

MEDIA RELEASE

8 December 2014

**SUNWAY REIT PROPOSES TO ACQUIRE 2 ASSETS FROM SUBSIDIARIES OF SUNWAY BERHAD FOR RM134 MILLION**

- The acquisition of Sunway Hotel Georgetown and Wisma Sunway will increase Sunway REIT’s asset size by 2.4% to RM5.69 billion
- Expected to be earnings and DPU accretive

**Subang Jaya, 8 December 2014** – Sunway REIT Management Sdn. Bhd (“Manager”), the management company of Sunway Real Estate Investment Trust (“Sunway REIT”), is pleased to announce that RHB Trustees Berhad, as trustee of Sunway REIT (“Trustee”), has entered into two conditional sale and purchase agreements (“SPA”) with subsidiaries of Sunway Berhad to acquire Sunway Hotel Georgetown and Wisma Sunway for a total purchase consideration of RM134 million. Both of the properties have been independently valued by Knight Frank.

Description of the properties are as below:

	<b>Sunway Hotel Georgetown</b>	<b>Wisma Sunway</b>
Vendor	Sunway Biz Hotel Sdn Bhd (formerly known as Sunway Hotel (Penang) Sdn Bhd)	SunwayMas Sdn Bhd and Daksina Harta Sdn Bhd
Location	Georgetown, Pulau Pinang	Shah Alam, Selangor
Type of property	A 4-star, 250-room international class hotel with 102 car park bays and car park land	A stratified 19-storey office building together with elevated and basement car park and mechanical bays
Tenure	Freehold	99-year leasehold, expiring on 29 <sup>th</sup> August 2094
Net Lettable Area (sq.ft.)	n/a	171,544
Number of parking bays	102	382
Average occupancy (YTD September 2014)	78.3%	86.7%
Purchase Price (RM million)	74	60
Independent Valuation (RM million)	74	60

The proposed acquisition provides Sunway REIT an opportunity to acquire a newly refurbished 4-star hotel within Penang Island which stands to benefit from the growing tourism activities that are being actively promoted by the Penang Tourism Board. With an expected increase in economic activities in Penang state coupled with improved infrastructure with the opening of the Second Penang Bridge, the hospitality industry is set to grow. Furthermore, the continued popularity of Penang as an international destination for medical tourism, supported with the opening of more hospitals will also support the hospitality industry.

Meanwhile, Wisma Sunway, a newly refurbished office building, is located within a captive office market in Shah Alam, Selangor with more than 90% of its tenants are government agencies. Shah Alam, the administrative capital of Selangor, has a limited office stock both in terms of quantity and quality, with most of the existing office developments located within the city centre area (SACC). Unlike most areas of Greater Kuala Lumpur where concerns exist about oversupply, there is not a large quantum of office space scheduled to be completed in Shah Alam over the next few years. The impact of the future developments on the existing supply should therefore remain limited, especially since part of that supply will be owner-occupied.

Sunway Hotel Georgetown will be leased back to Sunway Biz Hotel Sdn Bhd (formerly known as Sunway Hotel (Penang) Sdn Bhd) ("SBH") pursuant to a hotel master lease agreement ("MLA") entered into between the Trustee, the Manager and SBH, for a ten year term with an option by the lessee to renew for another ten years.

Dato' Jeffrey Ng, the CEO of Sunway REIT Management Sdn. Bhd., commented, "The acquisition of Sunway Hotel Georgetown and Wisma Sunway will increase the total asset size of Sunway REIT by 2.4% to RM5.69 billion. This will further strengthen our position as the second largest REIT in Malaysia in terms of asset size. In addition, the proposed acquisition is expected to be earnings and DPU accretive to unitholders and with potential growth".

He added, "As we are approaching the tail end of the massive asset enhancement initiative ("AEI") on Sunway Putra Place, we will continue to identify new AEI within existing portfolio and acquisition opportunities going forward."

The proposed acquisition is not expected to have any material effect on the DPU of Sunway REIT for the financial year ending 30 June 2015 since the proposed acquisition is only expected to be completed in the 3<sup>rd</sup> quarter of financial year 2015 and 1<sup>st</sup> quarter of financial year 2016 for Sunway Hotel Georgetown and Wisma Sunway respectively. The proposed acquisition is expected to contribute positively to the future net property income of Sunway REIT. It will be fully funded by debt and the gearing ratio is expected to increase from 32.0% as at 30 September 2014 to 33.5%.

## 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 5 December 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 RM4.40 billion as at 5 December 2014 and total portfolio assets valued at RM5.56 billion as at 30 September 2014.

## Important notice

Kindly read this media release in conjunction with the announcement released to Bursa Malaysia dated 8 December 2014 for a more comprehensive understanding of this media release.

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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