

marketchat^{'11}

Introduction
to
Real Estate Investment Trust
("REIT")

28 April 2012

DISCLAIMER

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed or implied in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Such as (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. Please also note that past performances do not necessary reflect similar future trend.

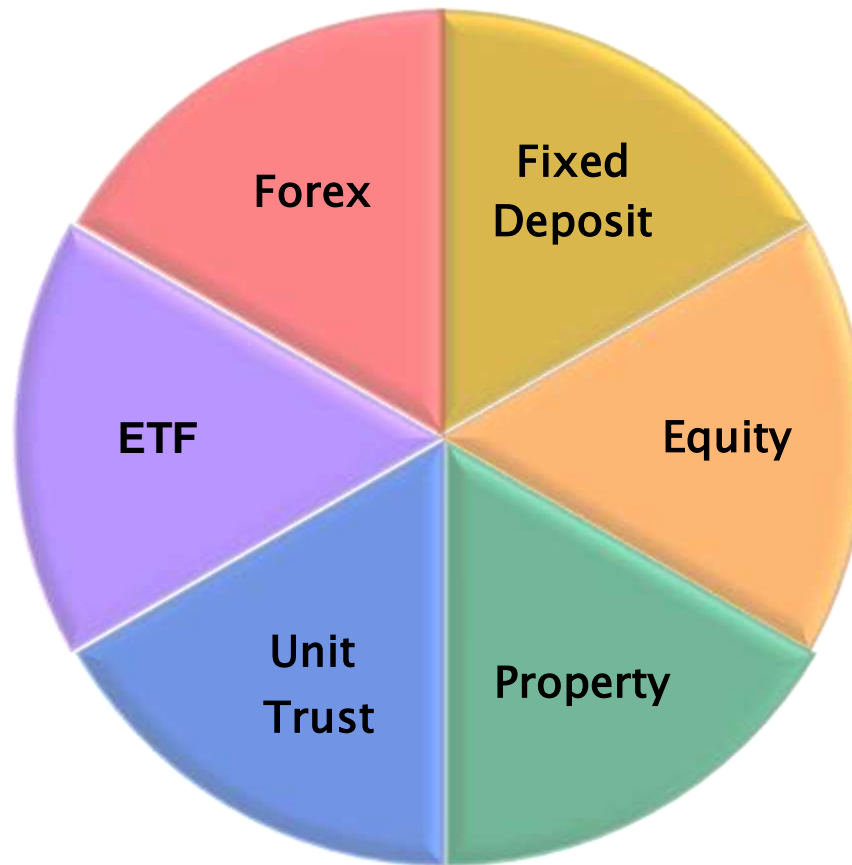
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1. INTRODUCTION

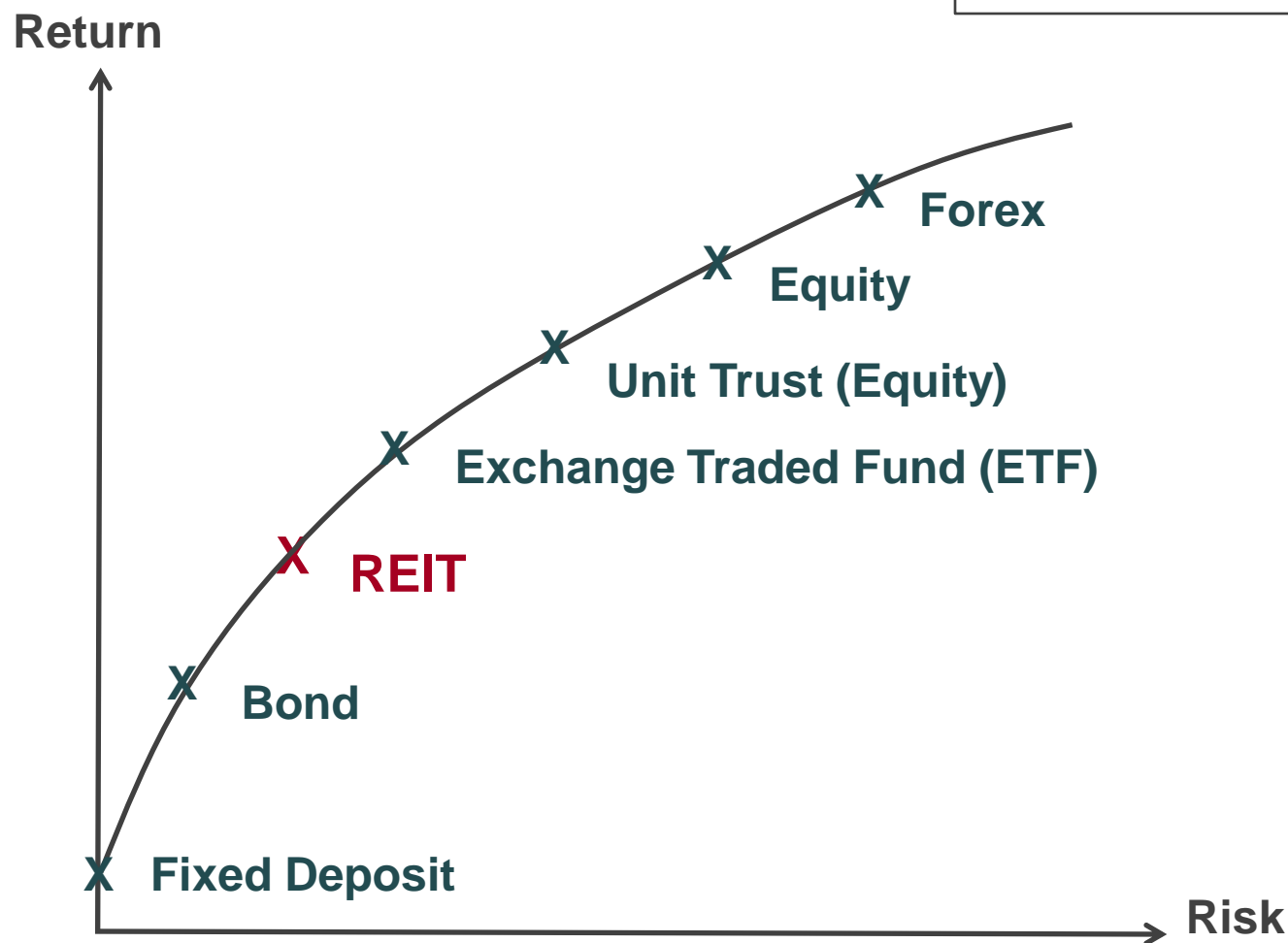
Where do you put your money?

Investment Assets Classes



Are you aware of the risk & reward for financial assets?

“For Illustration Purpose Only”

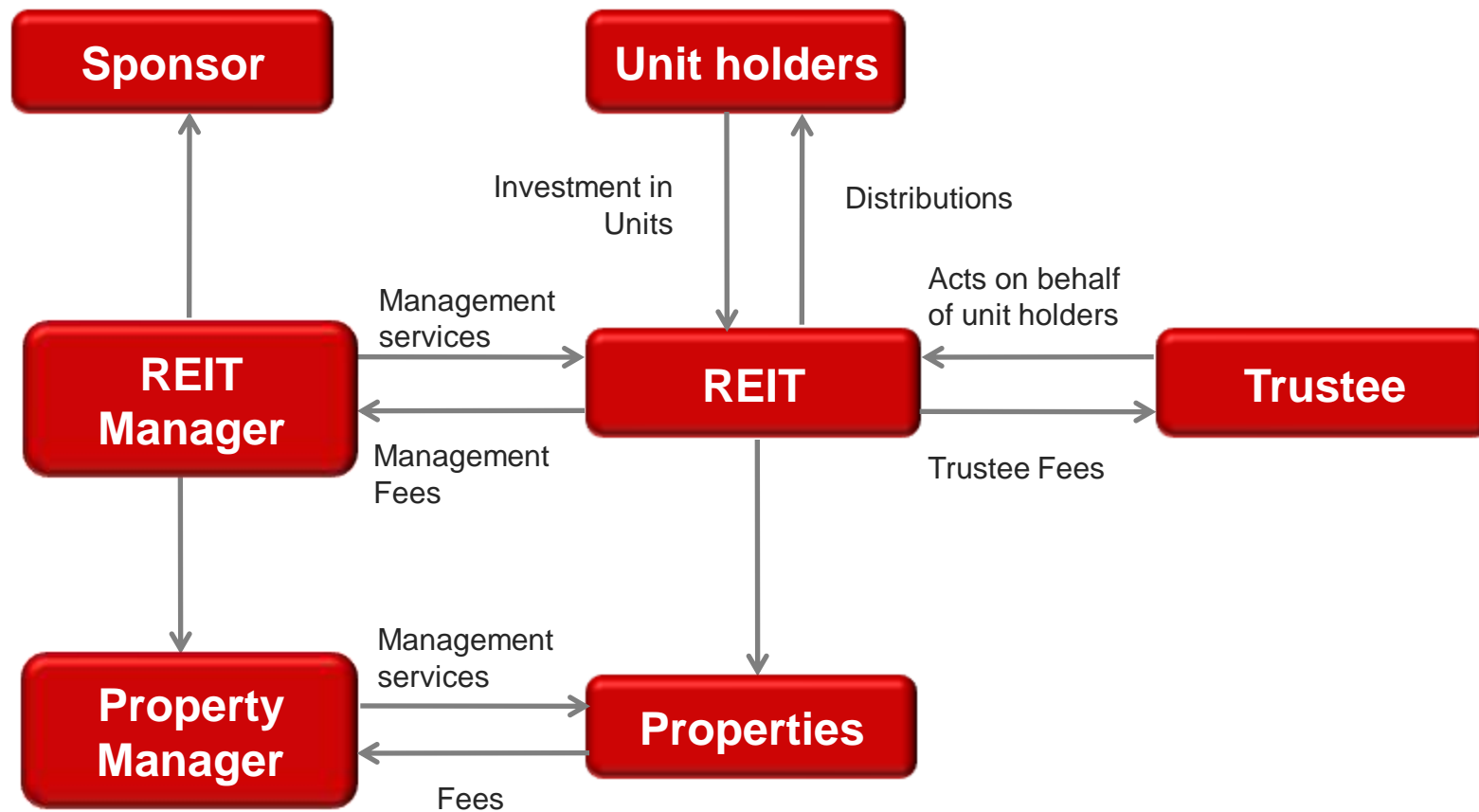


Are you looking for growth or income?

	Fixed Deposit	Bond	Equity	Unit Trust (Equity)	Exchange Traded Fund	REIT
Income	✓	✓	Incidental	Incidental	Incidental	✓
Capital Appreciation	✗	Incidental	✓	✓	✓	✓

2. WHAT IS A REIT?

REIT Structure



REIT is strictly governed by regulators and highly transparent due to disclosure obligations

Property Investment

- *Entry barrier to buy big ticket assets*



REIT Investment

- Access to Big Ticket Quality Assets



REIT vs Other Asset Classes

- Highest Governance with High Income Payout

	Financial Assets					Physical Asset
	REIT	Equity	Bond	ETF	Unit Trust (Equity)	Property
Liquidity	Yes	Yes	No	Yes	Yes	No
Quoted Price	Yes	Yes	No	Yes	Yes	No
Level of governance	Highest	High	High	Higher	Higher	No
Minimum investment amount	Low	Low	High	Low	Low	High
Income payout	>90%	Discretionary	As per coupon	Discretionary	Discretionary	100%
Degree of investment diversification	High	Low	Low	High	High	Low

3. WHY INVEST IN REITS?

Why Invest in REITs?

- Access to quality big ticket assets
- Consistent income stream in the form of dividend – Typically, 90% of the income is distributed to unit holders on a semi- annual or quarterly basis.
- Liquidity – Daily liquidity
- Professional Management
- Transparency – Disclosure obligations

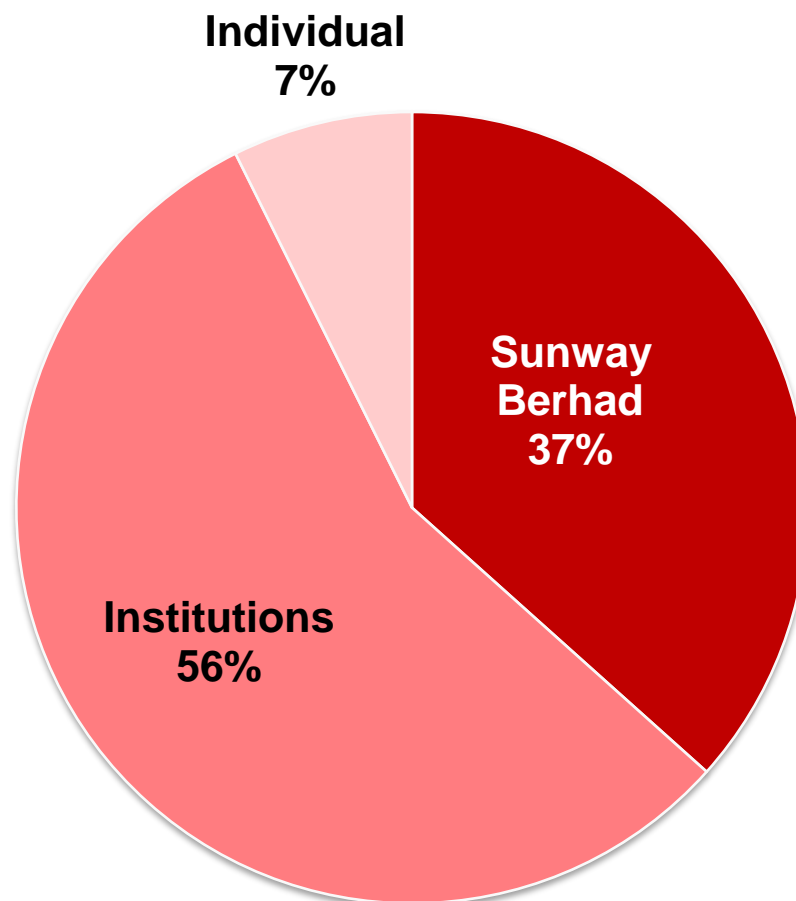
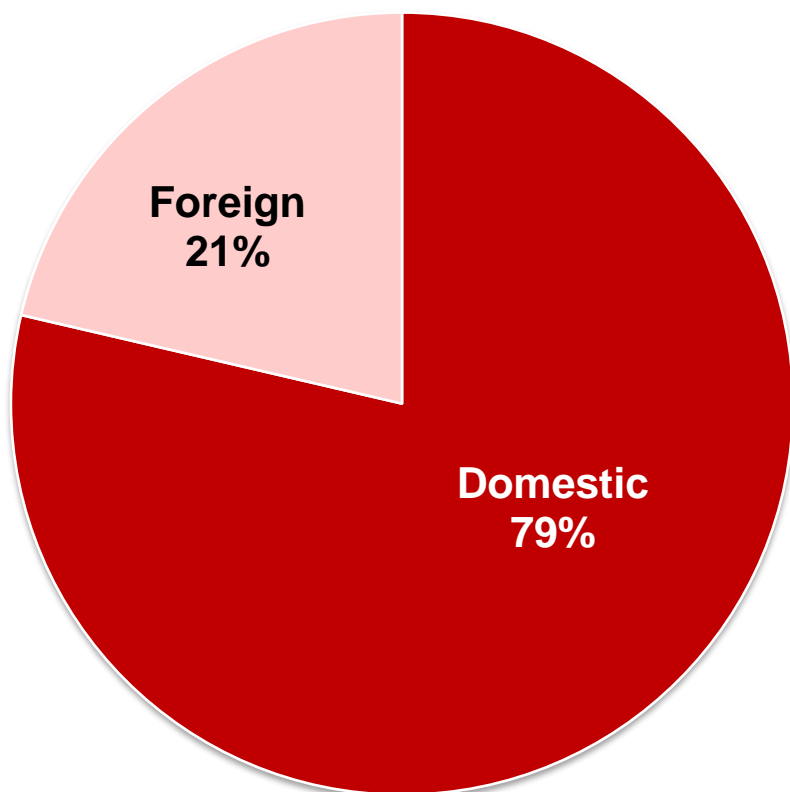
What do Institutional Investors look for?

- Total asset size
- Total market capitalisation
- Free Float
- Liquidity – trading volume

Sunway REIT Unit holders Information:

-Solid Institutional Backing

“For Illustration Purpose Only”



Total number of unit holders as at 31 March 2012: 6,375 (6,127 as at 31 Dec 2011)¹⁶

How to Select a Good REIT?

Type of property	<ul style="list-style-type: none">• Property sub-sectors and quality of assets
Location	<ul style="list-style-type: none">• Prime locations• Geographical diversification
Growth Potential	<ul style="list-style-type: none">• Organic growth• Acquisition growth
Sponsor	<ul style="list-style-type: none">• Strong sponsor• Good track record
Financial Structure	<ul style="list-style-type: none">• Capital management• Manageable Gearing
Management Team	<ul style="list-style-type: none">• Experience, professional, integrity
Governance	<ul style="list-style-type: none">• Compliance with regulatory requirements

Constraints of Retail Investors

- Leverage on institutional investors

- May not have time to do research
- Do not have access to many research tools, data and information.
- Do not have in-depth financial and market knowledge to undertake research

REITs versus Physical Property

- Higher liquidity as can buy and sell in the stock market
- Relatively lower risks:
 - Diversification benefits due to scale and size
 - Less leverage due to maximum borrowing ratio of 50%
- Hassle free due to professional management services
- Governance due to stringent REIT guidelines
- Does not require huge capital
- Chance to own part of iconic assets which were previously not available in the market for sale

REITs versus Property Stocks

- Stable rental income stream
- Consistent payout of more than 90% of net income to unit holders
- Withholding tax at 10% for REITs' unit holders while property stocks investors are subjected to tax based on personal income tax bracket.
- Relatively less fluctuations in share price during volatile market conditions
- More stringent regulatory requirements:
 - Shorter reporting period (eg. Annual report 2 months for REITs vs 6 months for listed property stocks)

4. Risks of Investing in REITs?

Risks of Investing in REITs

Risk	Explanation
Equity risk	Includes fluctuation in unit price and liquidity risk
Interest Rate risk	Net distributable income may be affected by rising interest rate
Management risk	Refers to the quality and skills of the manager
Business risk	Risks that effect the operation of the underlying assets. Eg. Economic slowdown, inflation
Policy and Regulatory risk	Changes in government and regulators' policies that may potentially affect the REIT industry. Eg. Withholding tax

5. Landscape of REITs in Malaysia (M-REITs)

REITs in Malaysia (M-REITs)

M-REITs

invest



Retail



Hotel



Office



**Light
Industrial**



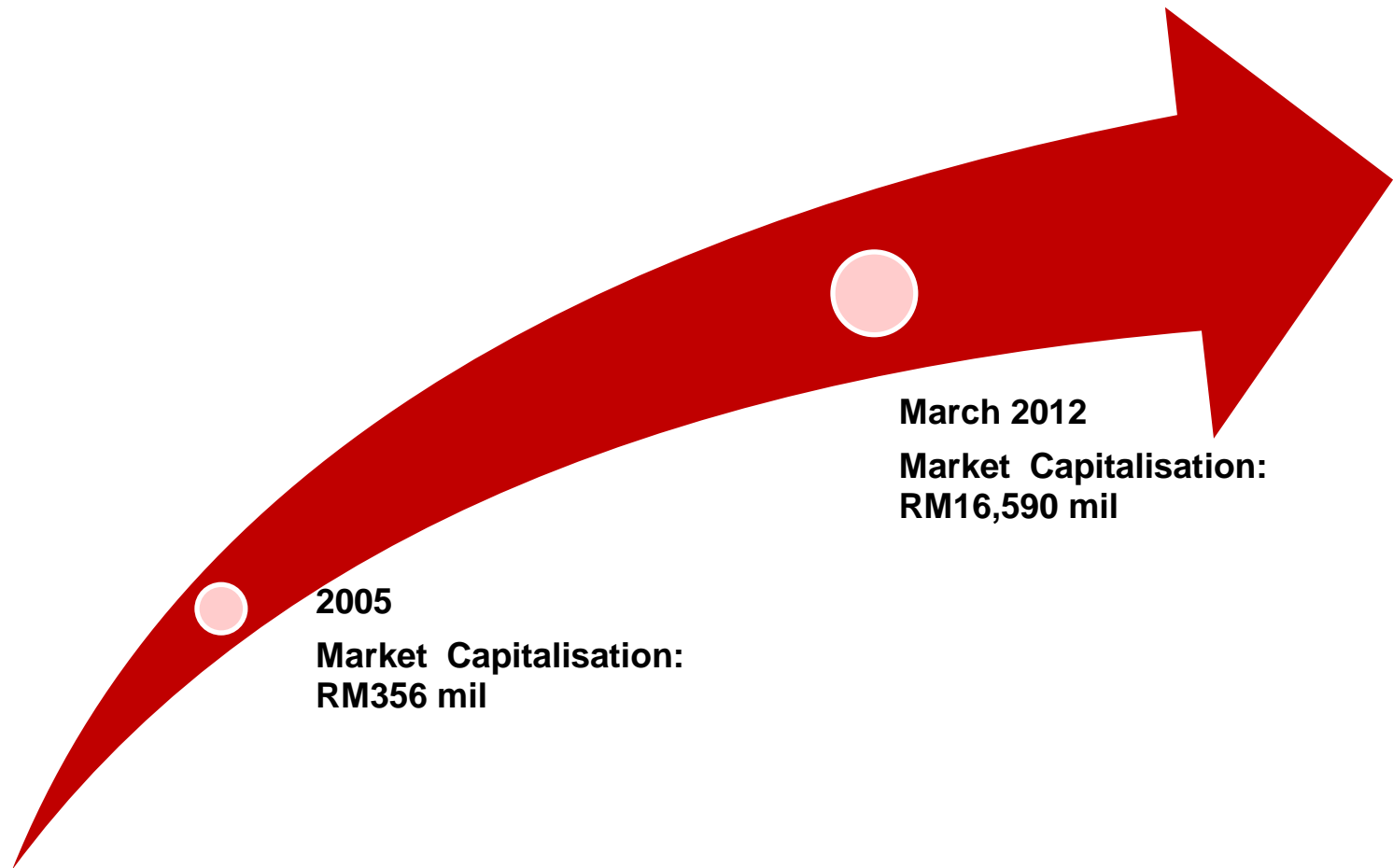
Hospital



Others

Evolution of M-REITs

- Grown by Leaps and Bounds



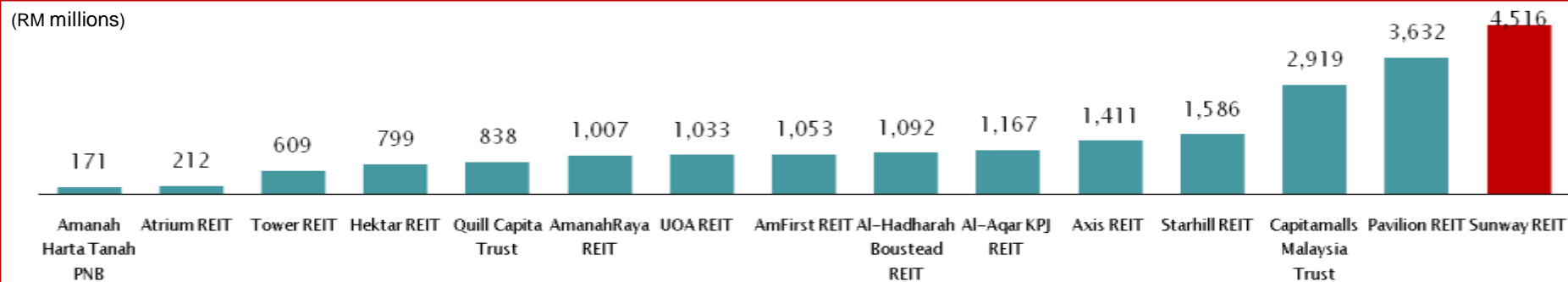
Source: Bloomberg (as at 31 March 2012)

Assets in M-REITs

	REIT	Retail	Hospitality	Office	Industrial	Others
1	Sunway REIT	★	★	★		
2	Pavilion REIT	★		★		
3	CapitaMalls Malaysia Trust	★				
4	Hektar REIT	★				
5	Axis REIT (Islamic)			★	★	
6	Al-Aqar KPJ REIT (Islamic)					★
7	Al-Hadharah Boustead REIT (Islamic)					★
8	Quill Capita Trust	★		★	★	
9	UOA REIT			★		
10	Tower REIT			★		
11	Amanah Harta Tanah PNB			★		★
12	AmanahRaya REIT		★	★	★	★
13	AmFirst REIT	★	★	★		
14	Atrium REIT				★	
15	Starhill REIT		★			

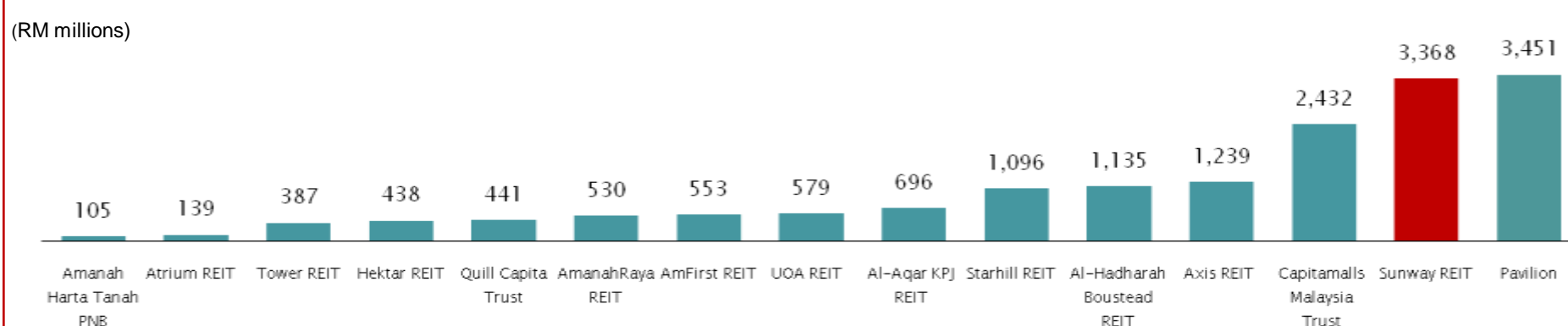
M-REITs' Market Statistics

Total Asset Value (RM million)



Source: Bloomberg as at 31 March 2012

Market Capitalisation (RM million)

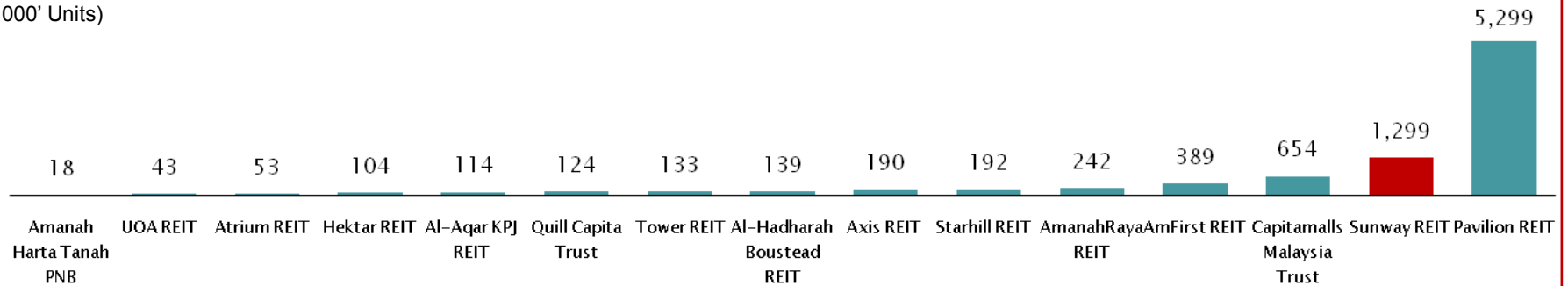


Source: Bloomberg as at 31 March 2012

M-REITs' Market Statistics

Average Daily Trading Volume (no. of units)*

('000' Units)



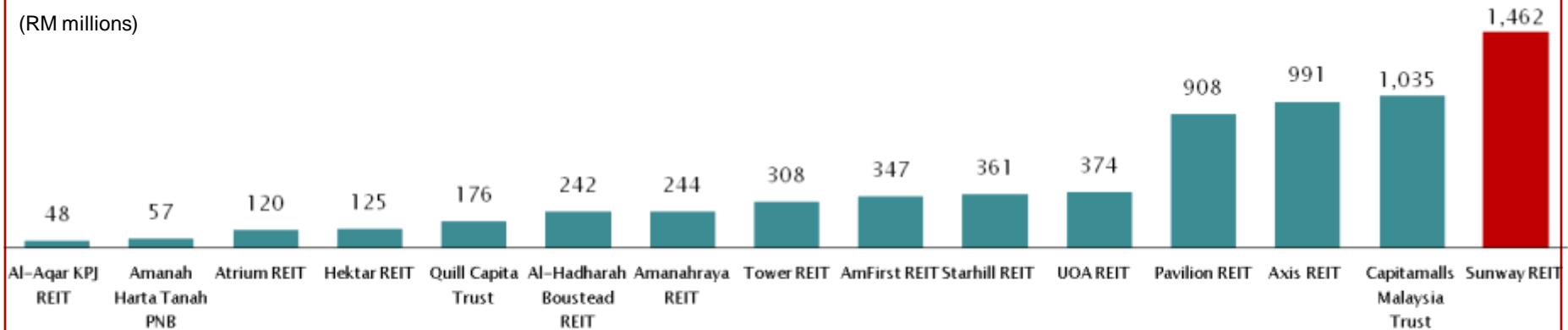
Source: Bloomberg as at 31 March 2012

Pavilion is computed from Listing Date, 7 December 2011 – 31 March 2012

* For 1-year from 31 March 2011 – 31 March 2012

Free Float (RM million)

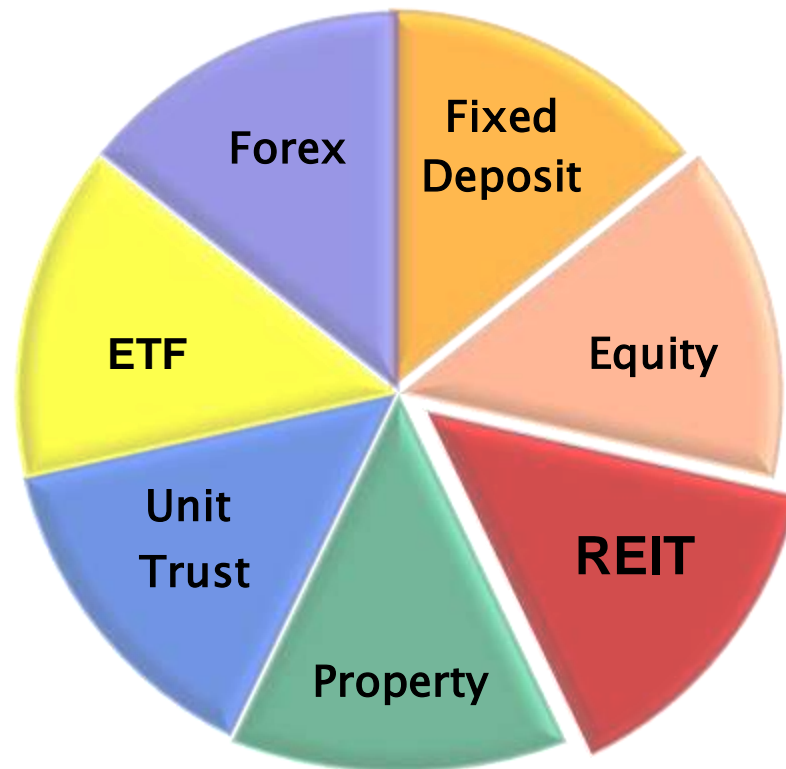
(RM millions)



Source: Bloomberg as at 13 March 2012

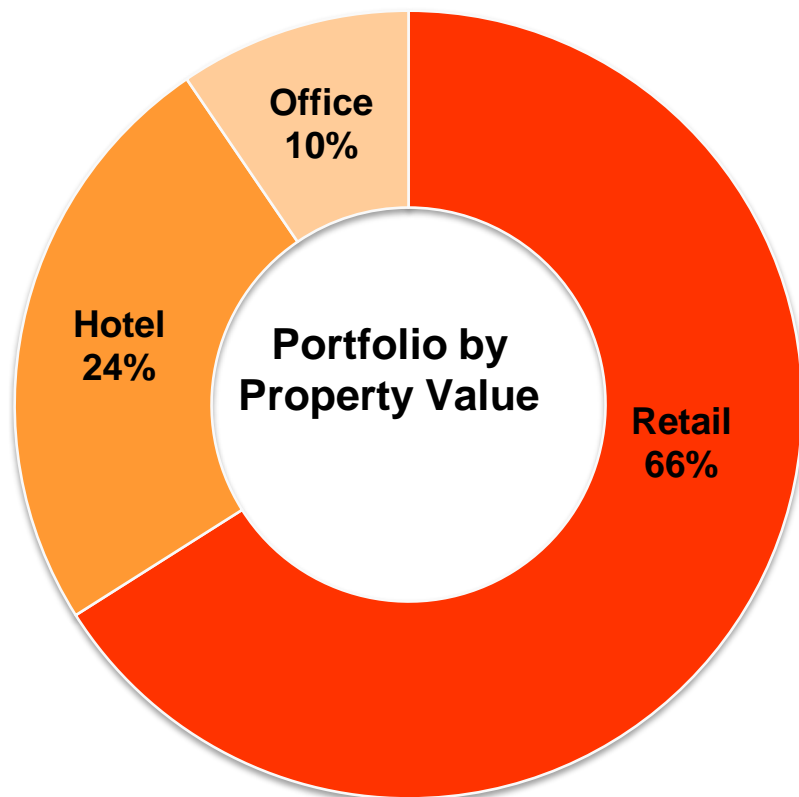
Conclusion

- REIT is a defensive investment and it is prudent to make it as part of your investment portfolio



6. Overview of Sunway REIT

Largest REIT in Malaysia



Property Value

RM **4.4** billion[^]

Gross Floor Area

10,621,086 sq. ft[^]

Market Capitalisation

RM **3.4** billion^{*}

[^] As at 31 March 2012

^{*} As at 31 March 2012 and closing price of RM1.25

Portfolio Overview

- 11 assets worth RM4.379 billion

Bandar Sunway

Sunway Resort Hotel & Spa



Room: 439 guest rooms, 3 villas

Value: RM 495m

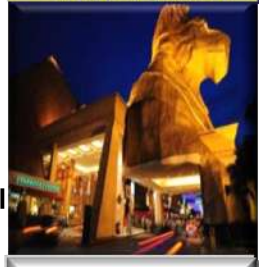
Pyramid Tower Hotel



Room: 549 guest rooms

Value: RM 280m

Sunway Pyramid Shopping Mall



NLA: 1,699,552sq ft⁽¹⁾

Value: RM 2,345m

Menara Sunway



NLA: 276,142 sq ft

Value: RM 138m



Pusat Bandar Seberang Jaya

Sunway Carnival Shopping Mall



NLA: 487,178sq ft⁽²⁾

Value: RM 250m

Sunway Hotel Seberang Jaya



Room: 202 guest rooms

Value: RM 56m

Kuala Lumpur

Sunway Tower



NLA: 268,412 sq ft

Value: RM 189m

Putra Place



Value: RM 576m

Ipoh

SunCity Ipoh Hypermarket



NLA: 181,216sq ft

Value: RM 50m

-  Retail
-  Hotel
-  Office
-  Retail, hotel and office

Awards and Accolades



THE EDGE
MALAYSIA

2010 Deal of the Year
Best IPO - Notable Mention,
awarded by The Edge Malaysia

MIRA
MALAYSIAN INVESTOR RELATIONS ASSOCIATION

Polled as top 3 nominations for Best Investor Relations
for an IPO in 2010, survey carried out by Thomson Reuters Extel
organised by Malaysian Investor Relations Association

α
Alpha
Southeast Asia

Best REIT Deal of the Year 2010
in Southeast Asia,
recognised by Alpha Southeast Asia

Key Statistics and Ratio

Highlights	3QFY2012
No. of Units in circulation ¹	2,694,194,700
Unit Price (as at 31 March 2012) (RM)	1.25
Net Asset Value (NAV) per unit (RM) ²	1.0137
Premium to NAV	23.3%
Earnings Per Unit (EPU) (sen) ³	7.05
Distribution Per Unit (DPU) (sen) ⁴	7.20
Annualised Distribution Yield (based on market price as at 31.3.2012)	5.8%
Management Expense Ratio	0.96%
FY 2012 YTD Total Return	18.6%
Gearing	36.1%
Portfolio Blended Cap Rate (as at 30 June 2011)	6.41%

¹ As at 31 March 2012

² NAV after income distribution as at 31 March 2012

³ Annualised EPU based on YTD 3Q FY 2012 EPU ending 31 March 2012

⁴ Consensus DPU for FY2012

THANK YOU

For further information on this presentation kit, please kindly contact:

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