey Ng, CEO of Sunway REIT Management Sdn. Bhd., commented, "We are pleased to deliver a strong set of financial results with continuous business improvements in our key assets. Meanwhile, we are happy to see efforts on capital management programme are coming into fruition and are expected to result in substantial interest savings in the coming years".

Sunway REIT has embarked on a proactive Capital Management Programme ("CMP") to exploit the prevailing accommodative low interest rate environment. It is the business strategy of the Manager to actively manage the capital structure in optimizing cost of capital as well as managing risks.

Through the CMP, the Manager managed to lower the cost of debt from 4.65% (as at 30 June 2011) to 3.73% (as at 30 June 2012). The differential in interest cost will translate into interest savings that will flow directly to the distributable income to unitholders of Sunway REIT.

Dato' Jeffrey highlighted, "Pursuant to the latest valuation on our investment properties, we saw the market value of our assets appreciated to RM4.630 billion as at 30 June 2012 compared to RM4.379 billion in 30 June 2011, representing a fair value gain equivalent to RM230.2 million. The upward assets revaluation is reflective of the strong financial performance and growth prospects of the assets in our portfolio. Accordingly, net asset value ("NAV") per unit has increased from RM1.01 to RM1.09".

He concluded "Whilst we take recognizance of a more competitive property market overall, we expect to sustain the distributable income for FY2013. The closure of Sunway Putra Mall due to major refurbishment will be cushioned by healthy growth from our retail and hotel assets as well as interest savings from the CMP. Meanwhile, the office segment remains challenging. In addition, we are actively pursuing acquisitions opportunities on a selective basis".

<sup>2</sup> Sunway Putra Place is a 3-in-1 mixed use development comprises of a retail mall, hotel and office tower. Sunway Putra Place was acquired via a public auction in March 2011, completed acquisition in April 2011 and full control and possession in September 2011.



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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 largest retail focused real estate investment trust (“REIT”) in terms of asset size and market capitalisation as at 30 June 2012. Assets in Sunway REIT comprise shopping mall, hotel and office that are located in Bandar Sunway, Kuala Lumpur, Seberang Jaya and Ipoh. Sunway REIT’s market capitalization is RM3.67 billion and total assets valued at RM4.63 billion as at 30 June 2012.

## **Important notice**

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 7 August 2012 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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