

**DEFINING  
STRATEGIES  
DRIVING  
GROWTH**  
DEFINING  
**STRATEGIES  
DRIVING  
GROWTH**



## **Sunway REIT**

### **Financial Results**

**2<sup>nd</sup> Quarter Ended 31 December 2013  
(FYE 30 June 2014)**

**Announcement Date:  
24 January 2014**

**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.**

1. Highlights & Key Updates
2. 2Q 2014 Financial Results
3. 2Q 2014 Portfolio Performance
4. 2Q 2014 Property Performance
5. Market Outlook
6. Investor Relations

# 1. Highlights & Key Updates

## Dividend Distribution Details

Distribution Period	1 October 2013 - 31 December 2013
Distribution per Unit (DPU) (sen)	2.23 <sup>1</sup>
Notice of Entitlement	24 January 2014
Ex-Dividend Date	10 February 2014
Book Closure Date	12 February 2014
Payment Date	27 February 2014

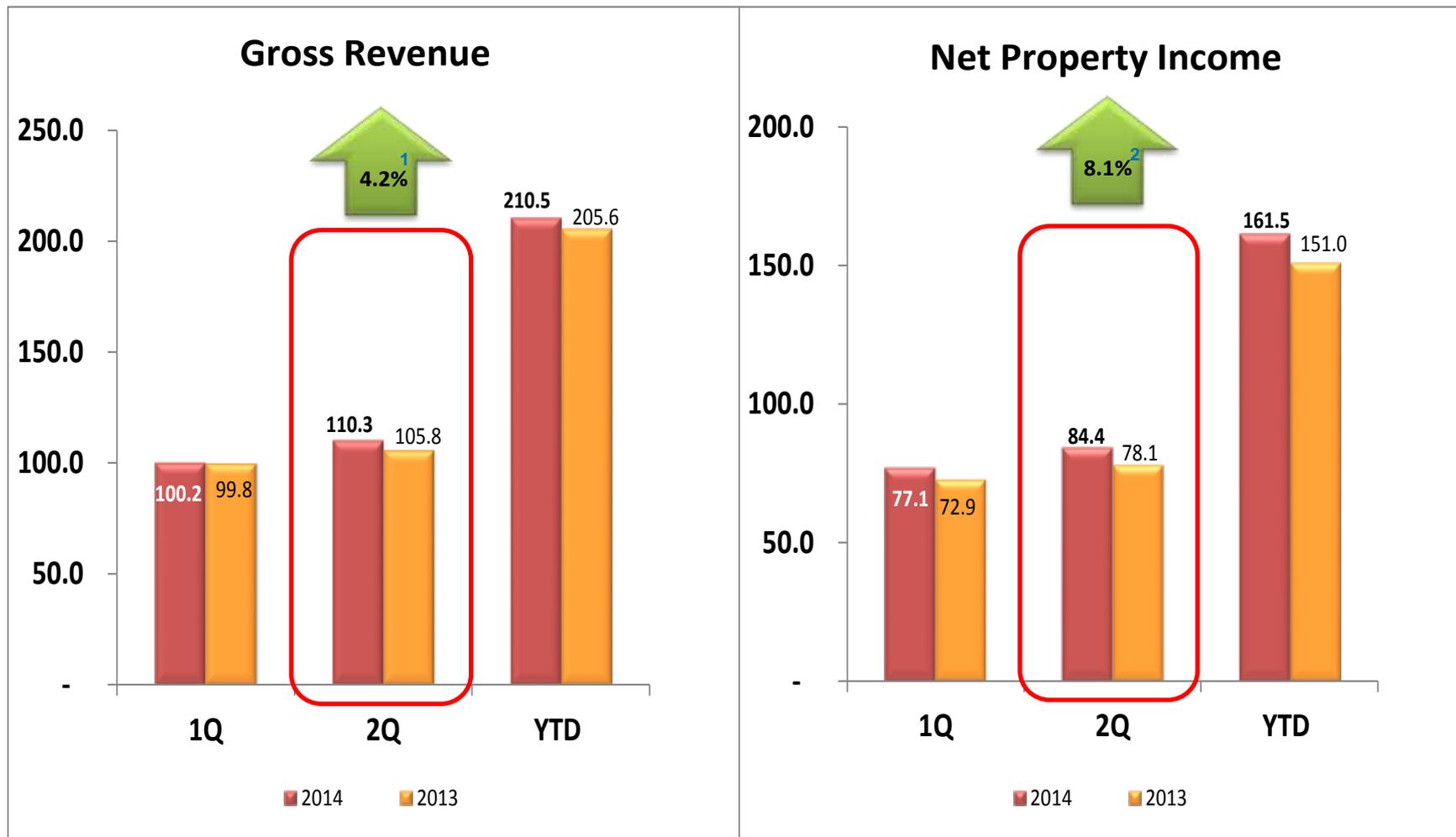
<sup>1</sup> Proposed income distribution for 2Q 2014 of 2.23 sen per unit (comprising taxable and non-taxable amount of 1.89 sen and 0.34 sen per unit respectively).

# Financial Highlights



Highlights	2Q 2014	2Q 2013	Change %
No. of Properties	12	12	0.0%
Property Value (RM'billion)	5.229	4.961	5.4%
No. of Units in Circulation	2,923,685,000	2,700,625,900	8.3%
Unit Price as at 31 Dec (RM)	1.24	1.55	-20.0%
Market Capitalisation (RM'billion)	3.625	4.186	-13.4%
Net Asset Value (NAV) per unit (RM) (After income distribution)	1.1801	1.0964	7.6%
Premium to NAV	5.1%	41.4%	-87.7%
Earnings Per Unit (EPU) (sen)	2.12	2.08	2.1%
Distribution Per Unit (DPU) (sen)	2.23	2.19	1.8%
Annualised Distribution Yield (Based on market price as at 31 Dec)	6.8%	5.4%	25.3%
Management Expense Ratio (After income distribution)	0.79%	0.88%	-10.0%
YTD total return	-12.7%	19.4%	-165.6%
Gearing	32.0%	37.7%	-15.3%

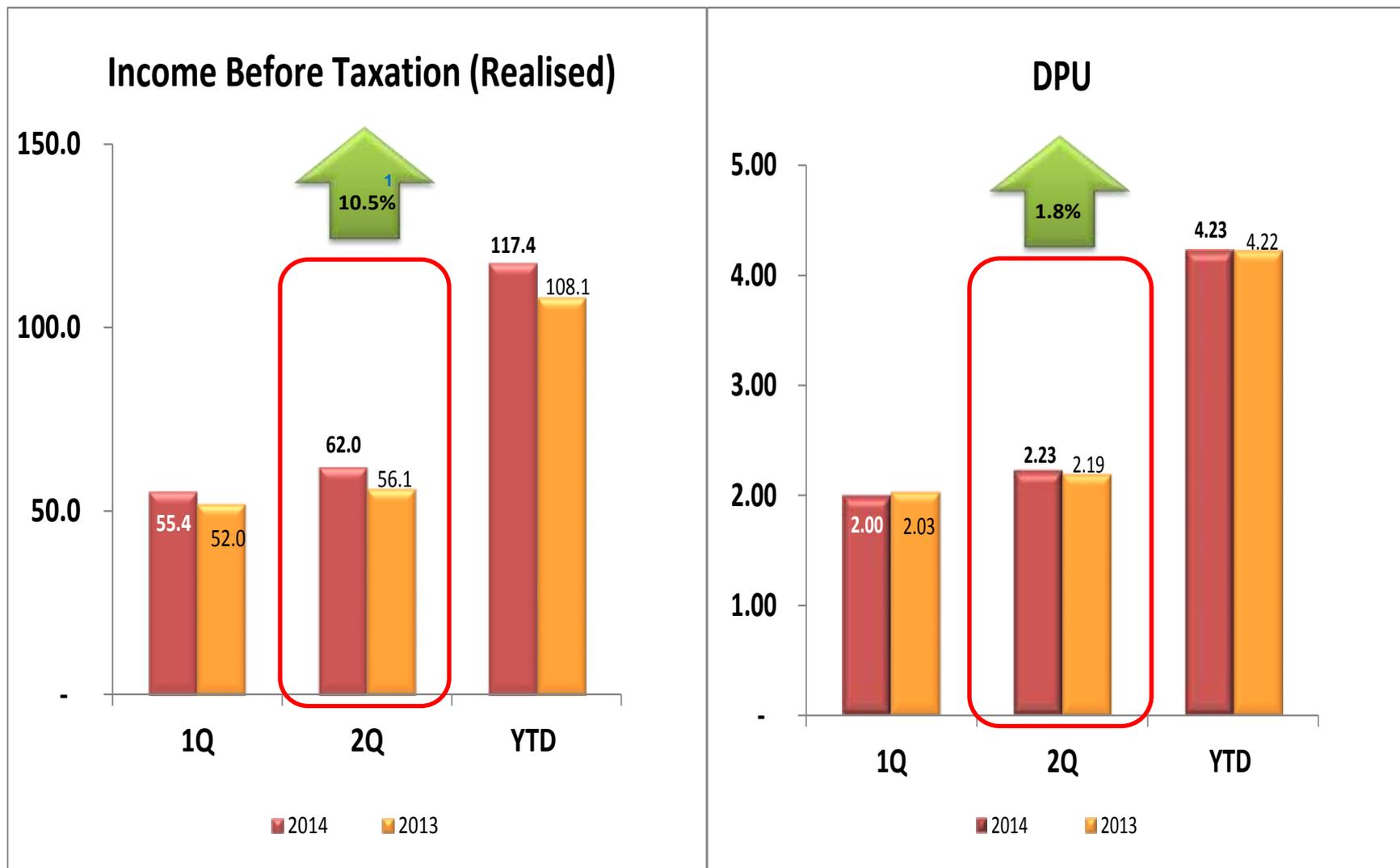
# Financial Highlights (Cont'd)



<sup>1</sup> Gross Revenue increased 4.2% despite loss of income contribution from Sunway Putra Mall which was closed for major refurbishment since May 2013, contributed substantially by Sunway Medical Centre which was acquired on 31 December 2012 and supported by better performance from Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Resort Hotel & Spa.

<sup>2</sup> NPI increased by 8.1% contributed by higher revenue as mentioned in <sup>(1)</sup> above and lower utilities expenses arising from energy savings upon completion of chiller retrofit exercise at Sunway Pyramid Shopping Mall during the quarter under review.

# Financial Highlights (Cont'd)



<sup>1</sup> Income Before Taxation (Realised) increased by 10.5% or RM5.9 million mainly due to higher NPI as mentioned in previous slide.

## Winding up petition against Metroplex Holdings Sdn Bhd

- ❖ The solicitors for RHB Trustees Berhad (formerly known as OSK Trustees Berhad) (as trustee of Sunway REIT) (“Trustee”) and Sunway REIT Management Sdn Bhd (“Manager”) had on 2 August 2012, issued a section 218 Companies Act notice (winding up) to Metroplex Holdings Sdn Bhd (“Metroplex”) pursuant to one of the High Court Orders dated 28 June 2011 where Metroplex is required to provide all accounting records and a true account of all income and receipts derived or received by it from Putra Place since 19 April 2011 together with all supporting documents and to pay all such income and receipts to Sunway REIT.
- ❖ On 2 August 2013, the Kuala Lumpur High Court decided that Metroplex should not be wound up as it is still solvent. Pursuant to the High Court order, a joint lawyers stakeholder account was opened and RM6.189 million was deposited in the joint stakeholder account pending the outcome of the case on assessment of damages above and committal proceedings. On 13 December 2013, the judge for the committal proceedings (who was the judge who delivered the High Court Orders) clarified that the amount owing to Sunway is the "net value" which amounts to RM6.189 million. The judge opined that the parties should return to the original court to facilitate the release of the amount deposited in the joint stakeholder account.

## 2. 2Q 2014 Financial Results

# Statement of Comprehensive Income – Consolidated



	2Q 2014 RM'000	2Q 2013 RM'000	Change %	YTD 2014 RM'000	YTD 2013 RM'000	Change %
Gross revenue	110,313	105,820	4.2%	210,489	205,592	2.4%
Less : Property operating expenses	(25,888)	(27,697)	6.5%	(48,958)	(54,589)	10.3%
<b>Net property income</b>	<b>84,425</b>	<b>78,123</b>	<b>8.1%</b>	<b>161,531</b>	<b>151,003</b>	<b>7.0%</b>
Other income	648	312	107.7%	1,186	566	109.5%
Manager's fees	(6,561)	(5,998)	-9.4%	(12,890)	(11,730)	-9.9%
Trustee's fees and other trust expenses	(524)	(647)	19.0%	(891) <sup>1</sup>	(1,309)	31.9%
Finance costs	(15,954)	(15,668)	-1.8%	(31,502) <sup>2</sup>	(30,399)	-3.6%
<b>Profit for the period</b>	<b>62,034</b>	<b>56,122</b>	<b>10.5%</b>	<b>117,434</b>	<b>108,131</b>	<b>8.6%</b>
<b>Total comprehensive income for the period comprises the following:</b>						
Realised						
- Initial 8 IPO assets	59,273	50,076	18.4%	112,494	97,988	14.8%
- Sunway Putra Place	(465)	6,084	-107.6%	(1,504)	10,169	-114.8%
- SMC	3,208	(44)	7390.9%	6,410	(44)	14668.2%
<b>Total realised</b>	<b>62,016</b>	<b>56,116</b>	<b>10.5%</b>	<b>117,400</b>	<b>108,113</b>	<b>8.6%</b>
Unrealised	18	6	200.0%	34	18	88.9%
<b>Total net income for the period</b>	<b>62,034</b>	<b>56,122</b>	<b>10.5%</b>	<b>117,434</b>	<b>108,131</b>	<b>8.6%</b>
No. of Units in circulation (million)	2,924	2,701	8.2%	2,924	2,701	8.2%
<b>EPU (sen)</b>						
- realised	<b>2.12</b>	<b>2.08</b>	2.1%	4.02	4.00	0.3%
- unrealised	-	-	0.0%	-	-	0.0%
<b>Total EPU</b>	<b>2.12</b>	<b>2.08</b>	<b>2.1%</b>	<b>4.02</b>	<b>4.00</b>	<b>0.3%</b>
Proposed/declared distribution	<b>65,198</b>	<b>59,144</b>	<b>10.2%</b>	<b>123,627</b>	<b>113,926</b>	<b>8.5%</b>
<b>Proposed/declared distribution per unit (sen)</b>	<b>2.23</b>	<b>2.19</b>	<b>1.8%</b>	<b>4.23</b>	<b>4.22</b>	<b>0.2%</b>

<sup>1</sup> YTD 2Q 2014 vs YTD 2Q 2013 - Other trust expenses was lower in YTD 2Q 2014 mainly due to reversal of overprovision for valuation fees amounting to RM295k.

<sup>2</sup> YTD 2Q 2014 vs YTD 2Q 2013 - Higher finance costs in YTD 2Q 2014 mainly due to higher outstanding balance and higher average cost of debt at 3.85% compared to 3.73% in YTD 2Q 2013.

# Statement of Financial Position – Consolidated



	31.12.13 RM'000	30.06.13 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	1,418	1,283
Investment properties	5,229,440	5,184,000
Derivative financial instrument	20,581	7,540
	5,251,439	5,192,823
<b>Current assets</b>		
Receivables, deposits and prepayments	17,854	18,190
Deposits, cash and bank balances	63,758	58,519
	81,612	76,709
	5,333,051	5,269,532
<b>EQUITY AND LIABILITIES</b>		
<b>Unitholders' funds</b>		
Unitholders' capital	2,696,315	2,690,002
Undistributed income	819,241	816,467
	3,515,556	3,506,469
<b>Non-current liabilities</b>		
Borrowings	1,328,150	1,317,850
Long term liabilities	54,815	41,956
	1,382,965	1,359,806
<b>Current liabilities</b>		
Borrowings	365,993	314,769
Trade and other payables	68,537	88,488
	434,530	403,257
	5,333,051	5,269,532

# Debt Profile



	Facility Limit RM'mil	RM'mil
Term Loan	310.8	328.1 <sup>1</sup>
Commercial Papers/Revolving Loans <sup>2</sup>	500.0	366.0
Unrated MTNs	1,000.0	1,000.0
<b>Total Gross Borrowings</b>		<b>1,694.1</b>
Discount on Commercial Papers		-
<b>Total Borrowings at carrying amount</b>		<b>1,694.1</b>

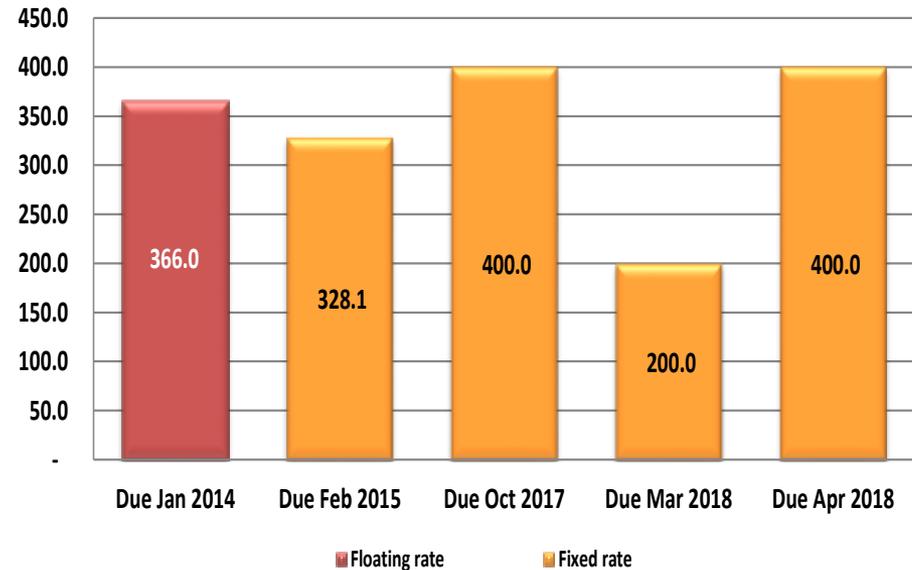
	RM'mil
<b>Classification of Borrowings:</b>	
Current (due within 1 year)	366.0
Non-current (due after 1 year)	1,328.1
<b>Total Gross Borrowings</b>	<b>1,694.1</b>

Average Cost of Debt	3.85%
Average Maturity Period (Years)	2.6
Debt Service Cover Ratio (DSCR)	5.7
<b>Gearing Ratio</b>	<b>32.0%</b>

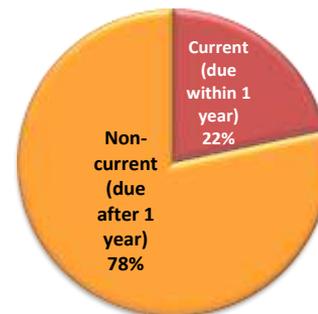
<sup>1</sup> Includes unrealised forex loss of RM17.35 million. This was fully hedged with cross currency swap contract entered on 3 February 2012.

<sup>2</sup> The current limit of RM500.00 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.

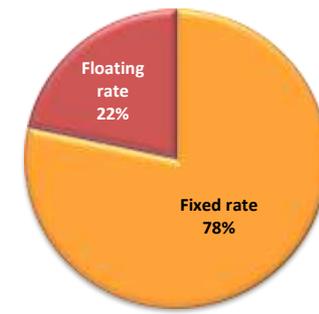
## Loan Maturity Profile (RM'mil)



## Classification of Borrowings



## Fixed versus Floating rate mix

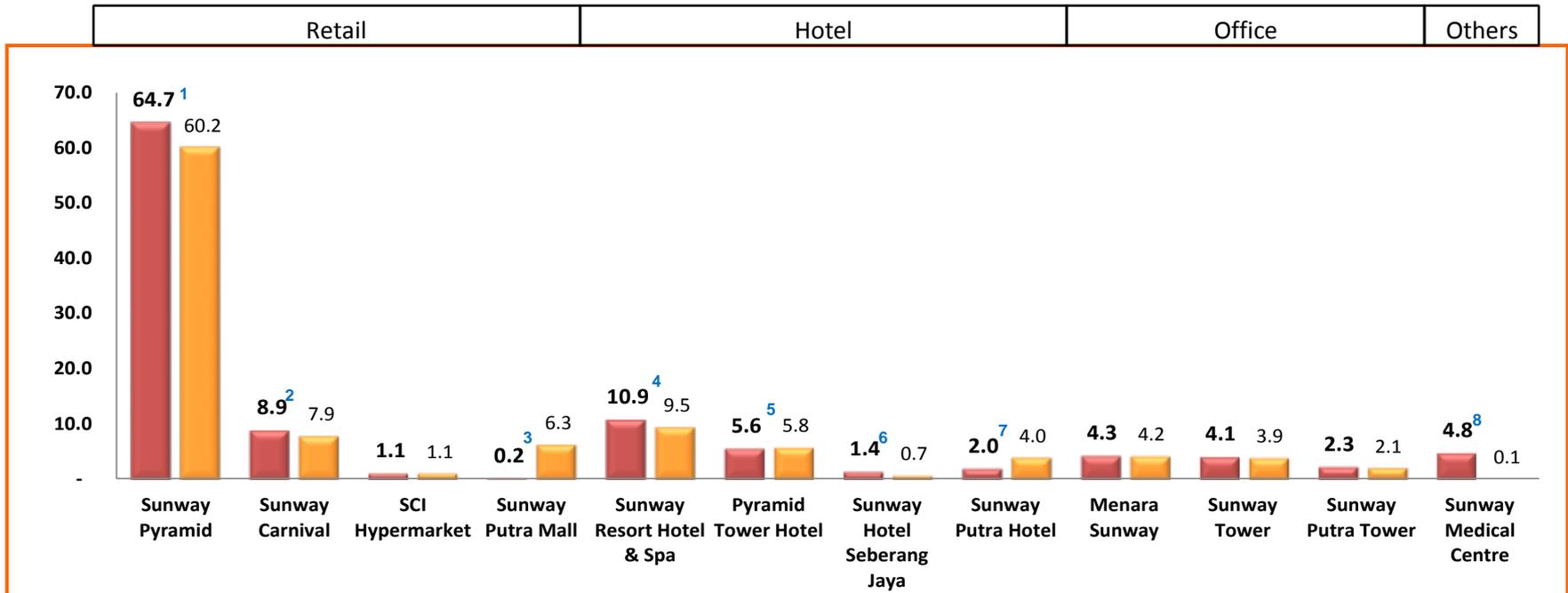


## 3. 2Q 2014 Portfolio Performance

# 2Q 2014 Revenue Contribution



■ 2Q 2014 (RM'mil) **110.3**  
■ 2Q 2013 (RM'mil) **105.8**

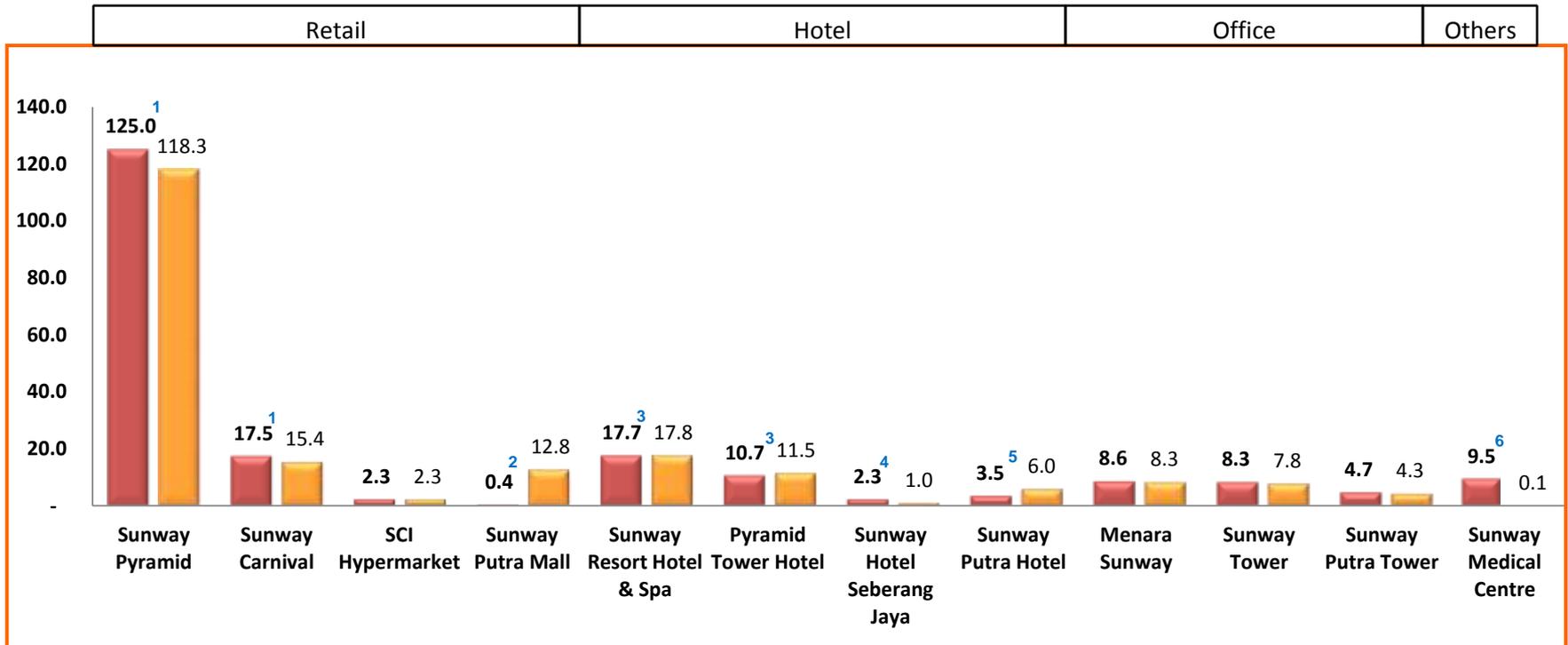


- <sup>1</sup> Sunway Pyramid - Higher overall average rental rate (ARR) resulting from renewal/new tenancies whereby 902,316 sq. ft. was renewed/replaced with a double digit rental reversion for a 3-year term and the opening of Oasis Boulevard 5 (OB5) in the current quarter with additional net lettable area (NLA) of 20,362 sq. ft. and reconfigured NLA of 23,432 sq. ft.
- <sup>2</sup> Sunway Carnival - Higher overall ARR as compared to 2Q 2013 due to rental reversion.
- <sup>3</sup> Sunway Putra Mall – Closed for major refurbishment since May 2013.
- <sup>4</sup> Sunway Resort Hotel & Spa – Significant improvement in the average occupancy rate to 83.5% in 2Q 2014 compared to 71.9% in 2Q 2013 due to aggressive tactical promotional activities and lower operating expenses.
- <sup>5</sup> Pyramid Tower Hotel – Despite the average occupancy rate improved to 88.5% in 2Q 2014 from 82.6% in 2Q 2013 as a result of similar aggressive tactical promotional activities as Sunway Resort Hotel & Spa, the revenue contribution from this hotel for 2Q 2014 was marginally lower compared to 2Q 2013.
- <sup>6</sup> Sunway Hotel Seberang Jaya – Completed major refurbishment in May 2013. Average occupancy improved to 68.7% for 2Q 2014 compared to 46.3% in 2Q 2013.
- <sup>7</sup> Sunway Putra Hotel - Affected by the major refurbishment works at the adjoining Sunway Putra Mall. Occupancy for 2Q 2014 slipped to 51.6% compared to 70.5% in the preceding year corresponding quarter.
- <sup>8</sup> SMC - Acquired by Sunway REIT on 31 December 2012.

# YTD 2Q 2014 Revenue Contribution



<span style="display:inline-block; width:15px; height:15px; background-color:#C0392B; border:1px solid black;"></span> YTD 2Q 2014 (RM'mil)	210.5
<span style="display:inline-block; width:15px; height:15px; background-color:#F39C12; border:1px solid black;"></span> YTD 2Q 2013 (RM'mil)	205.6

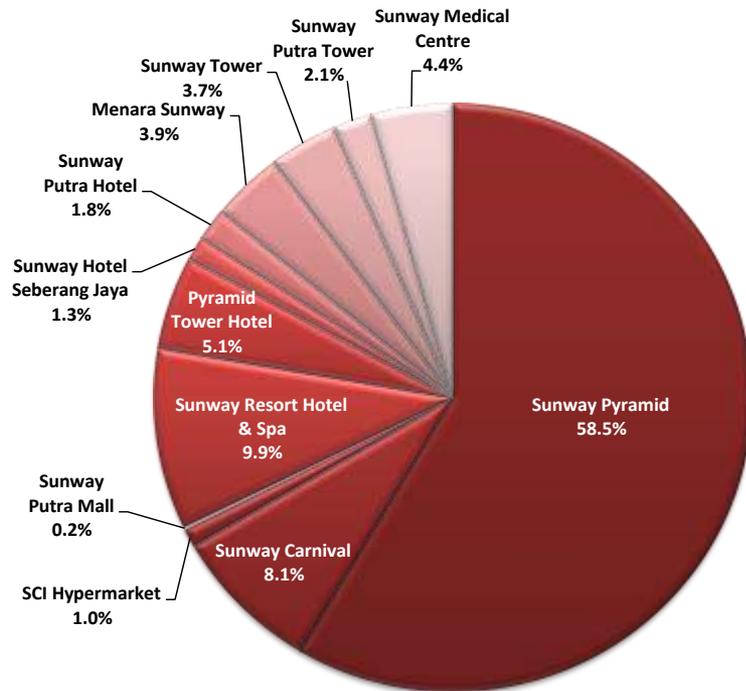


- <sup>1</sup> Sunway Pyramid and Sunway Carnival - Higher overall average rental rate (ARR) due to rental reversion exercise as mentioned in the previous slide.
- <sup>2</sup> Sunway Putra Mall – Closed for major refurbishment since May 2013.
- <sup>3</sup> Sunway Resort Hotel & Spa and Pyramid Tower Hotel - Both hotels experienced weaker performance in 1Q 2014 primarily attributable to slower macro environment in the electrical and electronics (E&E) sector which these hotels predominantly served. Consequently, these 2 hotels launched aggressive tactical promotional activities which resulted in improved performance in 2Q 2014 especially SRHS as mentioned in the previous slide.
- <sup>4</sup> Sunway Hotel Seberang Jaya – Completed major refurbishment in May 2013 whereby average occupancy improved from 46.3% in 2Q 2013 to 68.7% in 2Q 2014.
- <sup>5</sup> Sunway Putra Hotel - Affected by the major refurbishment works at the adjoining Sunway Putra Mall as explained in the previous slide.
- <sup>6</sup> SMC - Acquired by Sunway REIT on 31 December 2012.

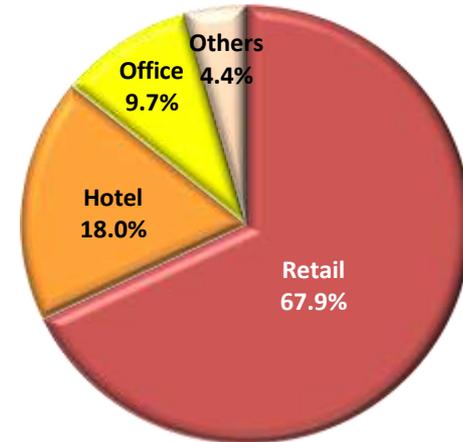
# 2Q 2014 Revenue Contribution



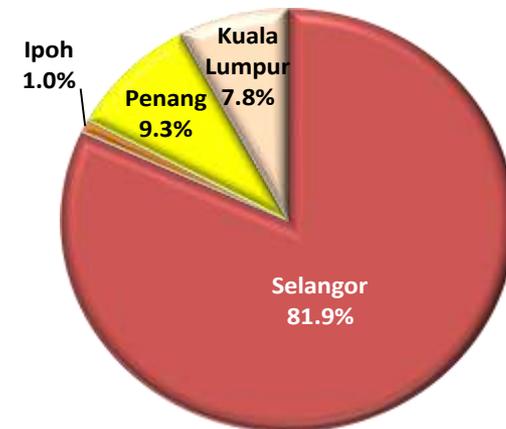
### By property



### By sector



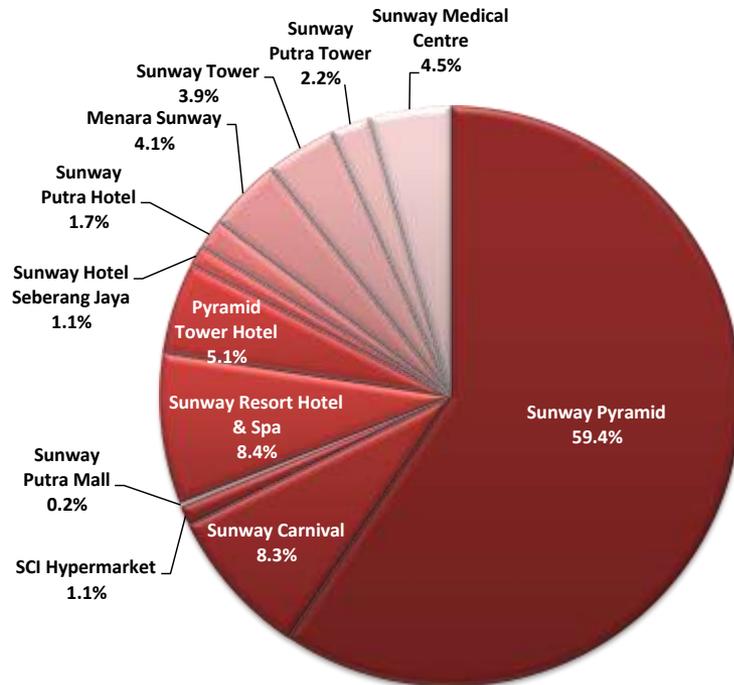
### By location



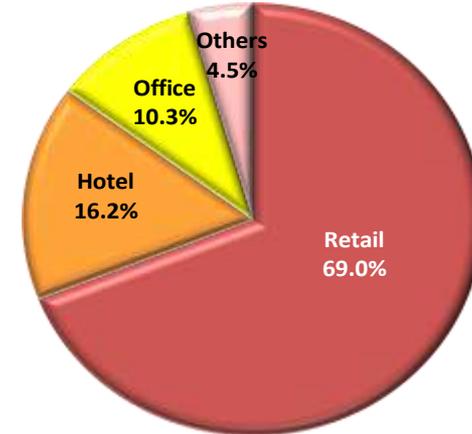
# YTD 2Q 2014 Revenue Contribution



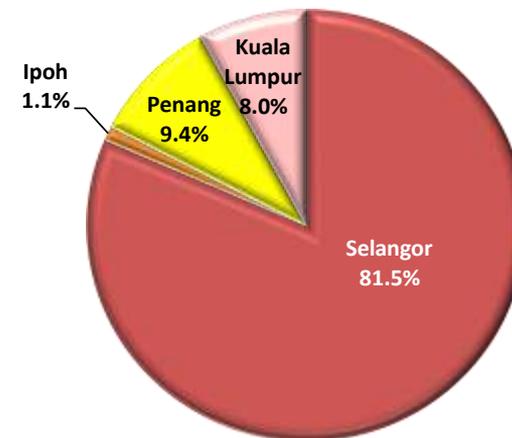
### By property



### By sector



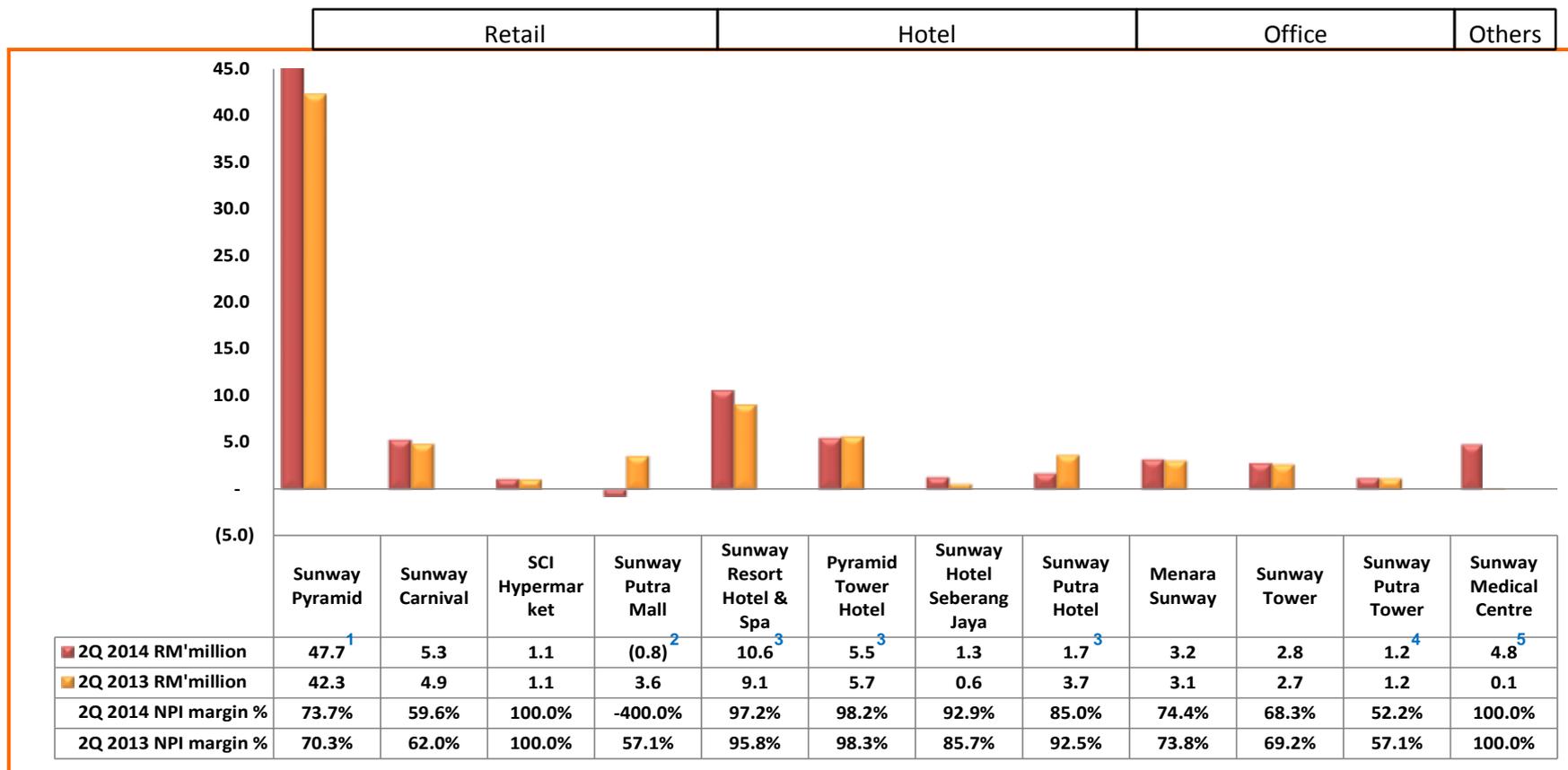
### By location



# 2Q 2014 NPI Contribution



	<u>NPI</u>	<u>Margin</u>
2Q 2014 (RM'mil)	84.4	76.5%
2Q 2013 (RM'mil)	78.1	73.8%



<sup>1</sup> Sunway Pyramid – Increase in revenue coupled by lower utilities expenses arising from energy savings upon completion of chiller retrofit exercise.

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

<sup>3</sup> Sunway Resort Hotel & Spa, Pyramid Tower Hotel and Sunway Putra Hotel – As explained in Slide 16.

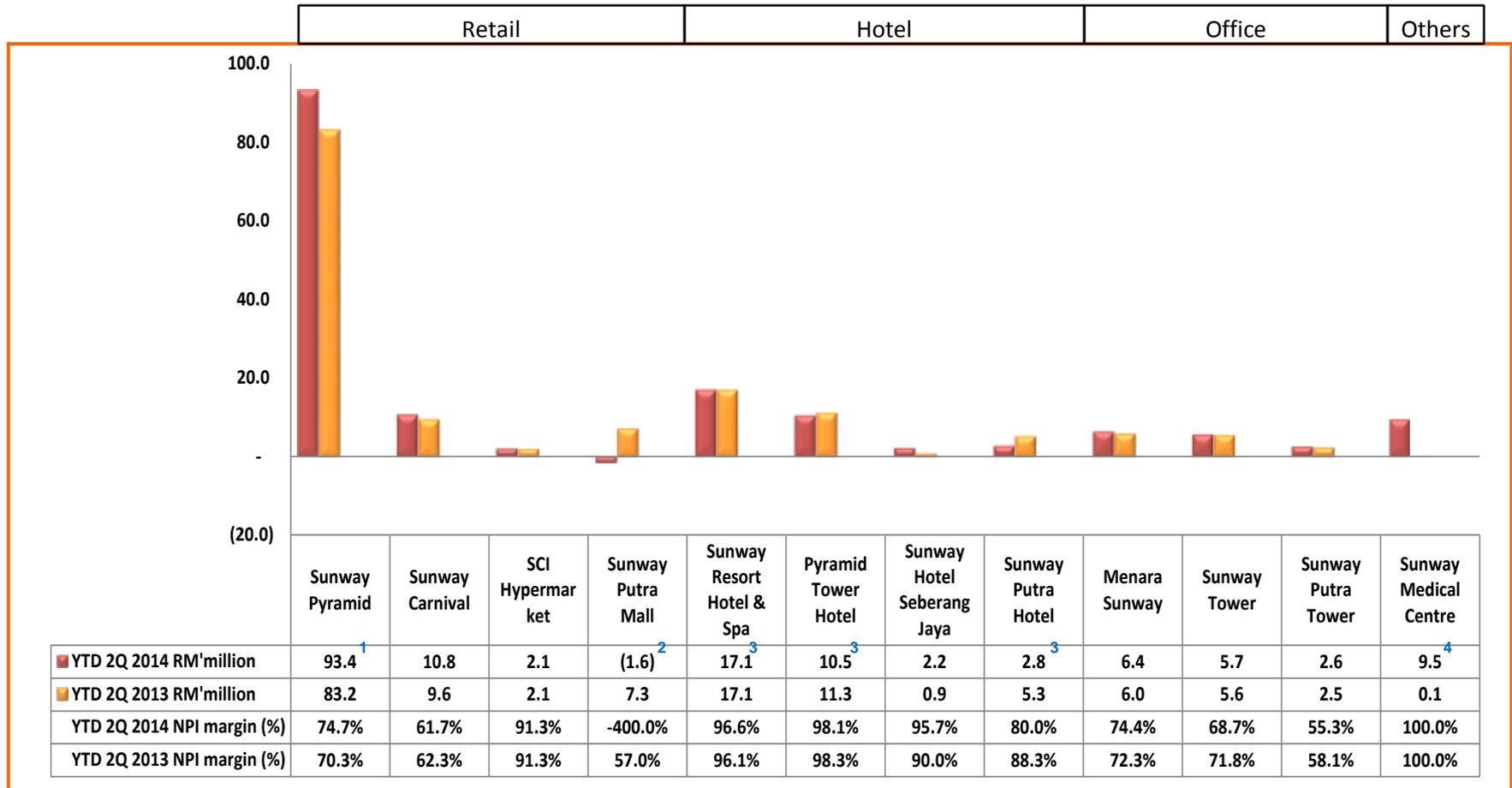
<sup>4</sup> Sunway Putra Tower – Lower NPI margin for 2Q 2014 compared to 2Q 2013 mainly due to realignment of cost as there is no longer cost sharing arrangement with Sunway Putra Mall.

<sup>5</sup> SMC - Acquired by Sunway REIT on 31 December 2012.

# YTD 2Q 2014 NPI Contribution



	<u>NPI</u>	<u>Margin</u>
YTD 2Q 2014 (RM'mil)	161.5	76.7%
YTD 2Q 2013 (RM'mil)	151.0	73.4%



<sup>1</sup> Sunway Pyramid – Increase in revenue coupled by lower utilities expenses as explained in the previous slide.

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

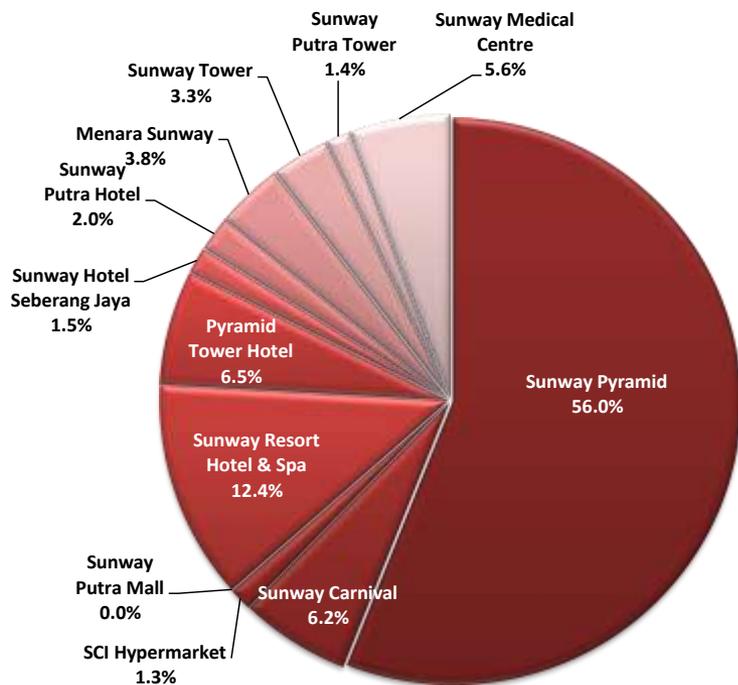
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<sup>4</sup> SMC - Acquired by Sunway REIT on 31 December 2012.

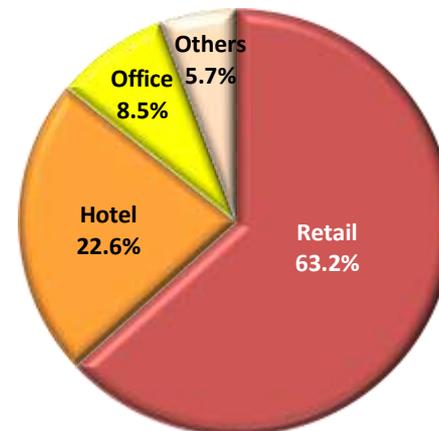
# 2Q 2014 NPI Contribution



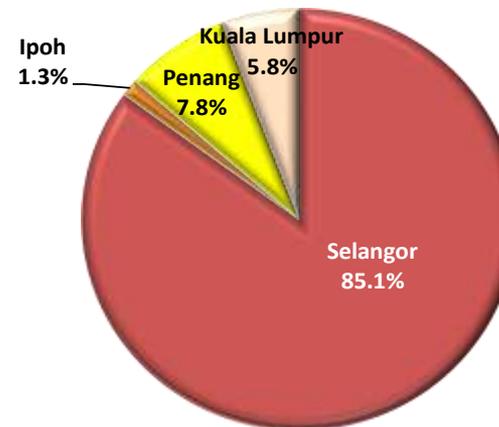
### By property



### By sector



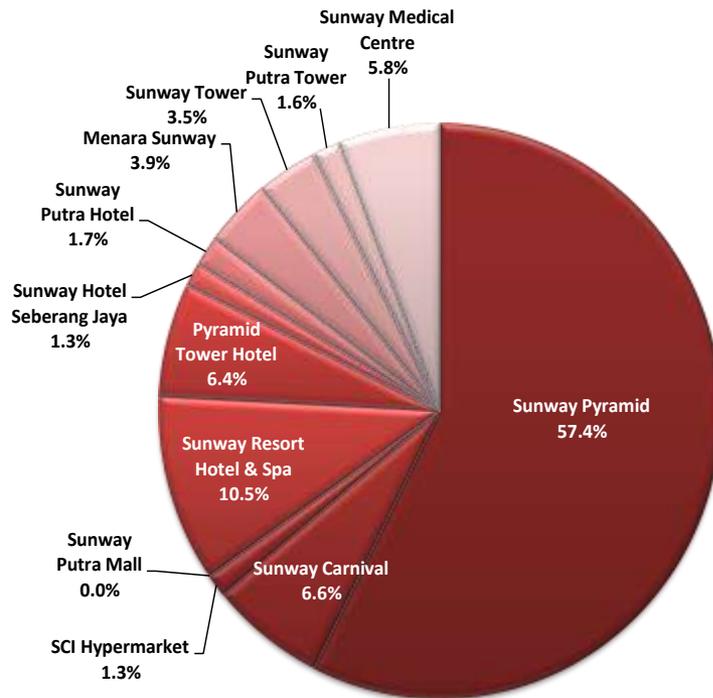
### By location



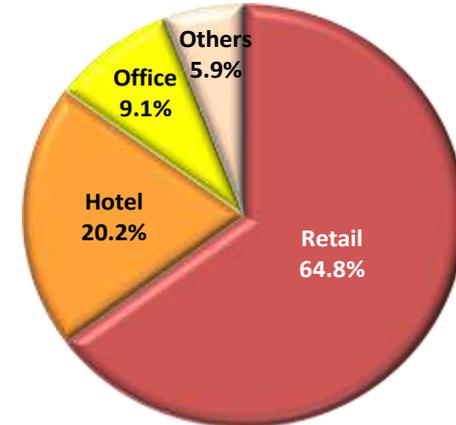
# YTD 2Q 2014 NPI Contribution



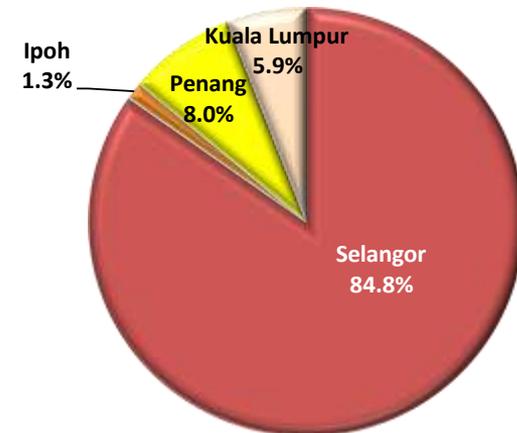
## By property



## By sector



## By location



# RESILIENT INCOME STREAM

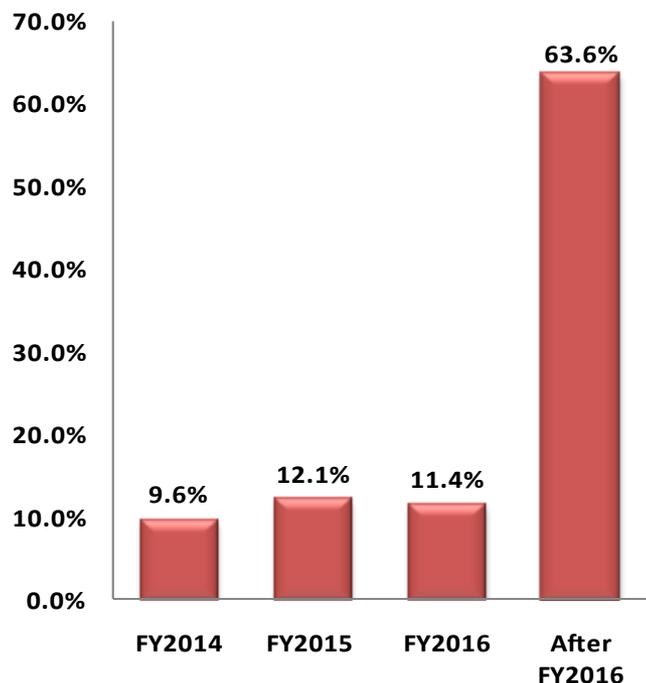


Well spread-out lease expiry profile and diverse tenant base

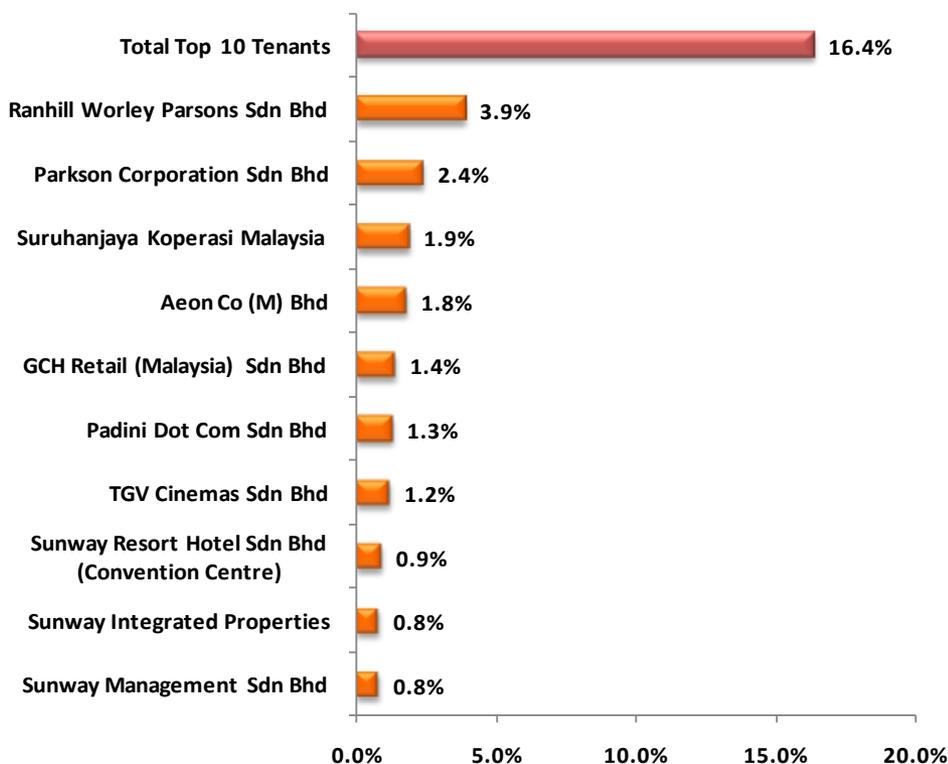
WALE<sup>1</sup> as at 31 December 2013 – 2.7 years

Top 10 tenants comprise approximately 16.4%

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



Top 10 tenants



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

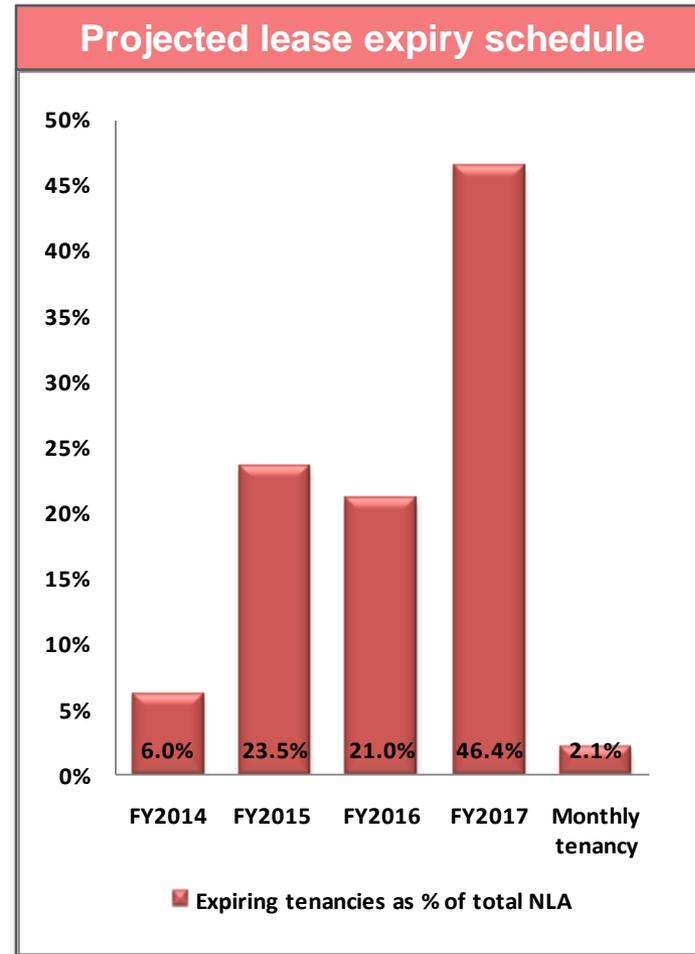
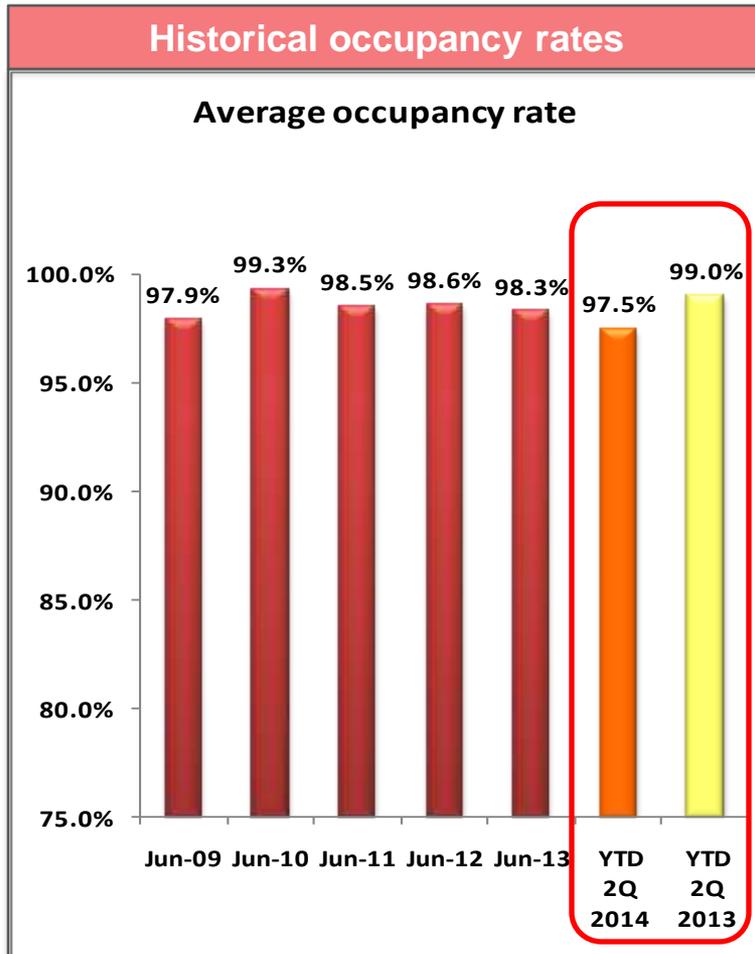
<sup>2</sup> Calculated using NLA for the Retail and Office Properties and GFA for the Hotel and Hospital Properties.  
(NLA for Sunway Putra Mall has been excluded as the mall is closed for major refurbishment.)

Note: Based on gross rental income for the month of December 2013.  
(Exclude Hotel Master Leases, Hospital Master Lease and car park tenancies.)

## 4. 2Q 2014 Property Performance

# RETAIL PROPERTIES

## SUNWAY PYRAMID SHOPPING MALL



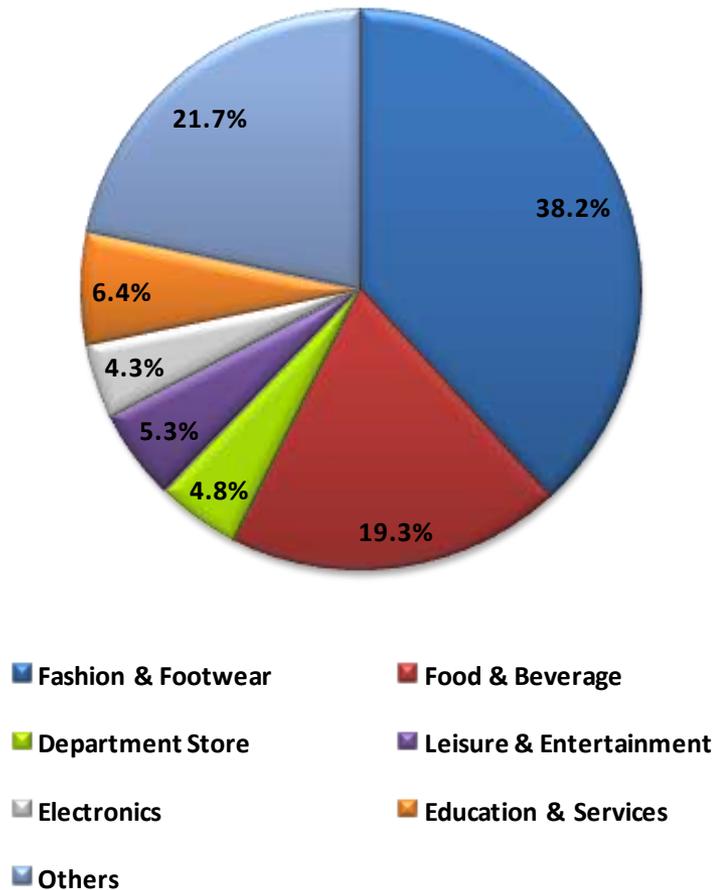
Note: Lower occupancy rate for YTD 2Q 2014 (97.5%) compared to YTD 2Q 2013 (99.0%) was mainly due to the reconfiguration work for an existing area of 23,432 sq.ft. under Oasis Boulevard 5 Project which commenced in April 2013 (4Q 2013) was only completed in 2Q 2014.

# RETAIL PROPERTIES

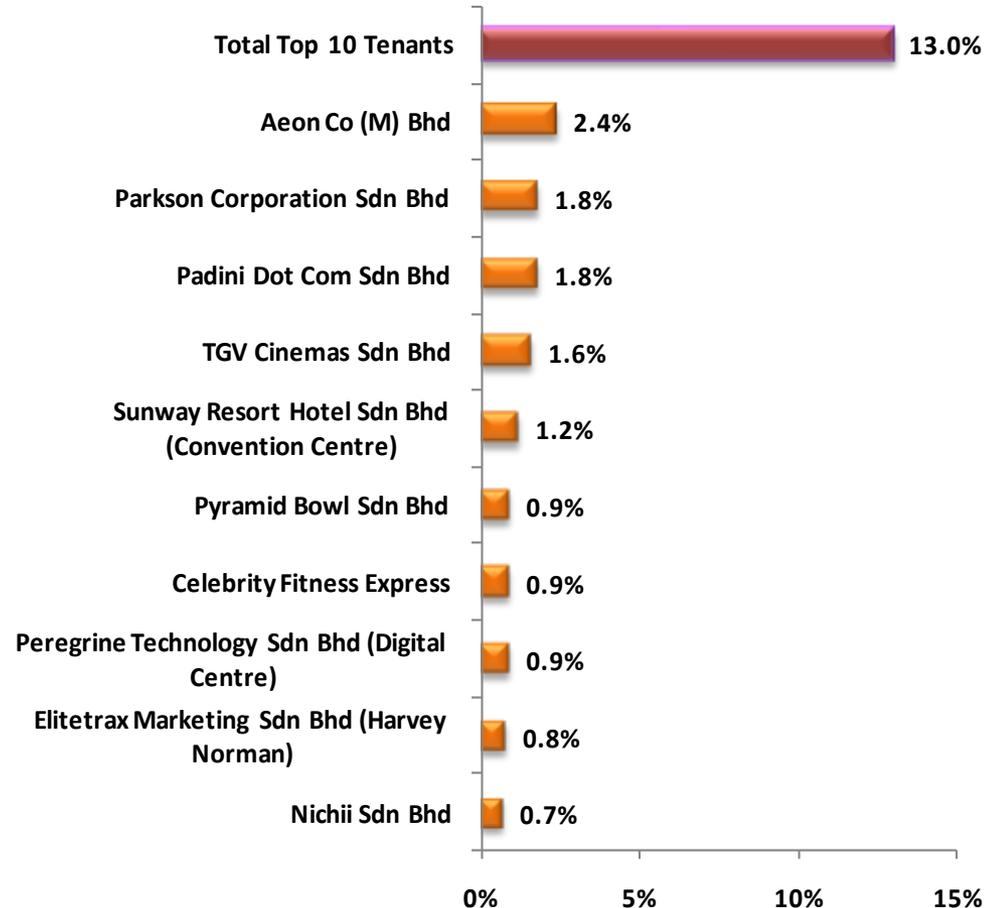


## SUNWAY PYRAMID SHOPPING MALL (Cont'd)

Tenant mix



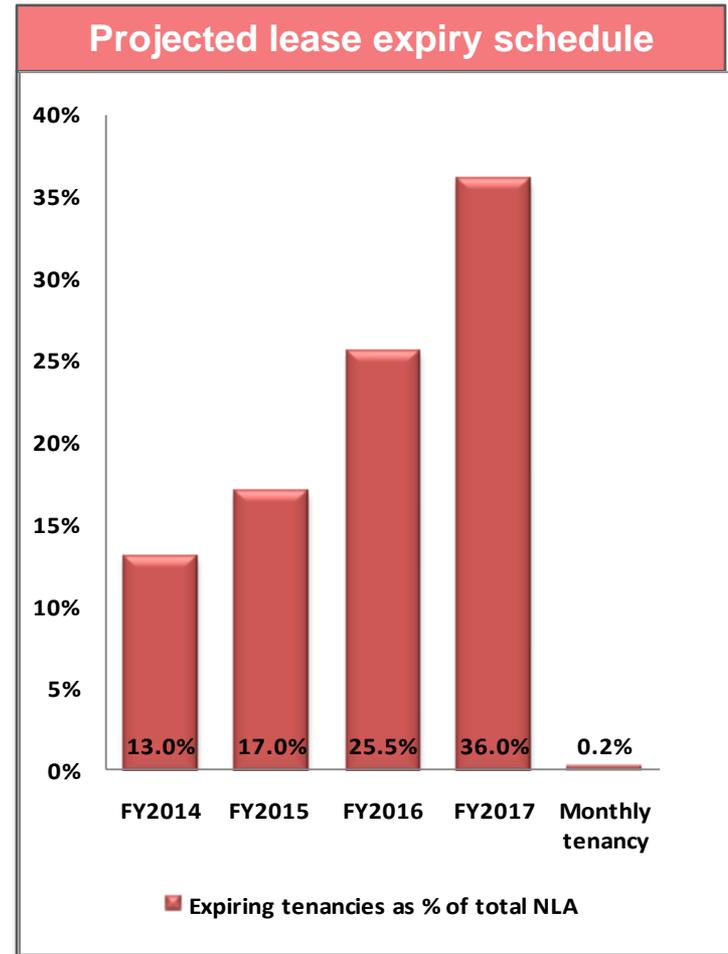
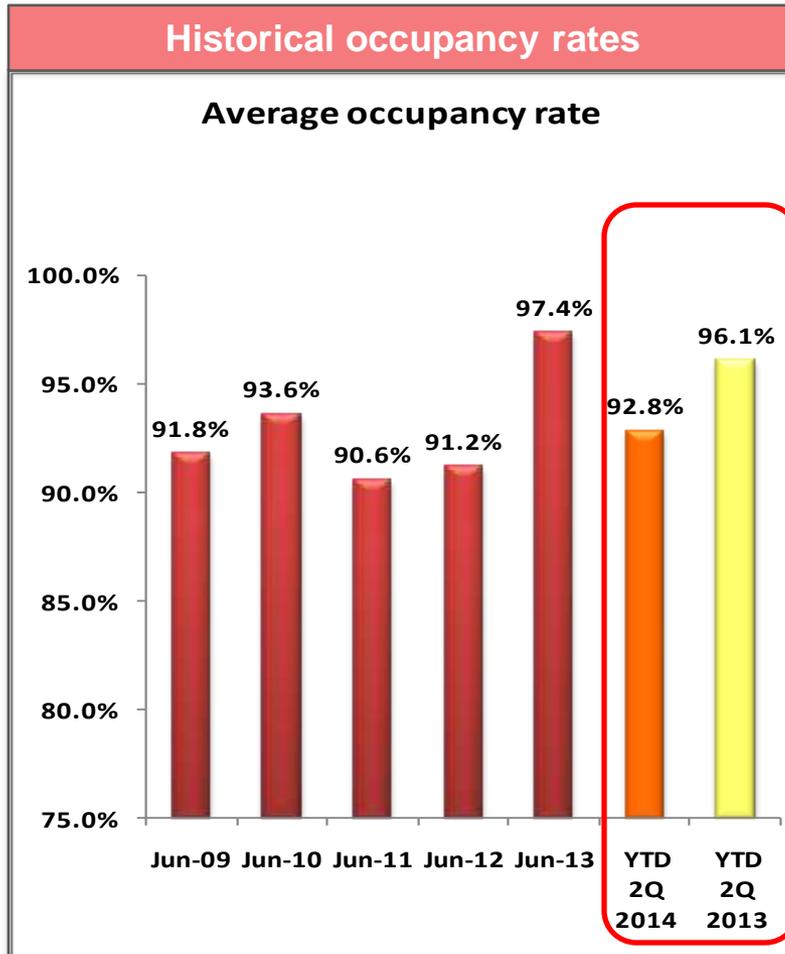
Top 10 tenants



Note: Based on gross rental income for the month of December 2013

# RETAIL PROPERTIES

## SUNWAY CARNIVAL SHOPPING MALL



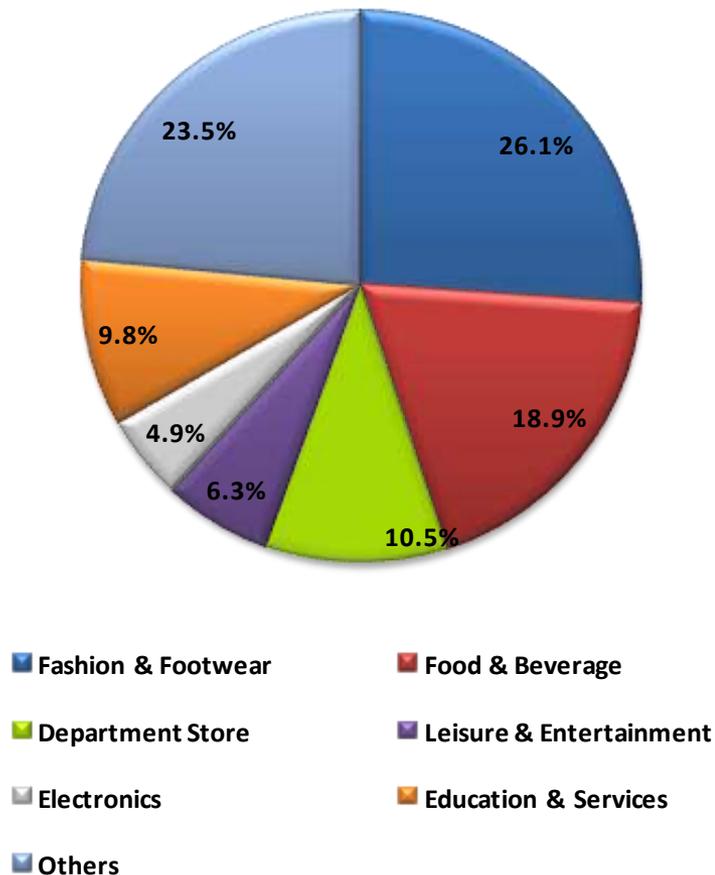
Note: Lower occupancy rate for YTD 2Q 2014 (92.8%) compared to YTD 2Q 2013 (96.1%) was mainly due to non-renewal by a tenant in June 2013 with NLA of 39,676 sq. ft. due to a change in the tenant's business strategy.

# RETAIL PROPERTIES

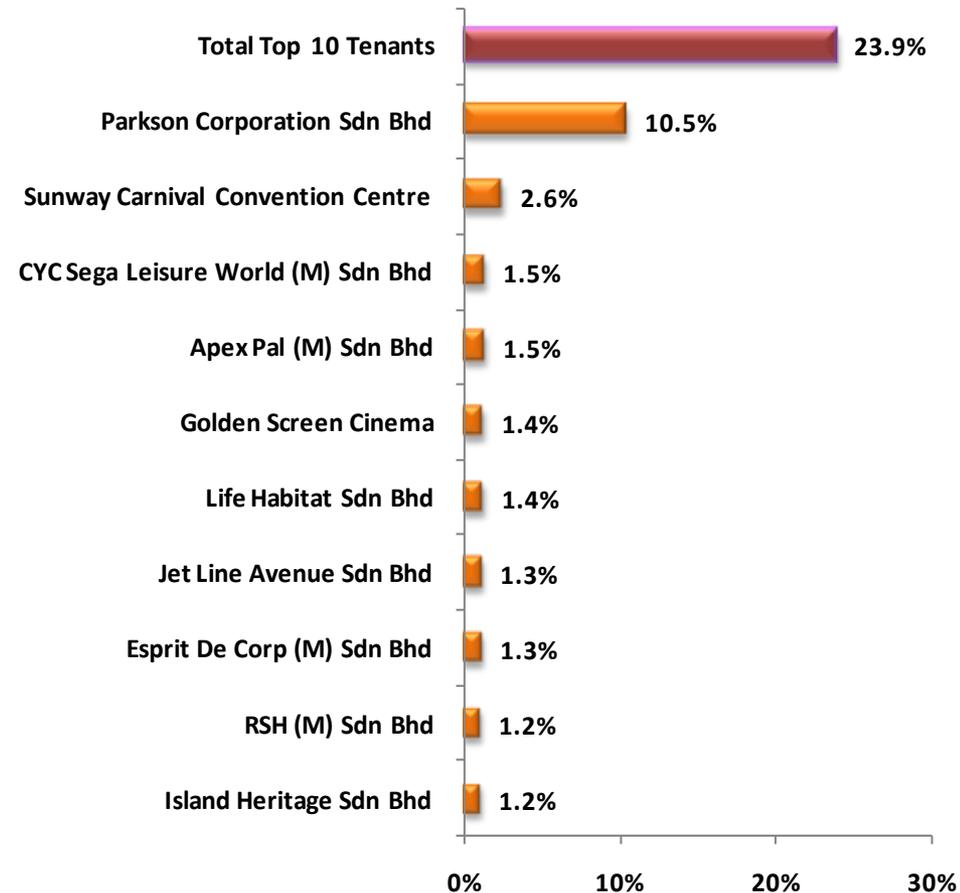


## SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix



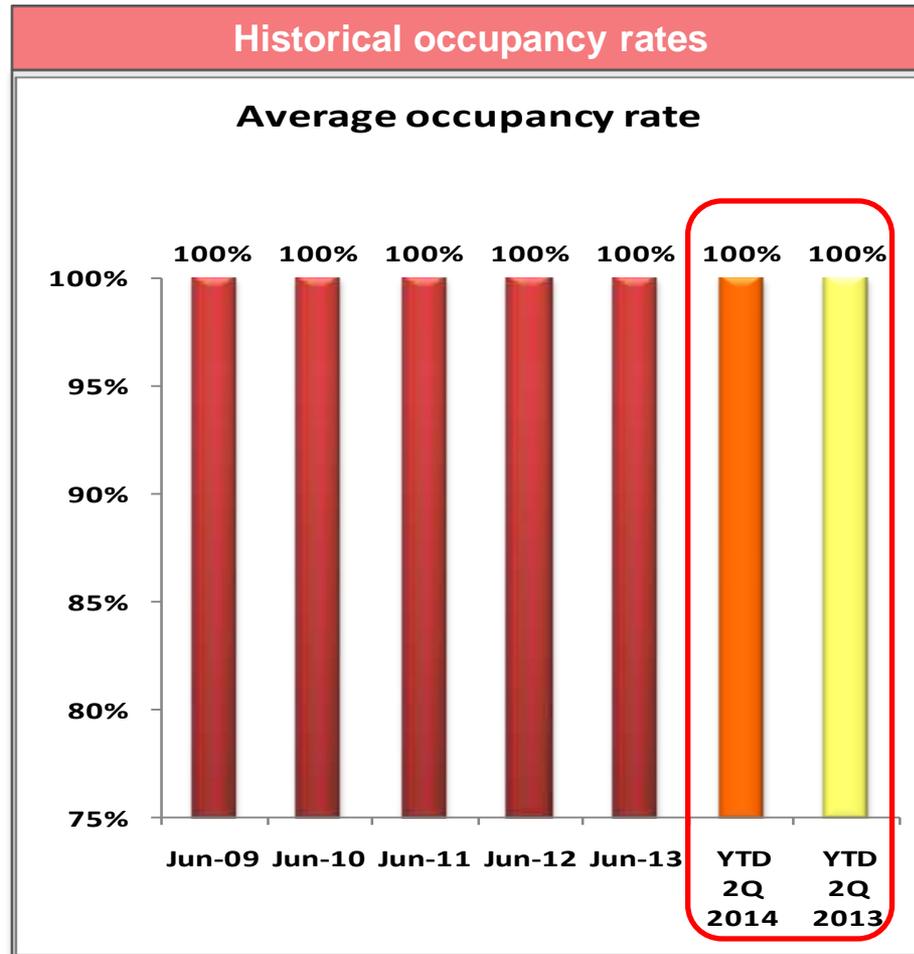
Top 10 tenants



Note: Based on gross rental income for the month of December 2013

# 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 is expiring in FYE 2014 with an option to renew for another term of 3 years by the tenant at a predetermined rental reversion rate.

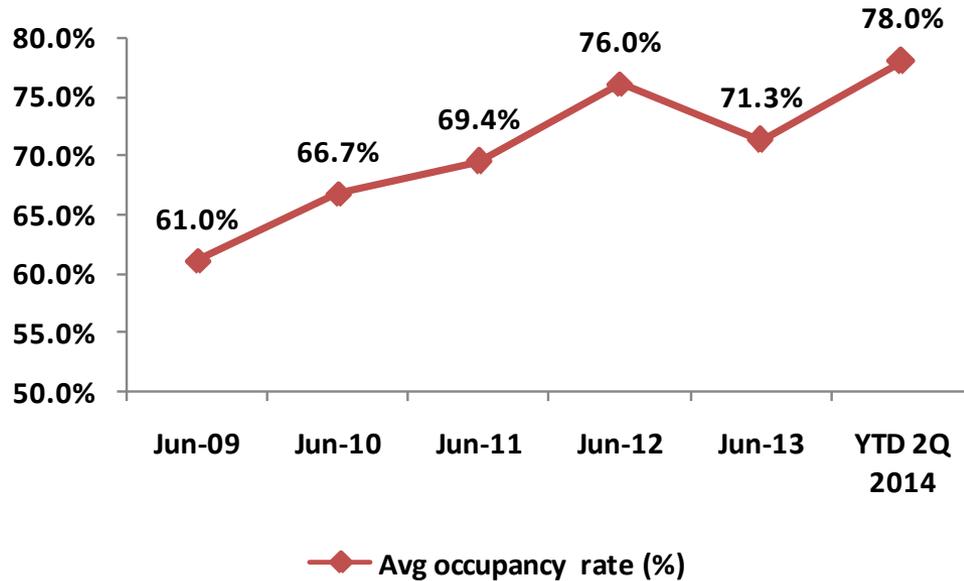
# HOSPITALITY PROPERTIES

## SUNWAY RESORT HOTEL & SPA

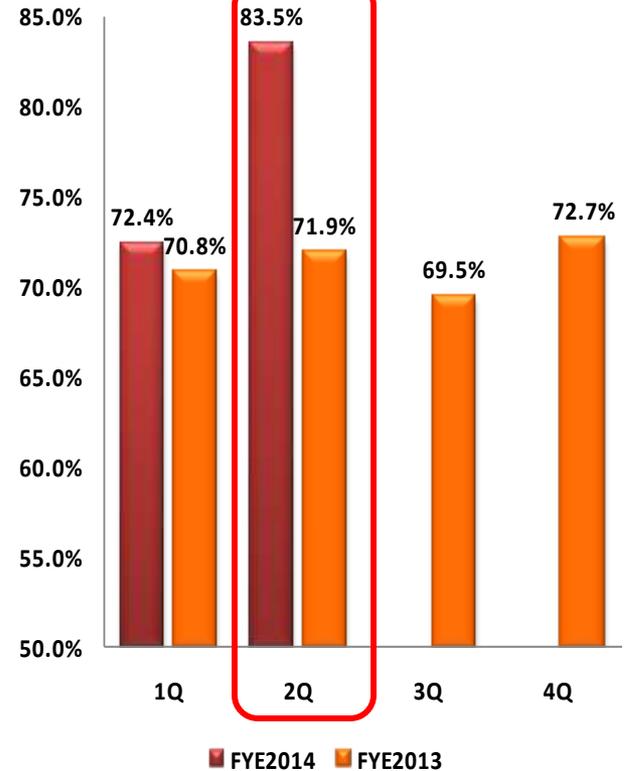


Historical occupancy rate (Q on Q)

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	75.6%
Leisure	24.4%

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.

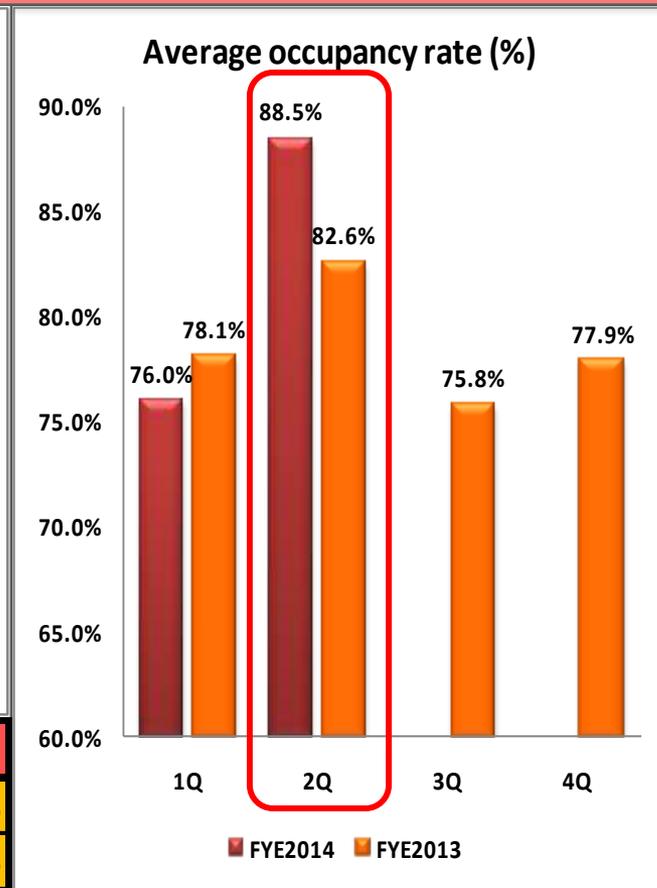
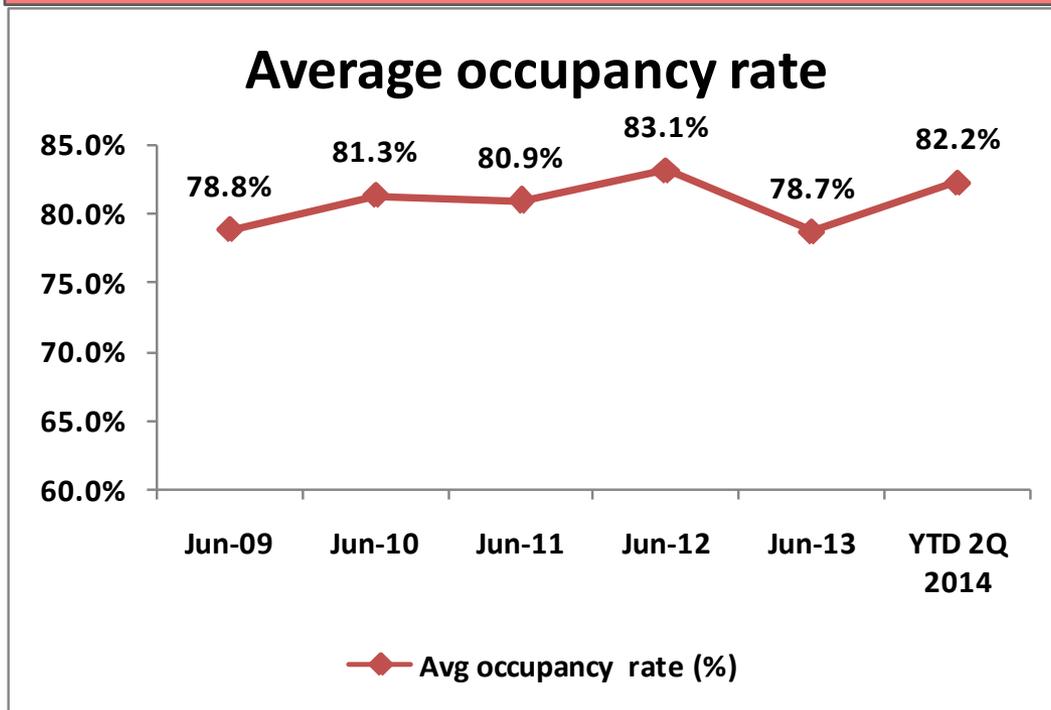
Note 2: Sunway Resort Hotel & Spa contributed higher revenue for current quarter mainly due to significant improvement in the average occupancy rate to 83.5% in 2Q 2014 compared to 71.9% in 2Q 2013 due to aggressive tactical promotional activities.

# HOSPITALITY PROPERTIES

## PYRAMID TOWER HOTEL



Historical occupancy rate (Q on Q)



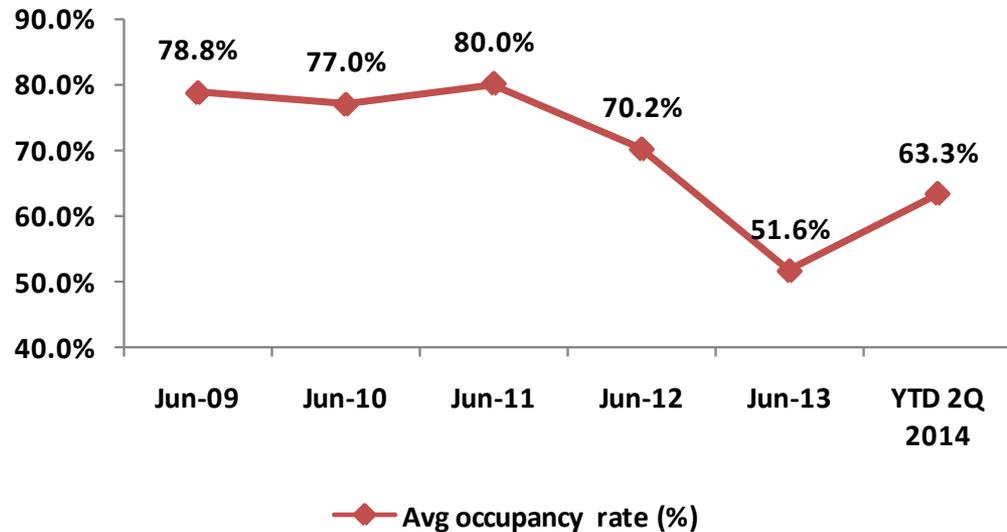
Customer contribution (Room revenue)	
Corporate	82.3%
Leisure	17.7%

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.

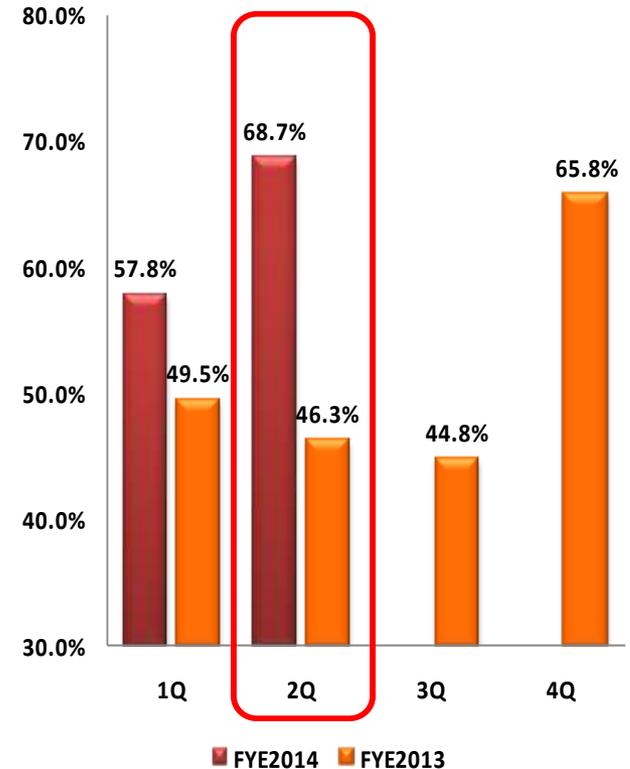
Note 2: The average occupancy rate of Pyramid Tower Hotel has improved to 88.5% in 2Q 2014 from 82.6% in 2Q 2013 as a result of similar tactical promotional activities as Sunway Resort Hotel & Spa. However, the revenue contribution from this hotel for 2Q 2014 was marginally lower compared to 2Q 2013 .

### Historical occupancy rate (Q on Q)

#### Average occupancy rate



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

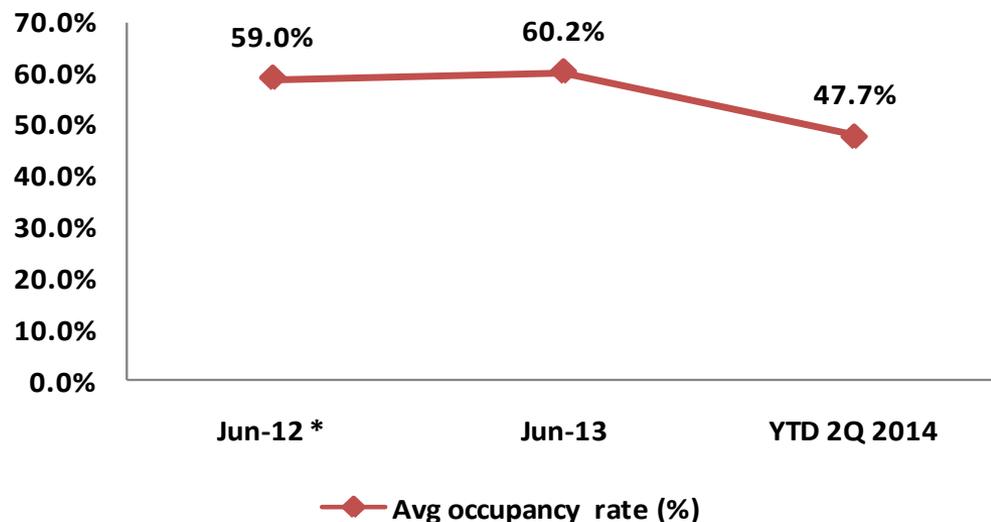
Corporate	93.0%
Leisure	7.0%

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

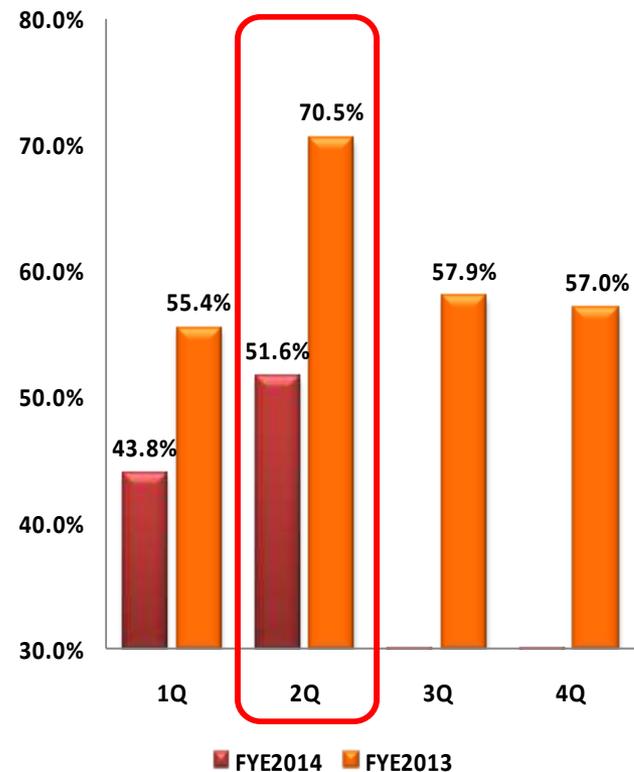
Note 2: Higher occupancy for current quarter (2Q 2014) compared to 2Q 2013 was due to completion of the major refurbishment in 4Q 2013.

### Historical occupancy rate (Q on Q)

#### Average occupancy rate



#### Average occupancy rate (%)

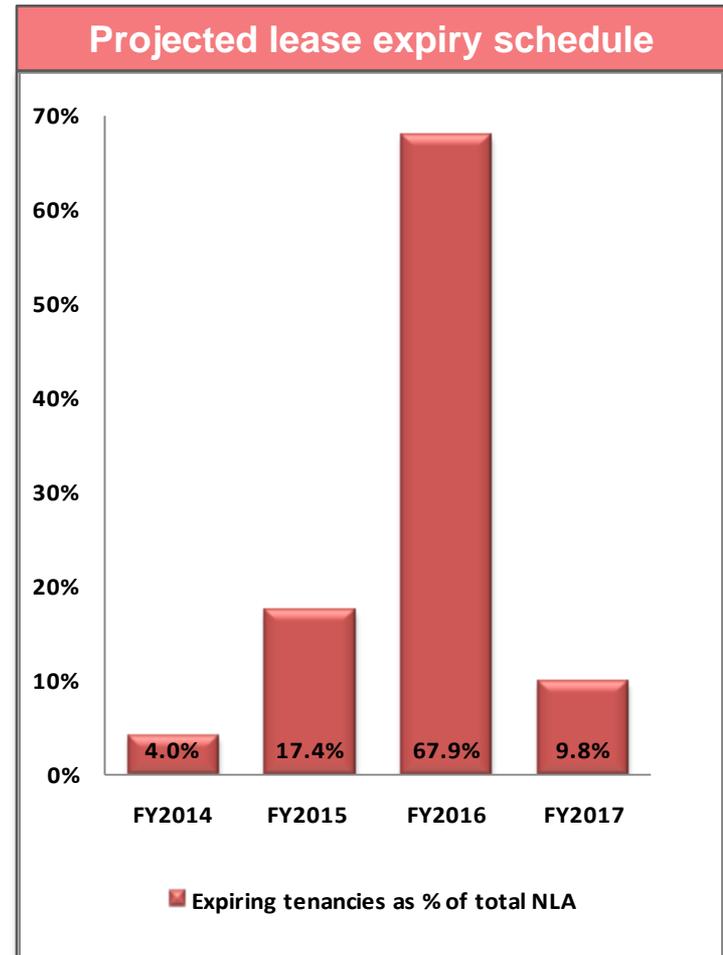
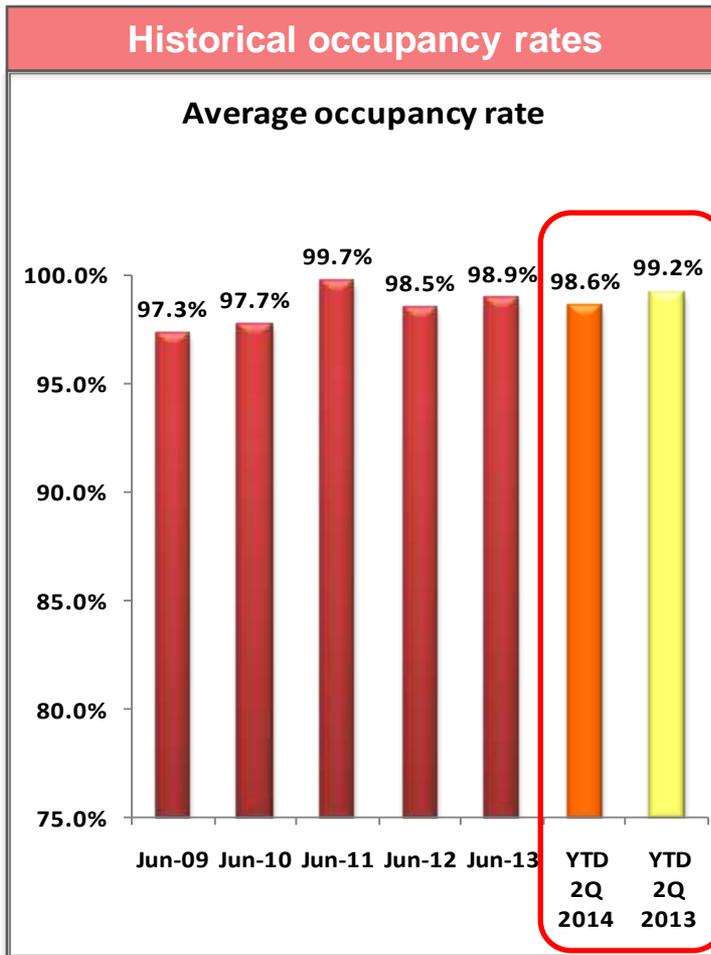


#### Customer contribution (Room revenue)

Corporate	77.4%
Leisure	22.6%

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 current quarter's (2Q 2014) performance was adversely affected by the on-going major refurbishment at the adjoining Sunway Putra Mall which commenced in May 2013.

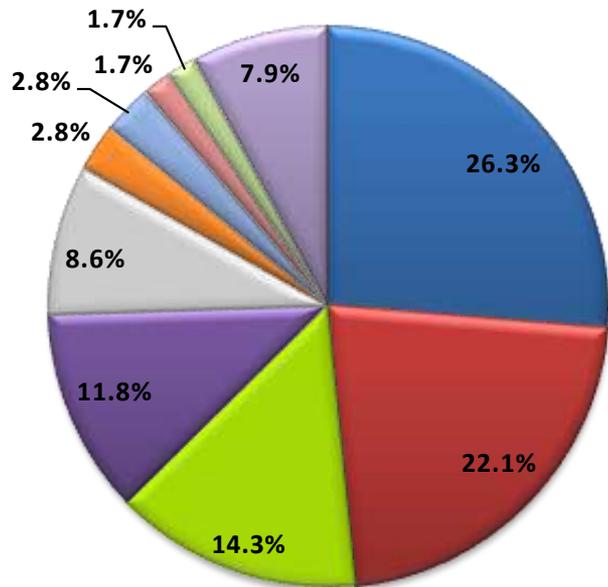


# OFFICE PROPERTIES

## MENARA SUNWAY (Cont'd)

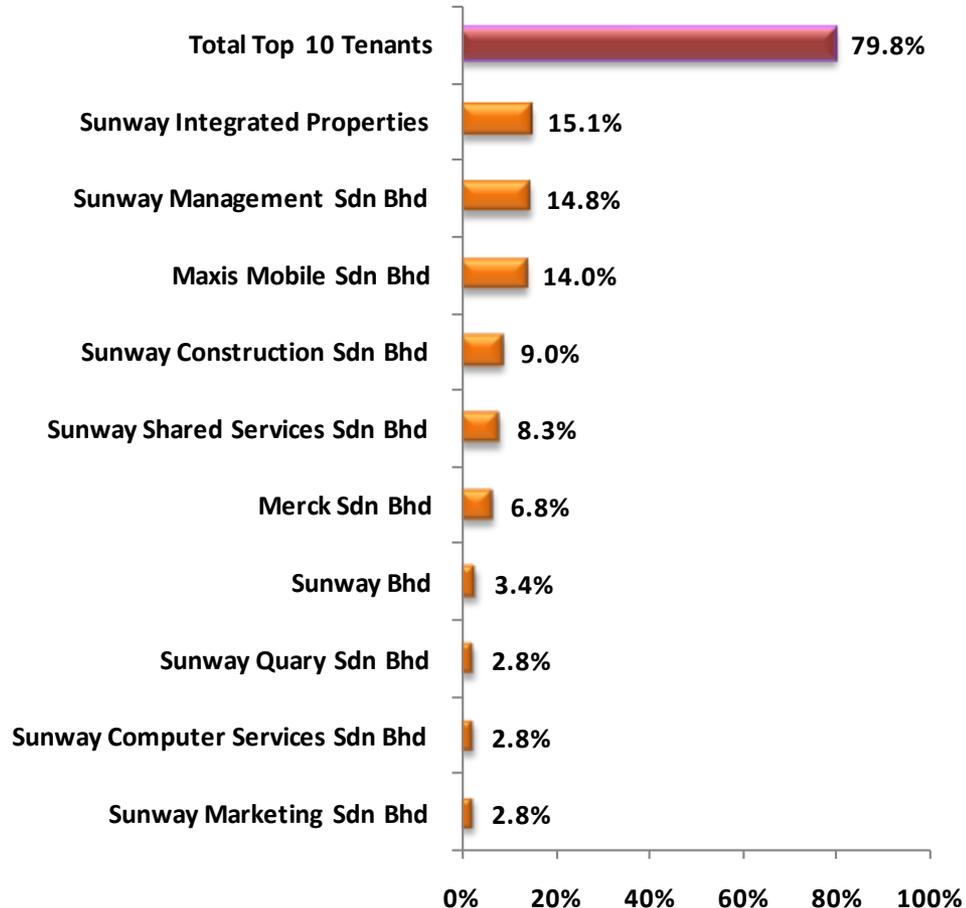


### Tenant mix



- Management services
- Property
- Communication
- Construction
- Medical
- Technology
- Trading
- Leasing
- Advertising & Agency
- Others

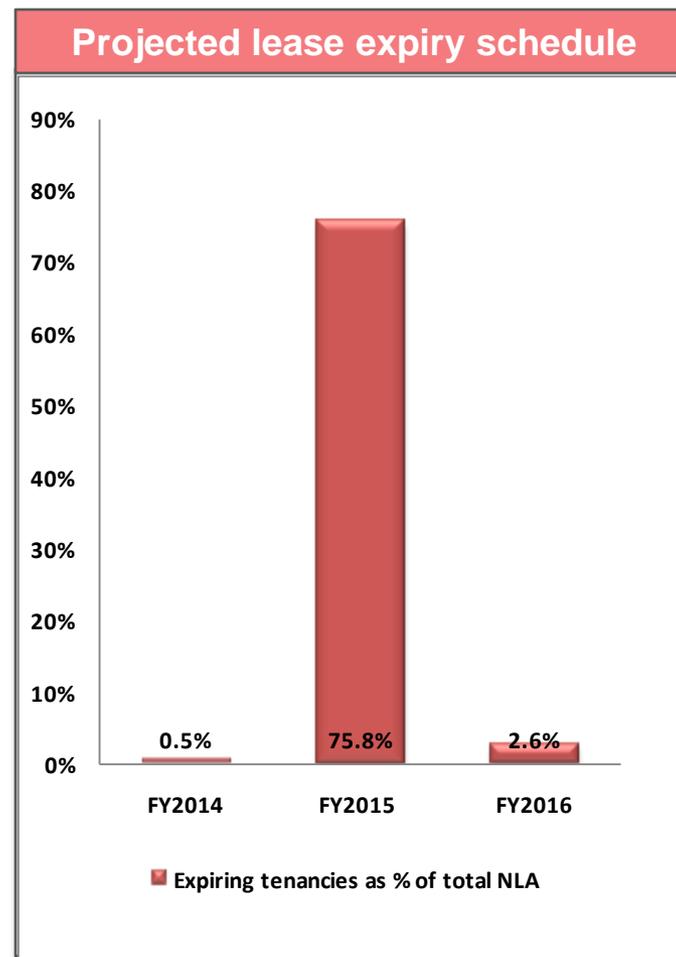
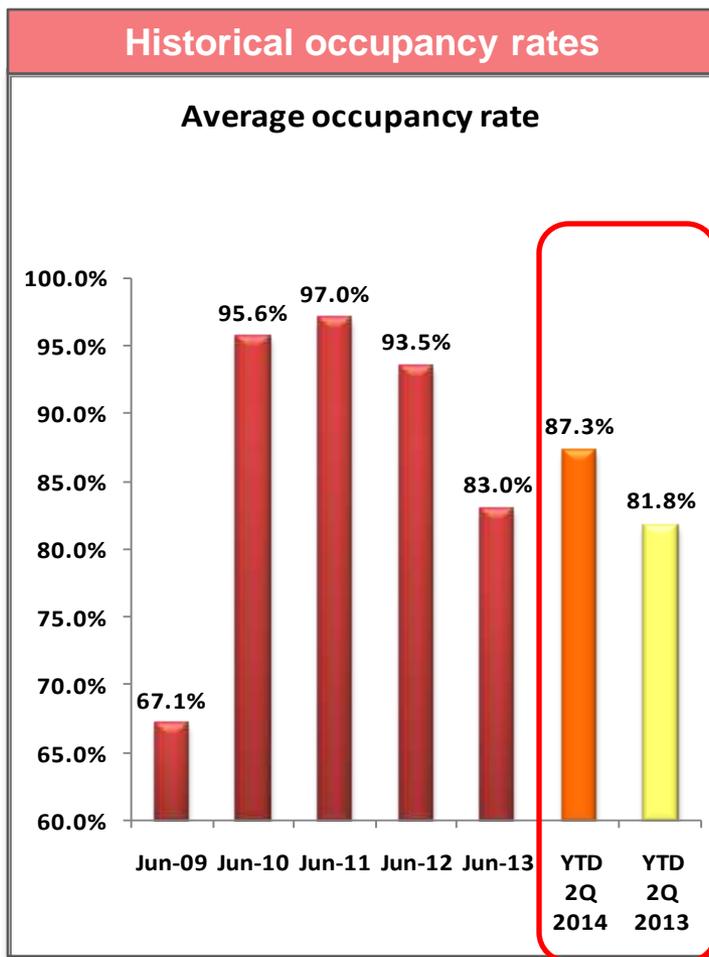
### Top 10 tenants



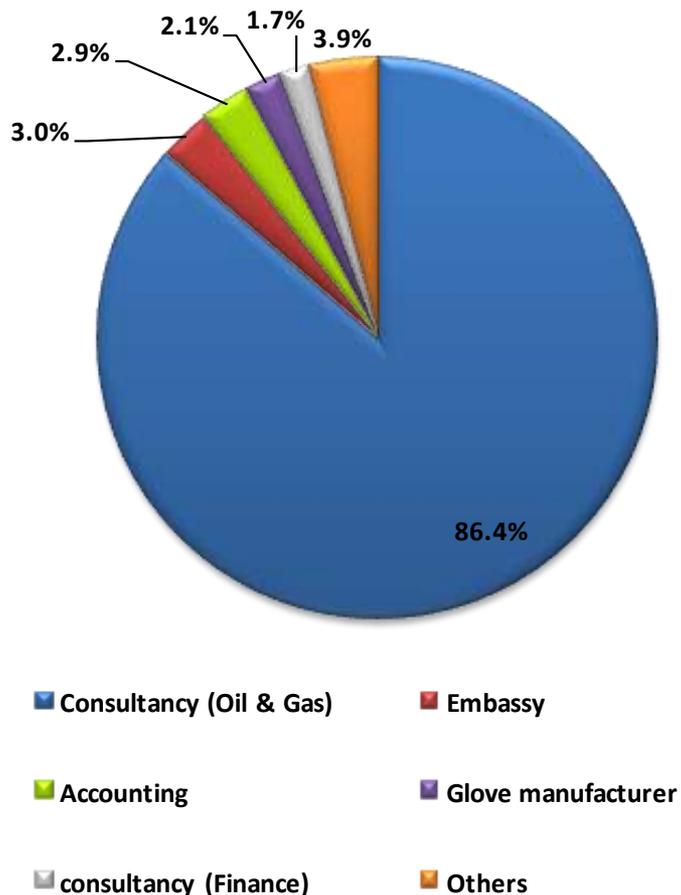
Note: Based on gross rental income for the month of December 2013

# OFFICE PROPERTIES

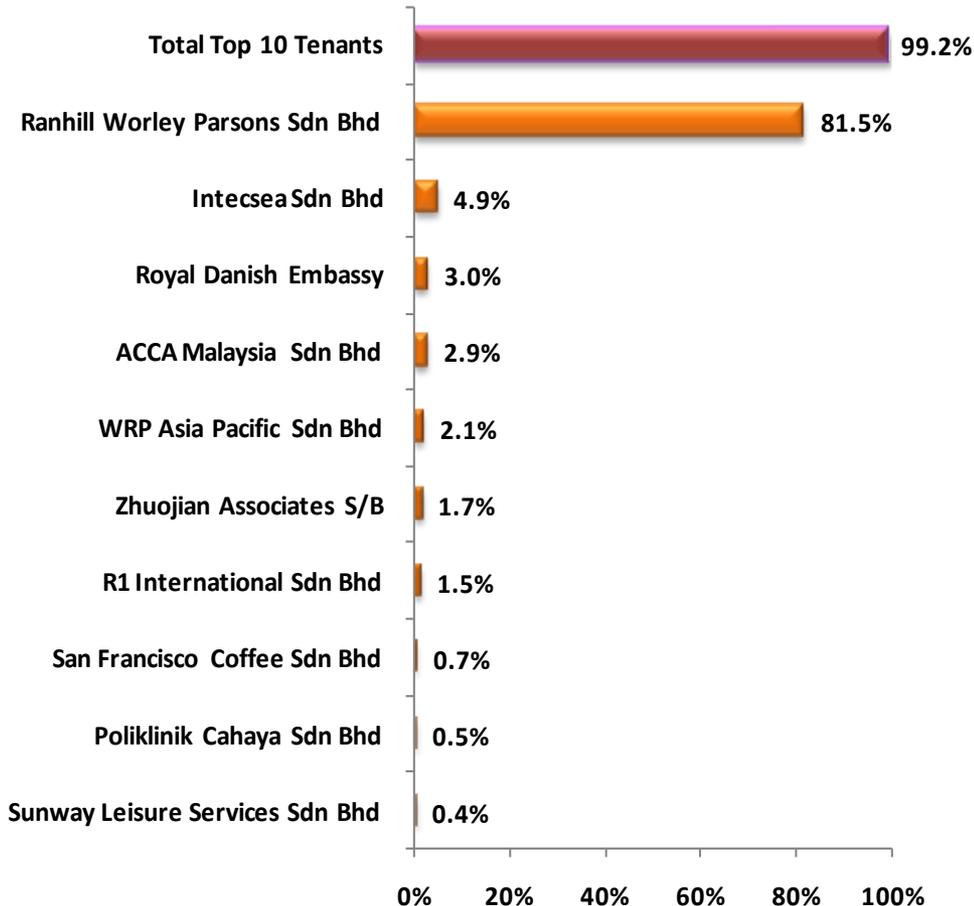
## SUNWAY TOWER



### Tenant mix



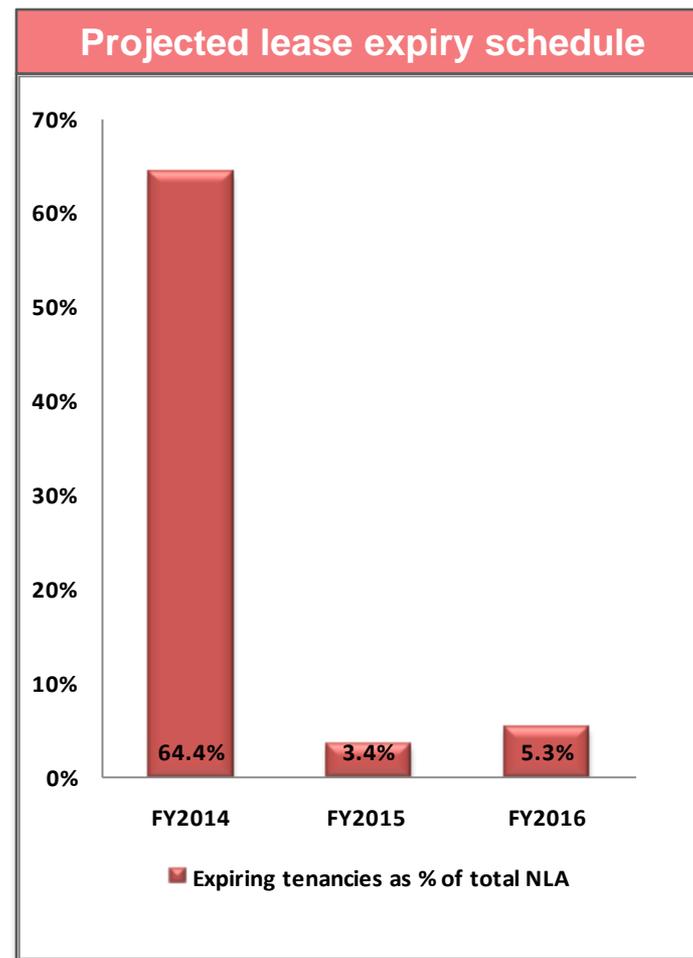
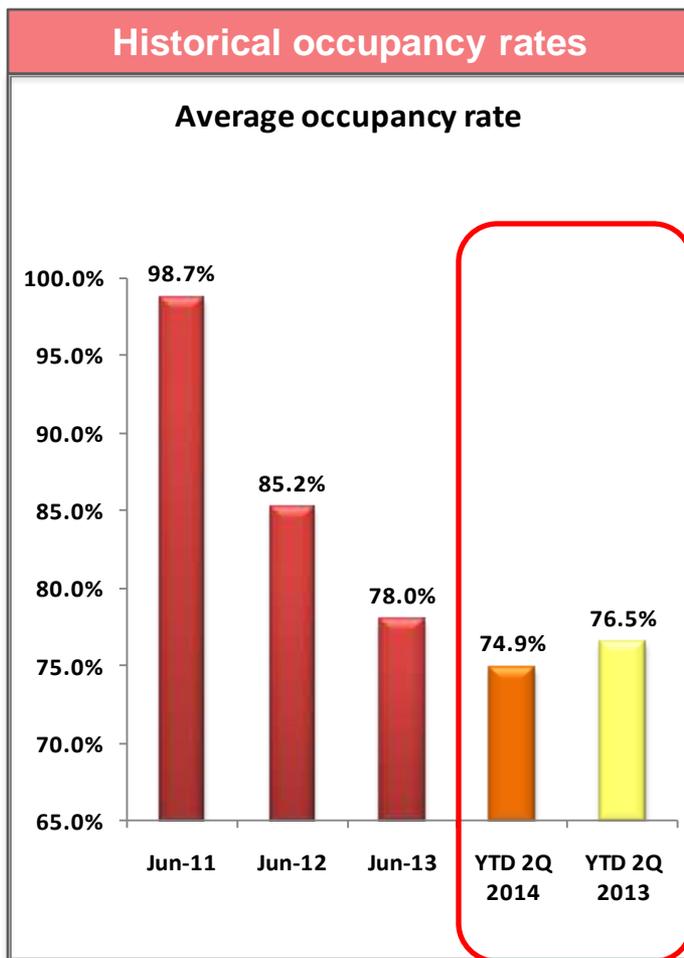
### Top 10 tenants



Note: Based on gross rental income for the month of December 2013

# OFFICE PROPERTIES

## SUNWAY PUTRA TOWER



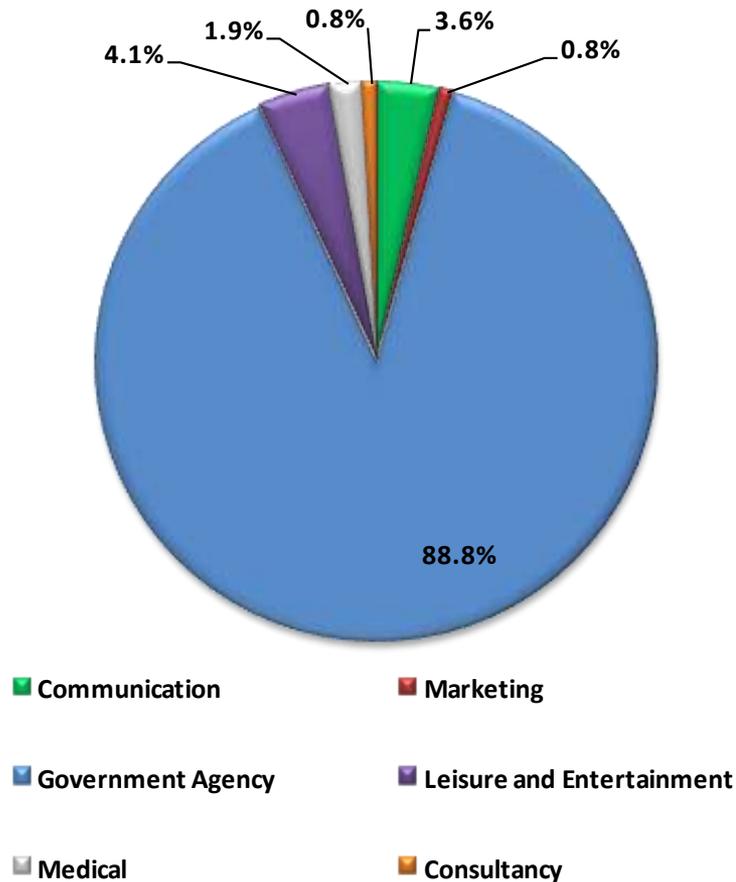
Note: Lower occupancy rate for YTD 2Q 2014 (74.9%) compared to YTD 2Q 2013 (76.5%) was mainly due to non-renewal by several tenants in the previous financial year.

# OFFICE PROPERTIES

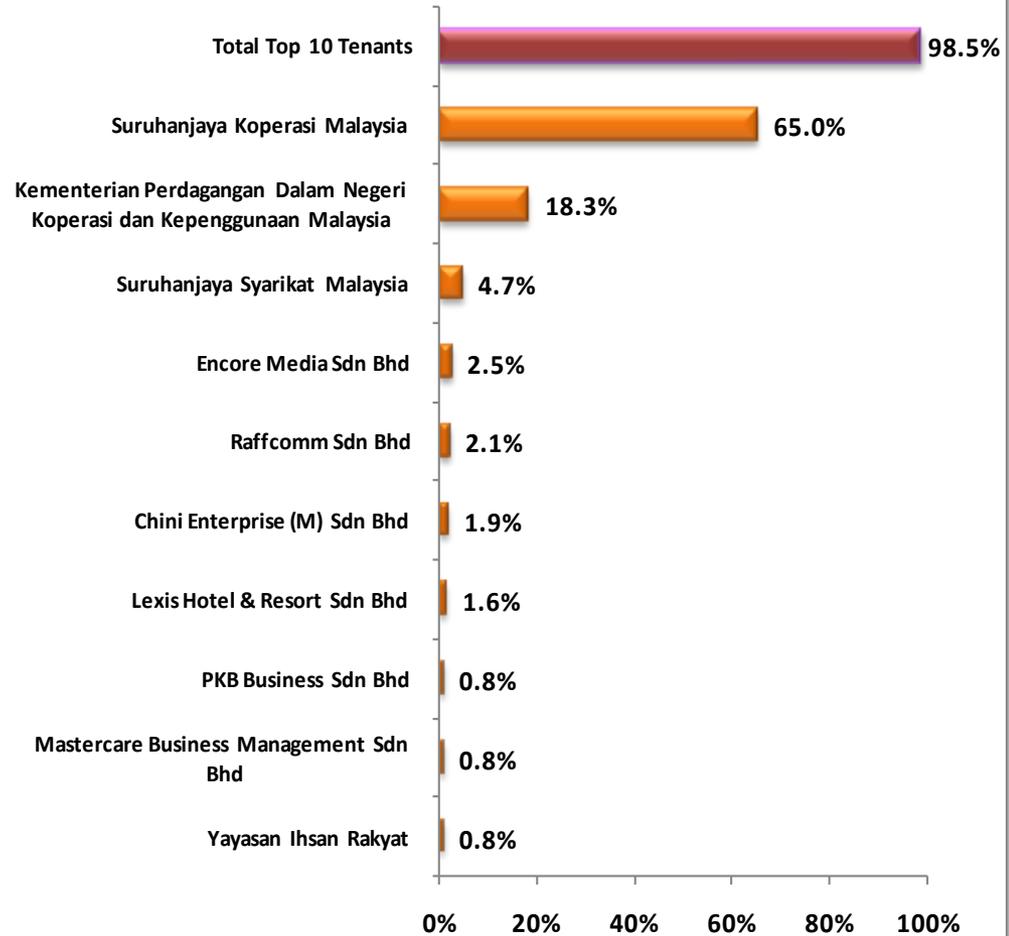
## SUNWAY PUTRA TOWER (Cont'd)



### Tenant mix



### Top 10 tenants



Note: Based on gross rental income for the month of December 2013

## 5. Market Outlook

- The Malaysian economy expanded by 5.0% in 3Q CY2013 (2QCY 2013: 4.4%) underpinned by strong domestic demand (3Q CY2013: 8.3%) and exports turned around to grow at 1.7% in 3QCY 2013 (2Q CY2013: -5.2%). Bank Negara Malaysia (“BNM”) is confident of achieving the Gross Domestic Products (“GDP”) forecast for CY2013 of 4.5% - 5.0%. Going forward, BNM expects the Malaysian economy to chart stronger growth of 5.0% to 5.5% in CY2014 supported by firm domestic demand and improvement from external demand.
- Headline inflation has been inching up since beginning of CY2013 from 1.3% in January 2013 to 2.9% in November 2013 on the back of rising costs. This cost-pushed inflationary trend is expected to persist moving into CY2014 in view of the government’s effort in reducing subsidies and recent hike in tariff.
- The Manager expects the Overnight Policy Rate (“OPR”) to remain steady at 3.0% for 1H CY2014 as inflation is expected to remain in the normalised band. The interest rate direction, however, is bias towards uptrend moving into 2H CY2014.
- Despite the Manager’s endeavour to maintain distribution per unit (“DPU”) for FY2014 notwithstanding the closure of Sunway Putra Mall, the Manager is of the view that DPU may be lower due to the softer outlook for the hotel and office segments.
- The Manager is committed to distribute 100% of its distributable net income for FY2014.

- Retail Group Malaysia (“RGM”), revised slightly downwards its growth forecast for 2013 for the retail industry from 6.4% (updated in May 2013) to 6.2% amidst softer consumer sentiment arising from various government subsidy rationalisation measures and policies. The retail industry is expected to expand to RM93.2 billion for 2013, from RM88.0 billion in 2012.
- On the supply side, a total of 3.6 million sq. ft of new retail space is scheduled to come on stream in CY2014. They are The Strand Shopping Mall, D’Pulze, Nu Sentral, Main Place (formerly Taipan Square / Gateway 21), Jaya Shopping Centre, Quill City Mall, M Square Shopping Mall, The Atria Shopping Mall and Cap Square Mall (refurbishment). The opening of Jaya Shopping Centre and Nu Sentral which was scheduled for last year has been delayed to 1Q CY2014. With the impending new supply, we are mindful of rising competition however we do not expect major impact arising from the entry of these malls due to the different market catchment.
- Sunway Pyramid Shopping Mall’s year-to-date (“YTD”) 2Q2014 average occupancy rate was lower at 97.5% compared to 99.0% for YTD 2Q2013 due to works at Oasis Boulevard 5 (“OB5”). The OB5 project was completed in December 2013 with the introduction of two (2) mini anchor tenants, namely H&M and Padini Concept Store (relocation). With the completion of OB5, the occupancy rate has revert to 99.0%. The mall has renewed / replaced a total of 902,316 sq. ft. for YTD 2Q2014 and continued to achieve double-digit rental reversion over a period of three (3) years.

- In the mainland of Penang, Sunway Carnival Shopping Mall's average occupancy rate dipped to 92.8% for YTD 2Q2014 versus 96.1% for YTD 2Q2013 due to non-renewal by a mini anchor tenant which occupied 39,676 sq. ft. in June 2013 due to a change in the tenant's business strategy. A replacement tenant has been identified to fill in the vacancy.
- Similarly, Sunway Carnival Shopping Mall registered double-digit rental reversion over a period of 3 years for a total space of 187,458 sq. ft. for YTD 2Q2014.
- The Manager expects the retail assets to register healthy growth in FY2014 for the retail malls under operation (Sunway Putra Mall is closed to undertake major refurbishment) despite the recent rise on operating costs. This will be mitigated by prudent cost management. The Manager foresees possible softening of consumer spending amidst rising costs of living environment and expected slower growth in disposable income in the medium term.

- YTD 3QCY2013 tourist arrivals has recorded a growth of 3.3% y-o-y to 18.8 million. Tourism activities are likely to pick up further in CY2014 in view of Visit Malaysia Year 2014 (“VMY 2014”). The Ministry of Tourism targets tourist arrivals of 28.0 million for CY2014. The Ministry of Tourism is embarking on various promotional packages and tours based on four main themes, namely, Heritage & Culture, Adventure & Nature, Wellness & Spa and Island & Beach, which are touted to highlight the diverse attractions of Malaysia.
- Whilst the impending new supply of international branded hotels in the near future will heighten the profile of the hospitality sector in the country, this will increase more competition going forward.
- Sunway Resort Hotel & Spa achieved significantly higher average occupancy rate of 83.5% in 2Q2014 compared to 71.9% in 2Q2013 due to aggressive tactical promotional activities.
- The average occupancy rate of Pyramid Tower Hotel has improved to 88.5% in 2Q2014 from 82.6% in 2Q2013 as a result of similar tactical promotional activities as Sunway Resort Hotel & Spa. However, the revenue contribution from this hotel for 2Q2014 was marginally lower compared to 2Q2013.

- Sunway Putra Hotel experienced lower average occupancy rate of 51.6% in 2Q2014 versus 70.5% in 2Q2013 due to disruption arising from the ongoing major refurbishment at the adjoining Sunway Putra Mall which commenced in May 2013.
- In mainland Penang, Sunway Hotel Seberang Jaya's average occupancy rate improved further to 68.7% in 2Q2014 (1Q2014:57.8%) versus 46.3% for 2Q2013 as the occupancy gradually revert to the pre-refurbishment levels of above 70%.
- Notwithstanding VMY 2014 kicking in, the Manager maintains its position to caution for a possible decline in contribution from the hotel segment in FY2014 compared to FY2013, mainly due to performance of Sunway Putra Hotel which will remain adversely affected by ongoing refurbishment at the adjoining Sunway Putra Mall and increasingly more competitive hospitality market environment.

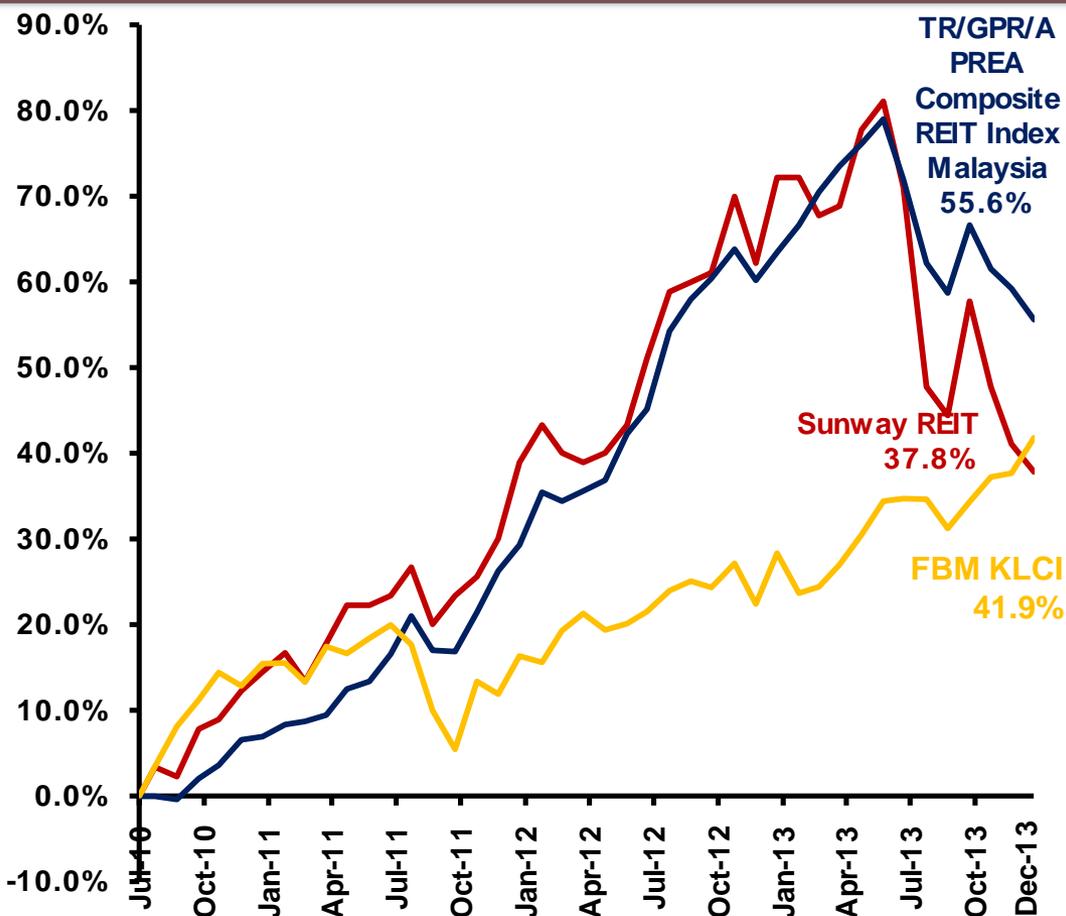
- For YTD 3QCY2013, the cumulative supply of purpose built office space in Kuala Lumpur stood at 83.8 million sq. ft., an increase of 2.6 million sq. ft. from YTD 2Q CY2013. Despite the resiliency in occupancy rate, the oversupply situation leading to demand-supply imbalances will put downwards pressure on rental.
- Menara Sunway's YTD 2Q2014 average occupancy rate slipped marginally to 98.6% compared to 99.2% for YTD 2Q2013 due to transitional movement of tenants. As at end-December 2013, the occupancy rate for Menara Sunway stood at 99.0%.
- In Kuala Lumpur, Sunway Tower's average occupancy rate climbed to 87.3% for YTD 2Q2014, from 81.8% for YTD 2Q2013. This is attributable to additional space taken up by an existing anchor tenant. However, based on the nature of oil & gas business of the anchor tenant, there may be fluctuation in occupancy from time to time.
- Sunway Putra Tower's average occupancy rate was lower for YTD 2Q2014 at 74.9% versus 76.5% for YTD 2Q2013, mainly due to non-renewal by several small tenants in the previous financial year. Revenue improved due to alignment of the current low rental rates to market rate.
- The Manager expects income contribution from the office segment to stabilise in FY2014 compared to FY2013.

## 6. Investor Relations

# Unit Price Performance (IPO to 31 December 2013)



## Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 31 December 2013)



## Performance Statistics\*

Price (as at 8/7/2010)	: RM0.90
Closing Price (as at 31/12/2013)	: RM1.24
Highest Price	: RM1.70
Lowest Price	: RM0.88
Daily Average Volume	: 1.93mil units
% Change in Unit Price	: 37.8%
% Change in FBM KLCI	: 41.9%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 55.6%

Source: Bloomberg

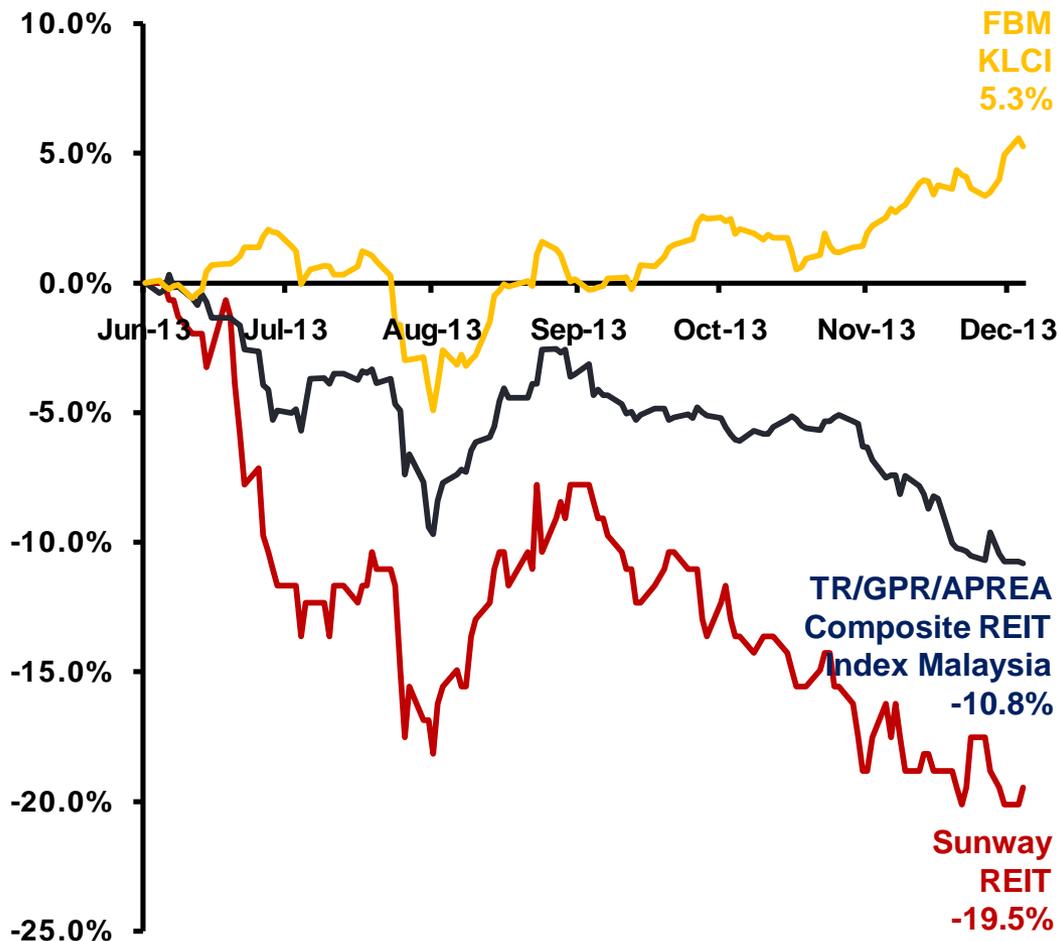
Source: Bloomberg

\* Computed for the period 8 July 2010 – 31 December 2013

# Unit Price Performance (YTD 2Q2014)



## Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2013 – 31 December 2013)



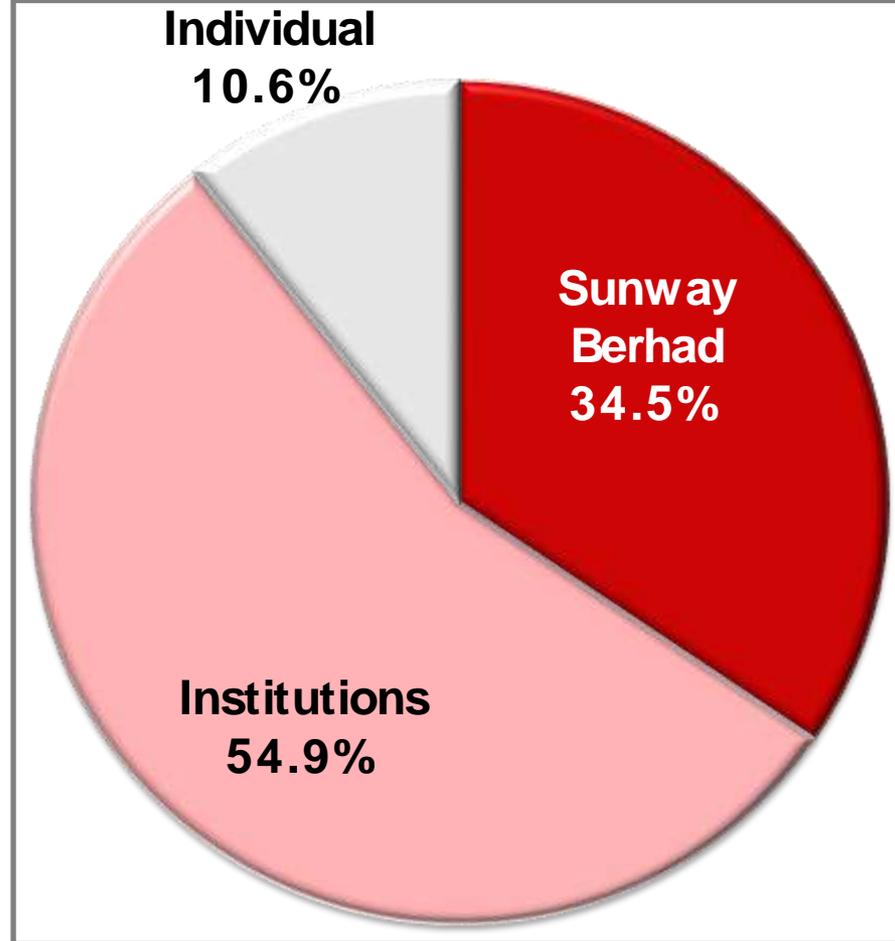
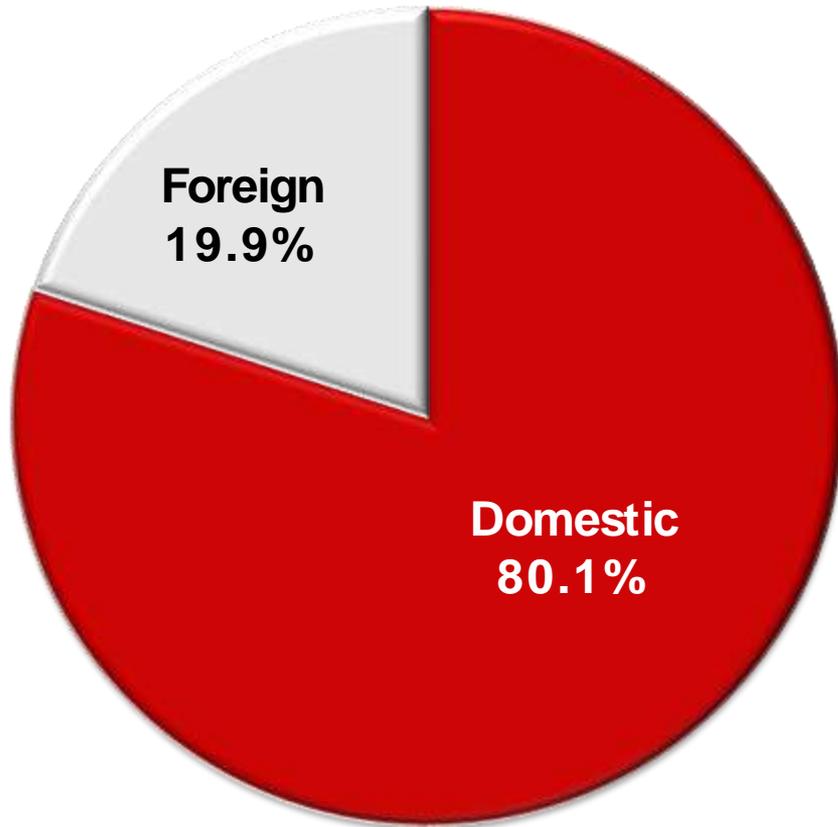
## Performance Statistics\*

Price (as at 30/6/2013)	: RM1.54
Closing Price (as at 31/12/2013)	: RM1.24
Highest Price	: RM1.56
Lowest Price	: RM1.22
Daily Average Volume	: 1.81 mil units
% Change in Unit Price	: -19.5%
% Change in FBM KLCI	: 5.3%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: -10.8%

Source: Bloomberg

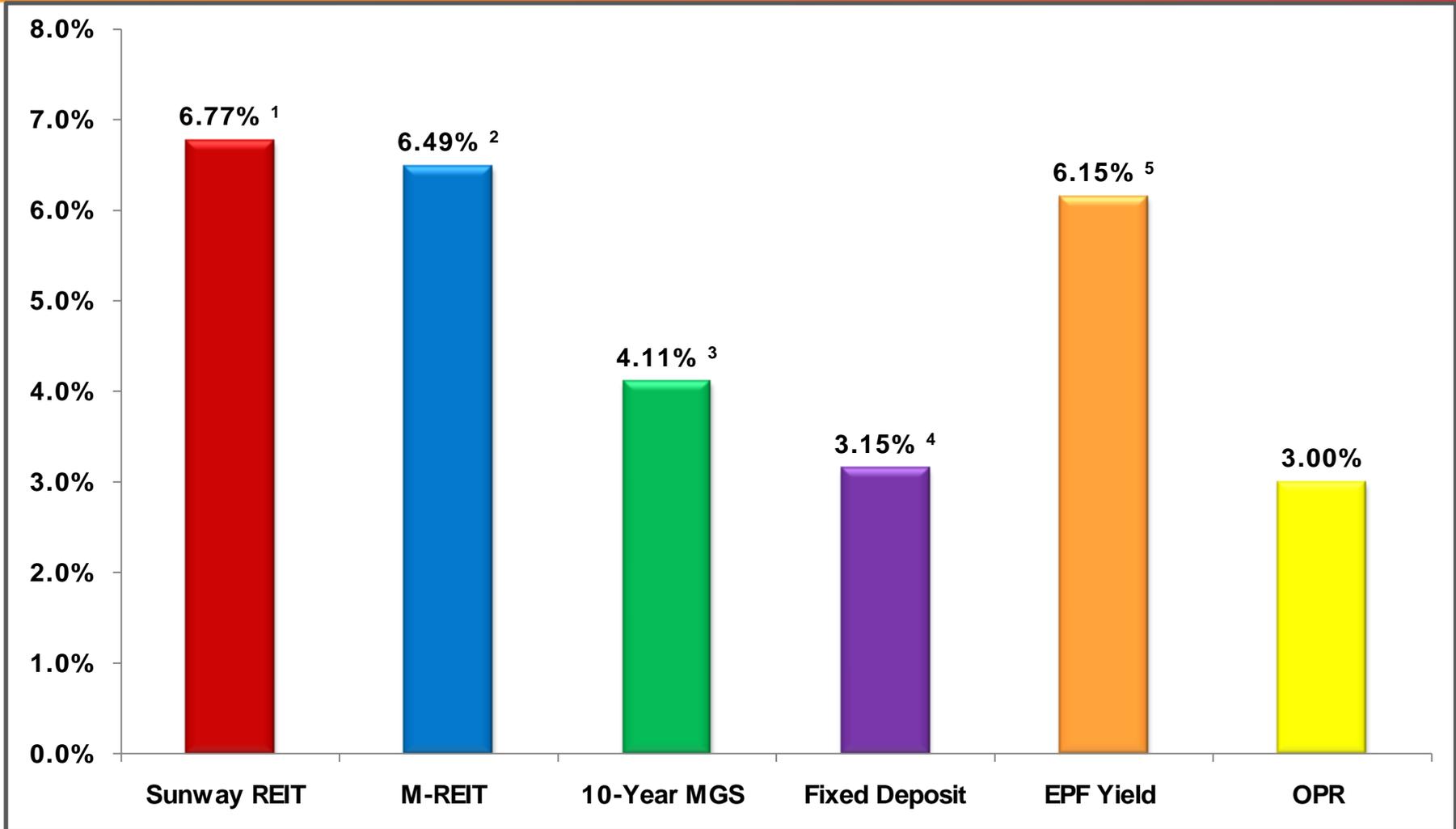
\* Computed for the period 30 June 2013 – 31 December 2013

# Unitholders' Composition (as at 31 December 2013)



- Total number of unitholders has increased from 9,300 (as at 30 September 2013) to 9,820 (31 December 2013) representing an increase of 5.6%.
- Retail participation has increased from 9.2% in 1Q2014 to 10.6% in 2Q2014.
- Foreign unitholdings eased marginally from 20.2% in September 2013 to 19.9% in December 2013.

# Comparative Yields for Various Assets



Note:

1. Distribution yield based on annualised DPU of 8.39sen for the period 1 July 2013 to 31 December 2013
2. Information as at 31 December 2013 (Source: Bloomberg)
3. Information as at 31 December 2013 (Source: Bloomberg)
4. 12-Month Fixed Deposit rates offered by commercial banks as at 30 November 2013 (Source: BNM)
5. Dividend yield declared by Employees Provident Funds for the year 2012

**THANK YOU**