

2Q2015 Results

NEWS CLIPS

MALAYSIAN RESERVE - 30 JANUARY 2015 (PAGE NO : 10)

Sunway Pyramid boast biggest revenue for SREIT

► Recommendation:

Hold

TARGET Price: RM1.60
by Hong Leong Investment
Bank Bhd (HLIB) (Jan 29)

Results

SUNWAY REIT's (SREIT) 1HFY15 gross revenue of RM227.8m (+8.2% YoY) was translated into normalised net profit of RM126.7m (+79% YoY), accounting for 51% and 50.4% of HLIB and consensus FY forecasts, respectively.

Deviations

Largely in-line.

Dividends

As expected, second interim dividend of 2.27 sen (1.9 sen taxable and 0.37 sen non-taxable) was declared during second-quarter with ex-date on Feb 12, 2015.

YTD dividend amounted to 4.55 sen per unit (FY14:

► SUNWAY REAL ESTATE INVESTMENT TRUST				
FYE AUG	2014A	2015E	2016E	2017E
REVENUE (RM mil)	427.8	462.4	512.9	533.9
NET PROFIT (RM mil)	411.1	248.3	277.5	287.5
EPU (sen)	6.1	8.4	9.4	9.7
FD PER (x)	25.8	18.7	16.8	16.3

4.23 sen) accounting for 51.1% of our full-year DPU assumptions.

Highlights

Sunway Pyramid remain the biggest revenue contributor for SREIT (61%) and recorded strong improvement in rental revenue driven by major tenancy renewal, additional income from Oasis Boulevard 5 as well as higher service and promotional charges recorded during the quarter.

Hotel segment on the other hand recorded negative

growth (-12.7% YoY) during the quarter (1Q15 +18.9% YoY) due closure of some food and beverage outlets for major refurbishment works, coupled with higher electricity, operating and general maintenance cost.

Management also indicated that they are moving towards yield improvement strategy by benchmarking and targeting industry's average revenue per available room.

Likewise, office segment continues to contract at faster magnitude in 2Q15 (-5.3%)

compared to preceding quarter (-2.3%) primarily due to lower occupancy rate of 69.8% (1Q15: 87.3%). Together with sluggish outlook for office supply in Klang Valley, we remain cautious on the near-term take up of vacant space at Sunway Tower.

In a more positive note, we expect opening of new Sunway Putra Place in 4QFY15 will boost SREIT's earnings in long term if not immediate term; create some excitement and thus potentially act as rerating catalyst.

Risks

- Highly reliant on Sunway Pyramid.
- Intensifying competition for assets and tenants.

Forecasts

We made changes in our forecasts to reflect the acquisitions of Sunway Hotel Georgetown and Wisma Sunway.

Assuming five months revenue contribution for FY15 from Sunway Hotel Georgetown and nine months contribution for FY16 from Wisma Sunway; we revise our FY15, FY16 and FY17 DPU assumptions to 8.9 sen, 9.9 sen and 10.2 sen respectively (previously 8.7 sen, 9.5 sen and 9.7 sen).

Rating 'Hold'

Positives: Has the largest acquisition pipeline amongst MREITs; strong backing from Sponsor; well-diversified across various segments with low

tenant concentration; and synergy with Sponsor's townships. Negatives: Still heavily reliant on Bandar Sunway, which will take time to change; persistent weakness in the office segment due to oversupply of new office space.

Valuation

Maintain 'Hold' with a higher TP of RM1.60 (previously RM1.48) as we factor in the acquisitions of Sunway Hotel Georgetown and Wisma Sunway. Targeted yield maintained at 6.2% based on historical average yield spread of Sunway REIT and 7-year MGS.

Comments

Increase mainly due to: 1) double-digit rental reversion for major renewal in FY14; 2) additional income derived from opening of new retail space; and 3) higher service and promotion charges.

NANYANG SIANG PAU - 8 FEBRUARY 2015 (PAGE NO : A11)

出租率达 98% 零售单位提振双威产托

(吉隆坡 7 日讯) 虽然双威产托 (SUNREIT, 5176, 主板产业信托股) 估计零售单位业务贡献增速中和, 但分析员相信, 该业务仍会是业绩增长的主要推动力。

双威产托次季财报指出, 预料今年零售单位业务增长中和, 因为消费情绪低迷, 租户生意或受影响。

不过, 兴业研究分析员则认为, 凭零售单位出租率达 98% 至

100%, 而且持续录得双位数营业额增长, 将继续大力推动业绩增长。

“一旦双威太子购物广场 (Sunway Putra Mall) 在现财年末季整修开张后, 料贡献率也会更高。”

目前, 双威太子购物广场超过 70% 的零售单位已租出, 管理层放眼在开张一年后, 出租率达 80% 至 90%。

另外, 分析员相信, 酒店和医院单位业务, 也会录得健康的增

券商	评级	目标价 (令吉)
兴业研究	中和	1.55
肯纳格研究	超越大市	1.68
马银行投行	守住	1.50
MIDF 研究	中和	1.70
安联星展研究	买入	1.58
丰隆投行研究	中和	1.60
达证券	守住	1.75

工程已完成, 而且昨日也完成收购一栋位于檳城的酒店。

“随着完成收购新酒店, 可提振该业务的营收贡献。”

前景超越同行

尽管双威产托的办公室单位业务表现逊色, 但管理层仍对该业务前景表示有信心。

虽然券商并不认同, 但基于零售和酒店与医院单位业务前景看俏, 有助抵消办公室单位业务所带来的损失。

此外, 公司除了极力留下现有办公室租户, 也积极寻找新租户。

整体而言, 肯纳格研究分析员相

截至 6 月财年	2015 预测	2016 预测	2017 预测
营业额 (令吉)	4.73 亿	5.37 亿	5.56 亿
净利 (令吉)	2.47 亿	2.86 亿	2.99 亿
每股盈利 (仙)	9	10	10
本益比 (倍)	18.7	16.2	15.5
周息率 (%)	5.6	6.1	6.2

资料来源: 兴业研究

信, 双威产托前景超越同行, 也被评为领域首选。

他预测, 该公司 2016 财年周息率达 6.1%, 每股盈利则是 10.2 仙。



办公室出租率急挫

马银行投行研究分析员预料, 双威产托短期盈利, 或会被办公室单位业务所拖累。

他指, 旗下 Sunway Tower 主要住户之一, Ranhill Worley Parsons 租约将在今年 3 月杪约满, 后者也不会续租。

“这也意味着, 该

大厦出租率会立刻从原本的 70%, 滑至 50%。”

另外, Sunway Putra Tower 主要租户, 大马合作社委员会 (Suruhanjaya Koperasi Malaysia) 也在去年杪终止了租约, 导致该大厦出租率从原本的 76%, 滑至 30%。

资产买卖环境改善

双威产托管理层指, 正持续寻找新资产, 并不排除任何收购形式。

肯纳格研究分析员

也认为, 资产收购环境有所改善。

“根据调查, 卖家脱售资产时较务实, 资产买卖市场也活跃。”