



FINANCIAL RESULTS

SUNWAY[®]
REIT

Second Quarter Ended 31 December 2018
(FYE 30 June 2019)

14 February 2019

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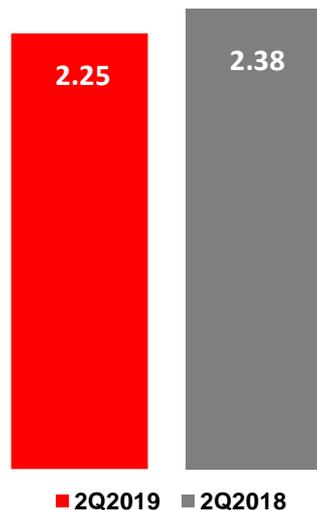
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FINANCIAL HIGHLIGHTS (2Q 2019)



Quarterly Distribution Per Unit (DPU)

Quarterly DPU (sen)



Distribution Details

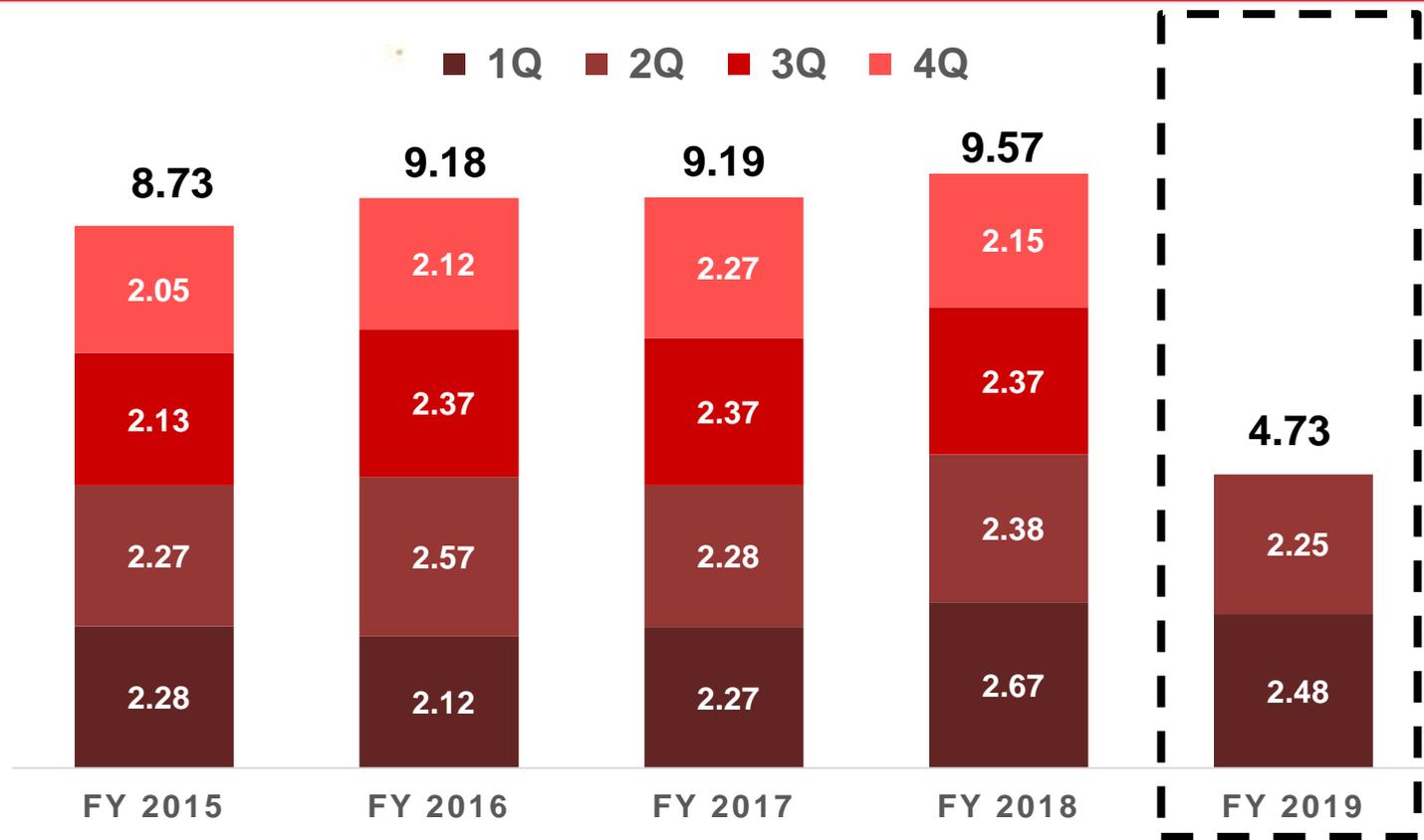
Distribution Period	1 October 2018 - 31 December 2018
Distribution Per Unit (DPU) (sen)	2.25
Notice of Entitlement	14 February 2019
Ex-Dividend Date	27 February 2019
Book Closure Date	1 March 2019
Payment Date	14 March 2019

2Q 2019 DPU

↓ 5.5% y-o-y

The drop in DPU for 2Q 2019 was attributed to weaker contribution from the hotel segment mainly due to closure of the grand ballroom and meeting rooms of Sunway Resort Hotel & Spa for refurbishment during the quarter but partially offset by better performance of retail segment contributed by turnover rent and improved performance of office segment from higher occupancy rate. The refurbishment at Sunway Resort Hotel & Spa was completed and re-opened in mid-November 2018.

5-Year Quarterly DPU



5-Year DPU CAGR
1.8%

(FY2019 based on annualised DPU)

Annualised Distribution Yield
5.4%

(Based on unit price of RM 1.73 as at 31 December 2018)

Financial Highlights – 2Q2019

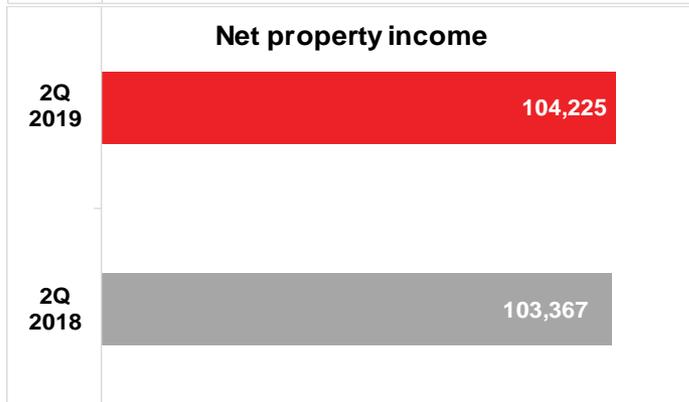
Highlights	2Q 2019	2Q 2018
No. of Properties	16	15
Property Value (RM' billion)	7.347	6.796
No. of Units in Circulation	2,945,078,000	2,945,078,000
Unit Price as at 31 Dec (RM)	1.73	1.90
Market Capitalisation (RM' billion)	5.095	5.596
Net Asset Value (NAV) Per Unit (RM) (After income distribution)	1.4568	1.4078
Premium to NAV	18.8%	35.0%
Realised Earnings Per Unit (EPU) (sen)	2.25	2.37
Management Expense Ratio (After income distribution)	0.93%	0.91%
Gearing	38.5%	38.3%
% of Fixed Rate Borrowings	53%	66%

Financial Highlights – 2Q2019 (Cont'd)

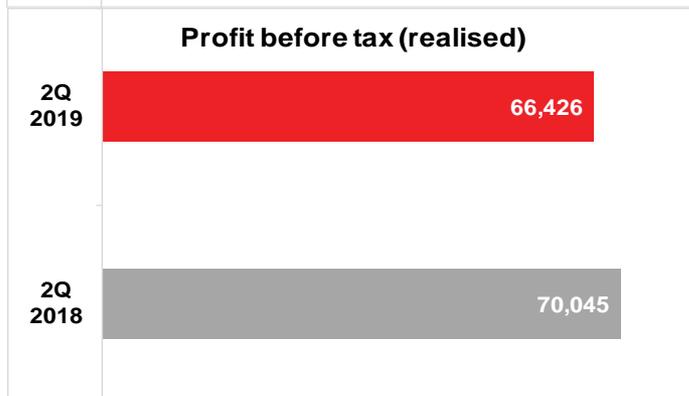
Reported in RM'000



Gross Revenue for 2Q2019 decreased by 1.4% or RM2.0 million compared to 2Q2018 mainly attributable lower contribution from hotel segment mitigated by better performance of the other segments.



Net Property Income for 2Q2019 increased by 0.8% or RM0.9 million compared to 2Q2018 mainly due to lower revenue but mitigated by lower A&P expense of RM1.6m and maintenance expenses of RM 1.8m .

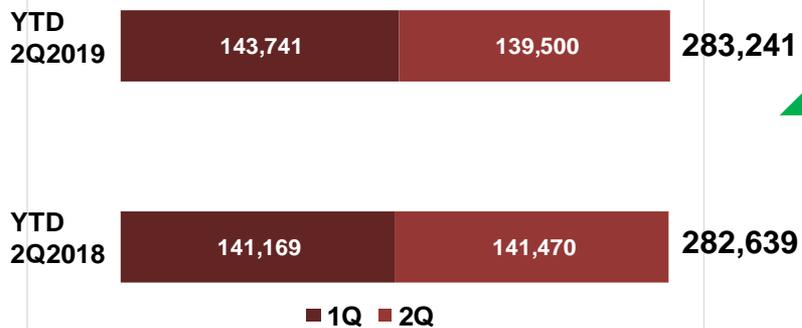


Profit Before Tax (Realised) for 2Q2019 was lower by 5.2% or RM3.6 million compared to 2Q2018 mainly due to higher finance costs by RM4.2 million despite increase in NPI by RM0.9 million.

Financial Highlights – YTD 2Q2019

Reported in RM'000

Gross revenue



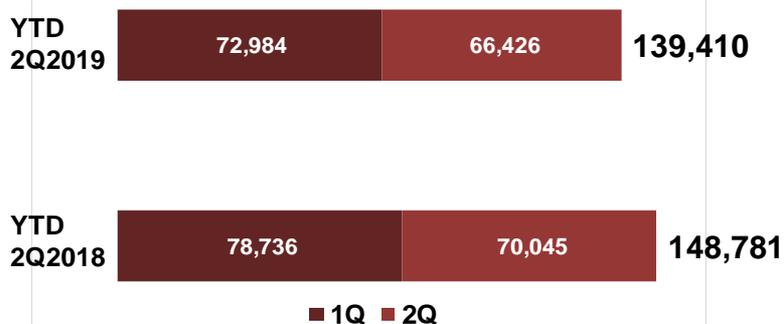
Gross Revenue for YTD 2Q2019 increased by 0.2% or RM0.5 million compared to YTD 2Q2018 mainly contributed by better performance of all segments except for hotel segment.

Net property income



Net Property Income for YTD 2Q2019 increased by 0.2% or RM0.4 million in line with higher revenue.

Profit before tax (realised)



Profit Before Tax (Realised) for YTD 2Q2019 decreased by 6.3% or RM9.4 million compared to YTD 2Q2018 mainly attributable to increased in finance cost by RM9.7 million.

FINANCIAL RESULTS

(2Q 2019)



Statement of Comprehensive Income – Consolidated

	2Q 2019 RM'000	2Q 2018 RM'000	Change %	YTD 2019 RM'000	YTD 2018 RM'000	Change %
Gross revenue	139,500	141,470	-1.4%	283,241	282,639	0.2%
Property operating expenses	(35,275)	(38,103)	-7.4%	(68,502)	(68,286)	0.3%
Net property income	104,225	103,367	0.8%	214,739	214,353	0.2%
Interest income	1,465	1,591	-7.9%	3,659 ¹	2,726	34.2%
Other income	17	978	-98.3%	42 ²	1,469	-97.1%
Manager's fee	(8,838)	(8,634)	2.4%	(17,858)	(17,278)	3.4%
Trustee's fees	(166)	(321)	-48.3%	(332)	(642)	-48.3%
Other trust expenses	(955)	(892)	7.1%	(1,864) ³	(1,157)	61.1%
Finance costs	(29,303)	(25,092)	16.8%	(58,932) ⁴	(49,245)	19.7%
Profit before tax	66,445	70,997	-6.4%	139,454	150,226	-7.2%
Income tax expense	-	-	-	-	-	-
Profit for the period	66,445	70,997	-6.4%	139,454	150,226	-7.2%
Profit for the period comprises the following:						
Realised	66,426	70,045	-5.2%	139,410	148,781	-6.3%
Unrealised	19	952	-98.0%	44	1,445	-97.0%
	66,445	70,997	-6.4%	139,454	150,226	-7.2%
No. of units in circulation (million units)	2,945	2,945	0.0%	2,945	2,945	0.0%
Basic EPU (sen):						
Realised	2.25	2.37	-5.1%	4.73	5.04	-6.2%
Unrealised	-	0.03	> -100	-	0.05	> -100
	2.25	2.40	-6.3%	4.73	5.09	-7.1%
Proposed/declared income distribution	66,264	70,093	-5.5%	139,302	148,727	-6.3%
Proposed/declared DPU (sen)	2.25	2.38	-5.5%	4.73	5.05	-6.3%

Notes on Statement of Comprehensive Income

- 1 **Interest income** for YTD 2Q2019 was higher by RM0.9 million mainly contributed by higher investment in money market instrument compared to the preceding year same period.
- 2 **Other income** was lower by RM 1.4 million for YTD 2Q2019 primarily attributable to lower fair value gain from interest rate swap.
- 3 **Other trust expenses** was higher by RM0.7 million for YTD 2Q2019 mainly due to allocation of legal fees for Sunway Putra's litigation cases and higher one-off professional fees.
- 4 **Finance costs** was higher by RM9.7 million for YTD 2Q2019 due to higher principal loan amount, mainly to fund acquisitions and capital expenditure, as well as higher average cost of debt following the increase in overnight policy rate by 25bps on 25 January 2018.

Statement of Financial Position – Consolidated

	31.12.18 RM'000	30.06.18 RM'000
ASSETS		
Non-current assets		
Investment properties	7,346,875 ¹	7,280,225
Plant and equipment	12,193	13,591
	7,359,068	7,293,816
Current assets		
Trade receivables	20,272 ²	21,423
Other receivables	73,010 ³	10,669
Derivatives	- ⁴	10,766
Short term investment	-	129,625
Cash and bank balances	62,910	57,559
	156,192	230,042
	7,515,260	7,523,858
FINANCED BY:		
Unitholders' funds		
Unitholders' capital	2,727,829	2,727,829
Undistributed income	1,628,822	1,625,407
Total Unitholders' funds	4,356,651	4,353,236
Non-current liabilities		
Borrowings	- ⁵	299,750
Long term liabilities	67,651	77,519
Deferred tax liability	6,896	6,896
	74,547	384,165
Current liabilities		
Borrowings	2,894,565 ⁵	2,602,750
Trade payables	1,084	2,096
Other payables	172,088	181,583
Derivatives	16,325 ⁴	28
	3,084,062	2,786,457
	7,515,260	7,523,858

	31.12.18 RM'000	30.06.18 RM'000
Number of units in circulation ('000 units)	2,945,078	2,945,078
Net Asset Value (NAV)		
Before income distribution	4,356,651	4,353,236
After income distribution	4,290,387	4,289,917
NAV Per Unit (RM)		
Before income distribution	1.4793	1.4781
After income distribution	1.4568	1.4566

Statement of Financial Position - Consolidated (Cont'd)

Explanation:

- 1 Investment properties** increased by RM66.7 million as at 31 December 2018 primarily attributed to the refurbishment of grand ballroom, meeting and function rooms of Sunway Resort Hotel & Spa, which were completed in the current quarter, and the on-going works for the expansion of Sunway Carnival Shopping Mall.
- 2 Trade receivables** was lower by RM1.2 million mainly attributable to lower lease rental from Sunway Resort Hotel & Spa.
- 3 Other receivables** was higher by RM62.3 million compared to 30 June 2018, mainly due to the RM55.0 million deposit paid for the proposed acquisition of a purpose-built campus, provision for partial Income Support (as defined below) of RM4.4 million for Sunway Clio Property and goods and service tax (“GST”) refundable of RM3.3 million.
- 4 Derivatives** are in relation to cross currency swap and interest rate swap contracts as explained in Note B15 of 2Q2019 Quarterly Reports in Bursa Announcement.
- 5 Total borrowings** was lower by RM7.9 million as at 31 December 2018 mainly due to movement in unrealised foreign exchange relating to the USD100 million revolving loan. For refinancing of the current borrowings amounting to RM 2.9 billion, a commitment has been received from a financial institution to subscribe unrated MTNs of up to RM 1.0 billion for 5 years until April 2023 and the Commercial Paper Programme of up to RM 1.6 billion is underwritten by a local financial institution.

Income Support = The difference between total annual net property income and guaranteed net property income of RM20.23 million.

Statement of Cash Flows – Consolidated

	Cumulative Quarter ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	297,685	309,935
Refundable security deposits from customers	1,250	86
Cash paid for operating expenses	(135,801)	(132,725)
Net cash from operating activities ¹	163,134	177,296
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(681)	(1,803)
Deposit for acquisition of investment property	(55,000)	(34,000)
Acquisition of investment properties	-	(82,350)
Incidental costs on acquisition of investment properties	-	(1,140)
Subsequent expenditure of investment properties	(66,032)	(8,079)
Investment in short term money market instrument	(455,000)	(85,000)
Redemption of short term money market instrument	585,000	-
Interest received	2,858	2,923
Net cash from/(used in) investing activities ²	11,145	(209,449)
FINANCING ACTIVITIES		
Proceeds from issuance of commercial papers	301,000	185,600
Drawdown of revolving loans	9,213,600	5,140,300
Repayment of commercial papers	(301,000)	(219,600)
Repayment of unrated medium term notes	(300,000)	-
Repayment of revolving loans	(8,894,400)	(4,920,700)
Interest paid	(51,771)	(47,295)
Distribution paid	(136,357)	(145,487)
Net cash (used in)/from financing activities ³	(168,928)	292,818
Net increase in cash and bank balances	5,351	260,665
Cash and bank balances at beginning of year	57,559	100,544
Cash and bank balances at end of period	62,910	361,209
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	27,910	18,209
Deposits placed with licensed financial institutions	35,000	343,000
Cash and bank balances ⁴	62,910	361,209

1 Net cash from operating activities for YTD 2Q2019 was RM163.1 million, lower by RM14.2 million compared to YTD 2Q2018, mainly due to lower receipt of hotel lease rental arising from the disruption in income attributable to the refurbishment of grand ballroom, meeting and function rooms of Sunway Resort Hotel & Spa.

2 Net cash from investing activities of RM11.1 million mainly from redemption in money market instrument partially offset by payment of deposit for the proposed acquisition of a purpose-built campus, refurbishment of Sunway Resort Hotel & Spa's grand ballroom, meeting and function rooms and expansion of Sunway Carnival Shopping Mall. In the preceding year corresponding period, net cash used for investing activities was RM209.4 million mainly related to the acquisition of Sunway REIT Industrial - Shah Alam 1 and Sunway Clio Property as well as investment in money market instrument.

3 Net cash used in financing activities of RM168.9 million for YTD 2Q2019 was mainly attributed to income distribution and interest paid of RM136.4 million and RM51.8 million respectively, partially offset by net drawdown of debts amounting to RM19.2 million for capital expenditure.

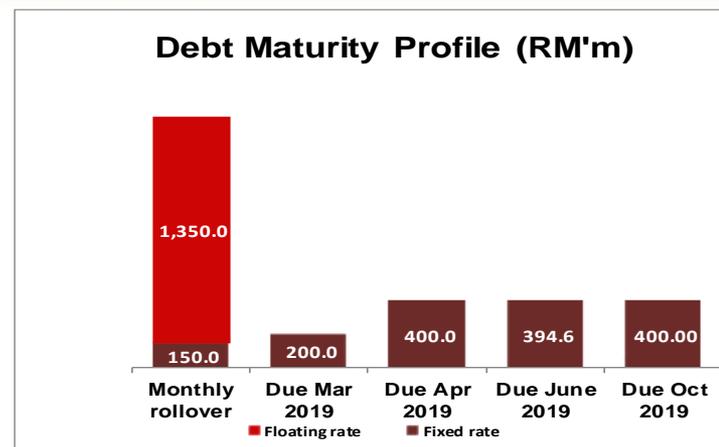
4 Cash and bank balances as at 31 December 2018 and 31 December 2017 stood at RM62.9 million and RM361.2 million respectively. The higher balance in the preceding year corresponding period was mainly due to borrowings drawdown in 2Q2018 for the balance payment of Sunway Clio Property.

Debt Profile as of 31 December 2018

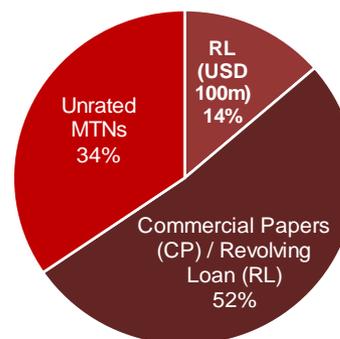
	Facility Limit RM'million	Amount RM'million
Revolving Loan (USD100m)	411.1	394.6
Commercial Papers (CP) / Revolving Loan (RL)	1,600.0	1,500.0
Unrated MTNs	10,000.0	1,000.0
Total Gross Borrowings		2,894.6

	RM'million
Classification of Borrowings:	
Current (due within 1 year)	2,894.6
Non-current (due after 1 year)	-
Total Gross Borrowings	2,894.6

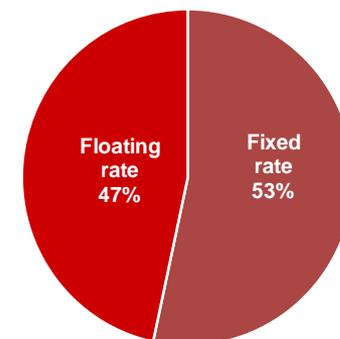
Average Cost of Debt	4.03%
Average Maturity Period (Year)	0.3
Debt Service Cover Ratio (DSCR)	3.4
Gearing Ratio	38.5%



Sources of Debt



Fixed vs Floating



- Includes unrealised forex gain of RM16.5 million. The revolving loan is fully hedged with a 6-month cross currency swap contract until 3 June 2019.
- The current limit of RM1.5 billion can be further increased to RM1.6 billion up to the expiry of the CP Programme in April 2019. The CP Programme is fully underwritten by a local financial institution for the entire duration of the programme. Part of the outstanding CP/RL has been hedged with fixed rate interest rate swap contracts in FY2016 to manage the exposure of floating interest rate.
- A commitment has been received from a financial institution to subscribe unrated MTNs of up to RM1.0 billion for 5 years with maturity date of any subscription shall not be later than April 2023.

PORTFOLIO PERFORMANCE (2Q 2019)



Revenue & NPI growth in 2Q FY2019

Reported in RM'million

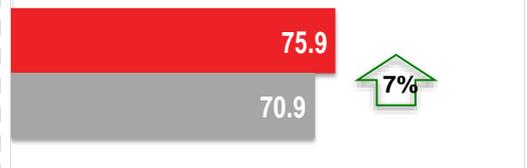
Revenue

2Q2019
2Q2018

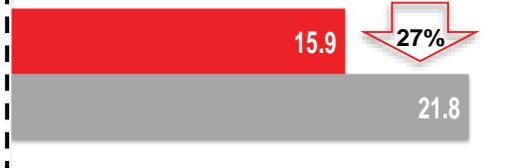
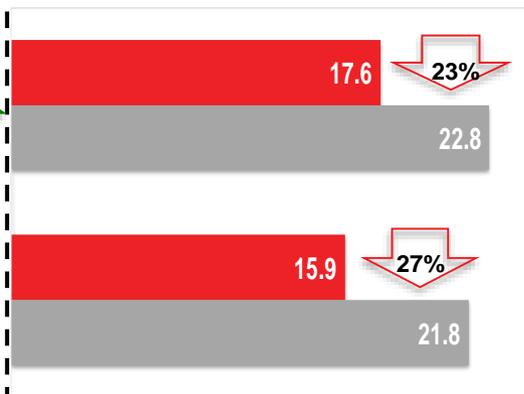


NPI

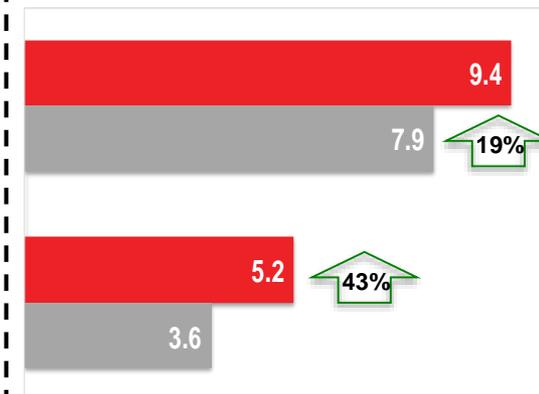
2Q2019
2Q2018



Hotel



Office



Notes

The retail segment recorded gross revenue of RM105.3 million for the current quarter ended 31 December 2018, an increase of 1.5% or RM1.6 million compared to the preceding year corresponding quarter (2Q2018), mainly contributed by Sunway Pyramid but partially offset by Sunway Putra Mall.

The net property income (NPI) recorded an increase of 7.1% or RM5.0 million compared to 2Q2018 mainly contributed by lower advertising and promotion (A&P) and maintenance expenses in Sunway Pyramid.

The soft market condition within hospitality market continued to be felt in 2Q2019 where revenue generated was 22.8% or RM5.2 million lower than 2Q2018 with overall hotel portfolio occupancy of 69% (2Q2018: 75%). This was further aggravated by the disruption in income due to closure of the SRHS Grand Ballroom and Meeting rooms and higher room preventive maintenance cost and lack of demand in group corporate bookings which impacted Sunway Putra Hotel.

The office segment recorded gross revenue of RM9.4 million for 2Q2019, an increase of 19.0% or RM1.5 million compared to 2Q2018, mainly contributed by improved performance from Sunway Putra Tower and Wisma Sunway, with commencement of new tenants and expansion from existing tenant, respectively.

The NPI recorded an increase of 43.4% in line with the increase in revenue.

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

Revenue & NPI growth in 2Q 2019 (Cont'd)

Reported in RM'million

Services

Revenue
2Q2019
2Q2018



NPI
2Q2019
2Q2018



Industrial & Others



Overall



Notes

Sunway Medical Centre contributed RM5.8 million to revenue and NPI for 2Q2019, an increase of 3.5% compared to 2Q2018 due to rental reversion in accordance with the master lease agreement.

Revenue and NPI of Sunway REIT Industrial - Shah Alam 1 remain unchanged.

Revenue of the portfolio reduced by 1.4% or RM2.0 million due to the underperformance of Hotel segment by RM5.2 million as discussed above, mitigated by the increase in retail and office segment.

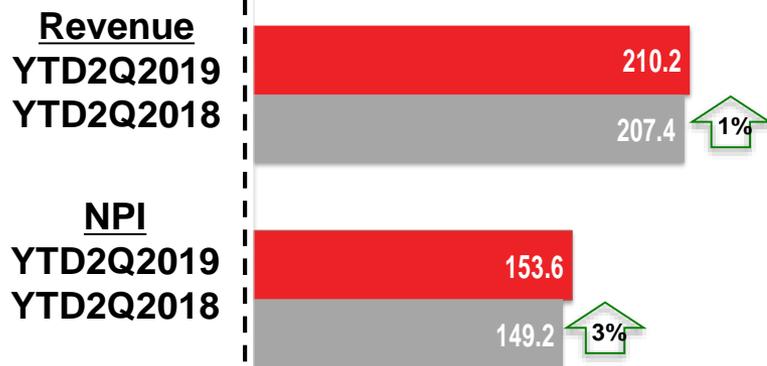
The slight increase in NPI by 0.8% or RM0.9 million mainly due to lower maintenance and A&P expenses.

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

Revenue & NPI growth YTD 2Q 2019

Reported in RM'million

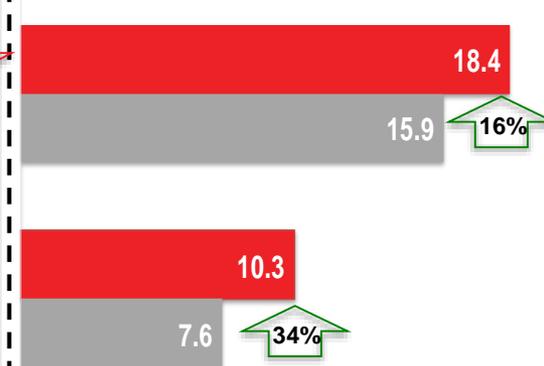
Retail



Hotel



Office



Notes

The retail segment recorded gross revenue of RM210.2 million for YTD 2Q2019, an increase of 1.4% or RM2.9 million compared YTD 2Q2018, mainly contributed by Sunway Pyramid but partially offset by Sunway Putra Mall.

The YTD NPI recorded an increase of 3.0% or RM4.5 million compared to YTD 2Q2018 mainly contributed by lower A&P expenses in Sunway Pyramid offset by higher A&P and maintenance expenses incurred by Sunway Carnival Mall.

The hotel segment recorded YTD 2Q2019 gross revenue of RM40.2 million, lower by 12.5% or RM5.7 million, mainly contributed by SRHS and Sunway Putra Hotel but mitigated by contribution of income from Sunway Clio Property.

The YTD NPI lower by 17.2% or RM7.6 million was in line with the reduction in rental revenue.

The office segment recorded gross revenue of RM18.4 million for YTD 2Q2019, an increase of 16.0% or RM2.5 million compared to YTD 2Q2018, mainly contributed by improved performance from Sunway Putra Tower and Wisma Sunway, with commencement of new tenants and expansion from existing tenant, respectively.

The NPI recorded an increase of 34.4% in line with the increase in revenue.

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

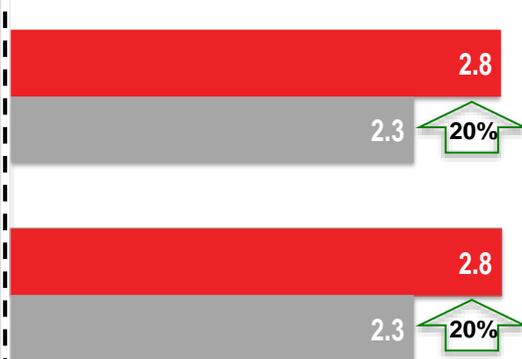
Revenue & NPI growth in YTD 2Q 2019 (Cont'd)

Reported in RM'million

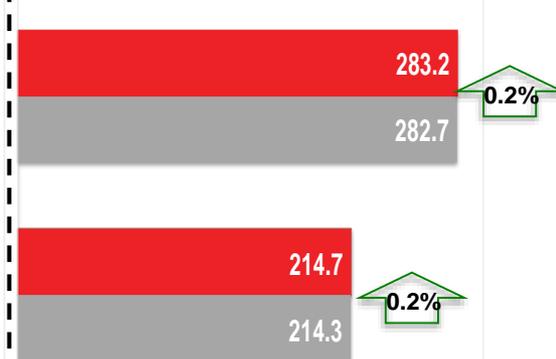
Services



Industrial & Others



Overall



Notes

Sunway Medical Centre contributed RM11.5 million to revenue and NPI for YTD 2Q2019, an increase of 3.5% compared to YTD 2Q2018 due to rental reversion in accordance with the master lease agreement.

Revenue and NPI of Sunway REIT Industrial - Shah Alam 1 remain unchanged.

The overall revenue and NPI of the portfolio performed marginally better by 0.2% than YTD 2Q2018.

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

2Q2019 and YTD 2Q2019 Revenue Contribution (by Property)

By Property	2Q 2019	2Q 2018	Variance	Change	YTD 2Q 2019	YTD 2Q 2018	Variance	Change
	RM'mil	RM'mil	RM'mil	%	RM'mil	RM'mil	RM'mil	%
Sunway Pyramid Mall	80.7	78.5	↑ 2.2	2.8%	161.0	155.7	↑ 5.3	3.4%
Sunway Carnival Mall	12.0	11.6	↑ 0.4	3.1%	23.3	23.5	↓ (0.2)	-1.0%
SunCity Ipoh Hypermarket	1.1	1.1	→ 0.0	0.0%	2.2	2.2	→ 0.0	0.0%
Sunway Putra Mall	11.6	12.6	↓ (1.0)	-8.1%	23.8	26.0	↓ (2.2)	-8.4%
Sunway Resort Hotel & Spa	3.7	11.9	↓ (8.2)	-68.8%	7.7	23.4	↓ (15.7)	-67.0%
Sunway Pyramid Hotel	4.3	3.6	↑ 0.7	20.2%	8.8	8.1	↑ 0.7	8.4%
Sunway Hotel Seberang Jaya	0.7	0.8	↓ (0.1)	-8.1%	1.5	1.5	→ (0.0)	0.0%
Sunway Putra Hotel	3.1	5.2	↓ (2.1)	-40.4%	6.4	10.0	↓ (3.6)	-36.3%
Sunway Hotel Georgetown	1.3	1.3	→ (0.0)	0.0%	2.8	2.9	↓ (0.2)	-5.7%
Sunway Clio Property	4.5	-	4.5	N/A	13.0	-	13.0	N/A
Menara Sunway	4.3	4.1	↑ 0.1	2.7%	8.5	8.3	↑ 0.1	1.3%
Sunway Tower	0.7	0.8	↓ (0.1)	-17.6%	1.4	1.6	↓ (0.2)	-13.4%
Sunway Putra Tower	2.8	1.5	↑ 1.3	82.8%	5.6	3.0	↑ 2.6	84.8%
Wisma Sunway	1.7	1.4	↑ 0.3	20.4%	3.0	2.9	↑ 0.1	2.9%
Sunway Medical Centre	5.8	5.6	↑ 0.2	3.5%	11.6	11.2	↑ 0.4	3.5%
Sunway REIT Industrial - Shah Alam 1	1.4	1.4	→ -	0.0%	2.8	2.3	↑ 0.5	21.7%
TOTAL	139.5	141.4	↓ (2.0)	-1.4%	283.2	282.7	↑ 0.5	0.2%

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

2Q2019 NPI and NPI Margin Contribution (by Property)

By Property	NPI				NPI Margin		
	2Q 2019 RM'mil	2Q 2018 RM'mil	Variance RM'mil	Change %	2Q 2019 %	2Q 2018 %	Variance %
Sunway Pyramid Mall	62.5	56.7	↑ 5.9	10.3%	77.5%	72.2%	↑ 5.3%
Sunway Carnival Mall	7.0	7.0	→ 0.0	0.0%	58.4%	60.1%	↓ -1.7%
SunCity Ipoh Hypermarket	1.0	1.0	→ 0.0	0.0%	93.3%	88.5%	↑ 4.8%
Sunway Putra Mall	5.5	6.4	↓ (0.9)	-13.6%	47.5%	50.5%	↓ -3.0%
Sunway Resort Hotel & Spa	3.3	11.5	↓ (8.2)	-71.3%	89.0%	96.3%	↓ -7.3%
Sunway Pyramid Hotel	4.2	3.5	↑ 0.6	17.3%	96.5%	98.3%	↓ -1.8%
Sunway Hotel Seberang Jaya	0.7	0.7	→ 0.0	0.0%	99.7%	87.9%	↑ 11.8%
Sunway Putra Hotel	3.0	4.9	↓ (1.9)	-39.4%	95.5%	94.0%	↑ 1.5%
Sunway Hotel Georgetown	1.2	1.3	↓ (0.1)	-5.0%	93.5%	98.5%	↓ -5.0%
Sunway Clio Property	3.6	-	3.6	N/A	80.4%	N/A	N/A
Menara Sunway	2.8	2.5	↑ 0.2	9.7%	65.5%	60.6%	↑ 4.9%
Sunway Tower	(0.3)	(0.3)	→ 0.1	0.0%	-50.7%	-35.1%	↓ -15.7%
Sunway Putra Tower	2.0	0.6	↑ 1.3	>100%	71.5%	42.6%	↑ 28.9%
Wisma Sunway	0.8	0.7	↓ 0.1	5.2%	45.4%	51.9%	↓ -6.5%
Sunway Medical Centre	5.8	5.6	↑ 0.2	3.4%	100.0%	100.0%	→ 0.0%
Sunway REIT Industrial - Shah Alam 1	1.4	1.4	→ -	0.0%	100.0%	100.0%	→ 0.0%
TOTAL	104.2	103.3	↑ 0.9	0.8%	74.8%	73.1%	↑ 1.7%

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

YTD 2Q2019 NPI and NPI Margin Contribution (by Property)

By Property	NPI				NPI Margin		
	YTD 2Q 2019 RM'mil	YTD 2Q 2018 RM'mil	Variance RM'mil	Change %	YTD 2Q 2019 %	YTD 2Q 2018 %	Variance %
Sunway Pyramid Mall	126.7	118.8	↑ 7.9	6.7%	78.7%	76.3%	↑ 2.4%
Sunway Carnival Mall	13.8	15.1	↓ (1.4)	-9.1%	59.2%	64.4%	↓ -5.2%
SunCity Ipoh Hypermarket	2.1	2.0	↑ 0.1	6.6%	94.4%	94.3%	↑ 0.1%
Sunway Putra Mall	11.2	13.3	↓ (2.1)	-15.9%	47.0%	51.2%	↓ -4.2%
Sunway Resort Hotel & Spa	7.0	22.5	↓ (15.6)	-69.1%	90.2%	96.4%	↓ -6.2%
Sunway Pyramid Hotel	8.5	7.9	↑ 0.5	6.8%	96.0%	97.4%	↓ -1.4%
Sunway Hotel Seberang Jaya	1.4	1.4	→ 0.0	0.0%	90.9%	95.3%	↓ -4.4%
Sunway Putra Hotel	5.9	9.3	↓ (3.4)	-36.5%	92.8%	93.0%	↓ -0.3%
Sunway Hotel Georgetown	2.6	2.8	↓ (0.2)	-7.1%	94.8%	96.2%	↓ -1.5%
Sunway Clio Property	11.1	-	11.1	N/A	85.4%	N/A	N/A
Menara Sunway	5.6	5.3	↑ 0.3	6.3%	66.6%	63.5%	↑ 3.1%
Sunway Tower	(0.3)	(0.5)	↑ 0.2	47.1%	-18.4%	-30.1%	↑ 11.7%
Sunway Putra Tower	3.6	1.2	↑ 2.3	>100%	64.4%	41.5%	↑ 22.9%
Wisma Sunway	1.3	1.6	↓ (0.3)	-16.5%	44.2%	54.5%	↓ -10.3%
Sunway Medical Centre	11.5	11.1	↑ 0.4	3.5%	100%	100%	→ 0%
Sunway REIT Industrial - Shah Alam 1	2.8	2.3	↑ 0.5	20.3%	100%	100%	→ 0%
TOTAL	214.7	214.3	↑ 0.4	0.2%	75.8%	75.8%	→ 0.0%

Note: Calculation of variance above varies marginally compared to 2Q2019 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

Key Performance Indicators – YTD 2Q2019

	Retail	Hotel	Office	Services	Industrial & Others
Average Occupancy Rates	97%	71%	69%	100%	100%
NPI Margin	73%	91%	56%	100%	100%

PROPERTY DEVELOPMENT ACTIVITIES & ASSET ENHANCEMENT INITIATIVES (AEI) (2Q 2019)



Property Development Activities

Expansion of Sunway Carnival Shopping Mall

Estimated total property development cost (including land)	RM 353.0 million
Cummulative cost incurred from initiation to YTD 2Q 2019	RM 51.2 million
Duration	Approximately 3 years from 3Q 2018
NLA (sq. ft.)	Approximately 350,000 sq ft of additional new space.
Property development activities against enlarged total asset value*	4.5%

* As per paragraph 8.17 of SC Guidelines on Listed REITs, the aggregate investments in property development activities and real estate under construction must not exceed 15% of the REIT's total asset value.

Asset Enhancement Initiatives (AEI)

Sunway Resort Hotel & Spa Grand Ballroom & Meeting Rooms Refurbishment

Estimated total renovation cost	RM 50.5 million
Cumulative cost incurred from initiation to YTD 2Q2019	RM 34.3 million
Duration	4 months from July 2018
Status of completion	Completed

MARKET OUTLOOK (2Q 2019)



General Outlook

- The pace of growth in global economies have shed some of its momentum in 2H CY2018 as the impact of major central banks' monetary tightening policy and intensifying US-China trade tensions began to set in. Global growth in CY2018 is expected to ease marginally to 3.7%, from 3.8% in CY2017. The global growth is projected to ease further to 3.5% in CY2019 and 3.6% in CY2020 as the trade tensions persist in a monetary tightened environment.
- The domestic economy sustained its growth at 4.4% y-o-y in the third quarter of 2018 (2Q 2018: 4.5% y-o-y), supported by continued expansion in domestic demand with private sector expenditure remained as the key growth driver. Private consumption was boosted in July and August 2018, following the zerorization of the Goods and Services Tax (GST) rate, particularly on durable goods. Bank Negara Malaysia (BNM) projects the economy to grow at the pace of 5.0% y-o-y in CY2018 and 4.9% y-o-y in 2019. Economists consensus¹ projected the domestic economy to growth at a slower pace of 4.7% than official forecast in CY2018. In addition to the expected moderation of the global economy, the Malaysian economy is undergoing a period of uncertainties, transitioning from post-GE14 to policy shift and fiscal reforms with heightened risk arising from soft commodity prices.
- Headline inflation inched marginally by 0.2% y-o-y in November 2018 on lower fuel prices, bringing YTD 11M CY2018 inflation to 1.0% y-o-y, which is below official estimates of between 1.5% - 2.5%. BNM projects inflationary pressure to notch up to between 2.5% to 3.5% taking into account of implementation of new measures by the Government such as imposition of sugar tax, floatation of fuel and diesel price as well as broadening of Services Tax coverage. Economists consensus¹ projects inflation to averaged at 2.0% for CY2019.

¹ Source: Bloomberg

General Outlook

- On 24 January 2019, the Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) unchanged at 3.25%. BNM opined that the degree of monetary accommodativeness is consistent with the intended policy stance and will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation. Interest rate is expected to remain stable in CY2019 with downward bias in 2H CY2019 should the economy moderates further coupled with expectation of monetary tightening in the United States to end by middle of CY2019.
- The Manager maintains a cautious outlook for the remaining FY2019 taking guidance from its 1H FY2019 financial performance on the back of the following factors:
 - i) Flattish growth in the retail segment contributed by higher income from Sunway Pyramid but offset against softer performance in other malls.
 - ii) Income contribution from the hotel segment affected primarily due to soft market environment impacting the overall hospitality industry and coupled with income disruption in 1Q FY2019 for the MICE and corporate segments due to the refurbishment activities at Sunway Resort Hotel & Spa.
 - iii) Gradual improvement in the office segment performance, mainly attributable to continued improvement at Sunway Putra Tower and Wisma Sunway.
- The Manager is committed to distribute 100% of its distributable net income for FY2019.

Retail Segment

- The Retail Group Malaysia (RGM) has raised its 2018 retail sales growth rate forecast for Malaysia's retail industry from 4.1% to 4.4%, after taking into consideration of the encouraging growth of 6.7% y-o-y in 3Q CY2018 and an upward revision of 4.7% y-o-y growth in 4Q CY2018, from 4.3% y-o-y estimated back in September 2018. The RGM projects the retail sales to grow by 4.5% y-o-y in CY2019, supported by increment in minimum wage.
- The supply of retail malls in the Klang Valley continued to increase with the completion of 4 retail malls totaling 1.3 million sq.ft. for YTD 3Q CY2018. Based on planned retail supply, an additional 11.3 million sq.ft of retail space is expected to enter the market by CY2020. The retail sector will continue to be shaped by emerging trends such as e-commerce and evolving lifestyles and spending preferences. The industry landscape is expected to remain challenging on the back of oversupply situation and in the absence of entry of major global brands.
- The Manager expects the retail segment to register a flattish growth in FY2019, contributed by higher income from Sunway Pyramid but offset against softer performance in other malls.

Hotel Segment

- Tourist arrivals to Malaysia showed an improvement in 3Q CY2018 of 2.8% y-o-y and 7.2% q-o-q to 6.66 million. Despite the improvement, YTD 9M CY2018 tourist arrivals eased marginally by 0.3% y-o-y to 19.39 million, mainly dragged by Singapore (-15.6% y-o-y) and Brunei (-18.6% y-o-y). On a positive note, tourist arrivals from China and Indonesia jumped 34.2% y-o-y and 17.6% y-o-y respectively. Extrapolating the YTD 9M CY2018 tourist arrivals, the target of 26.4 million appeared to be realistic and potentially achievable.
- In the Klang Valley, hotel supply stood at 57,881 rooms over 202 hotels as at 3Q CY2018. During the year, new supply totaling 5,003 rooms were added into the market. In CY2019, it is estimated another 11 hotels offering 3,154 rooms are expected to be completed in the Klang Valley.
- The outlook for the hotel sector remained mixed on the back of expected moderation in the domestic economy, business confidence and consumer sentiment. However, Government's move in promoting Malaysia as vindicated in the Budget 2019 bodes well for the longer term prospect of the tourism industry. In addition, the diversity of Malaysia's tourism encompassing leisure, business, medical and MICE coupled with new flights into Malaysia will further support the tourism industry.
- The Manager expects the hotel segment to remain challenging on the back of softening macro-economic environment coupled with gradual resumption of income from the earlier 1H FY2019 income disruption for the MICE and corporate segments due to the refurbishment activities at Sunway Resort Hotel & Spa.

Office Segment

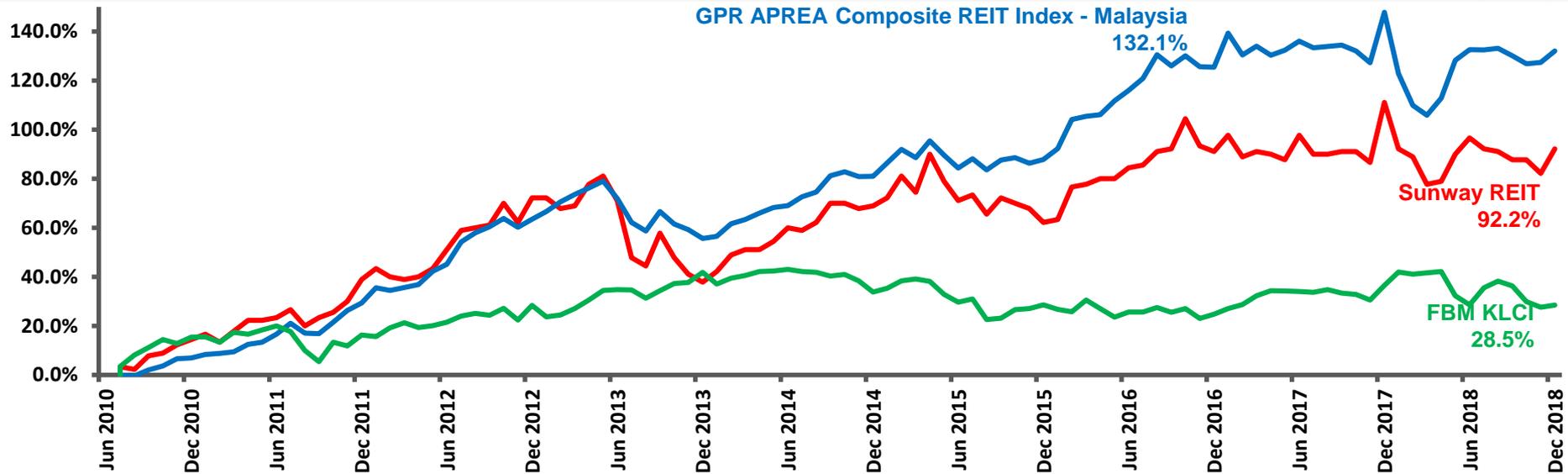
- The cumulative supply of office in the Klang Valley stood at 109.7 million sq.ft. as at 3Q CY2018 with 4 new completions thus far in 2018 adding 1.6 million of new supply. It is estimated that a total of 15.7 million sq.ft. are expected to enter the market by the end of CY2021 of which 82% are located in Kuala Lumpur.
- The excess supply continues to place pressure on occupancy and rental rates. Shackled by the oversupply situation, owners of office buildings need to adjust their tenancy mix in line with new trends such as co-working and mixed-used. In addition, older office buildings may require technological upgrading to MSC and green building status to meet the requirement of tenants. In some instances, owners may even need to consider redevelopment opportunities to convert to different usage in order to generate a decent property yield.
- The Manager expects gradual improvement in the overall occupancy of the office segment, mainly attributable to continued improvement at Sunway Putra Tower and Wisma Sunway.

INVESTOR RELATIONS (2Q 2019)



Unit Price Performance from IPO to YTD 2Q FY2019

Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 31 December 2018)



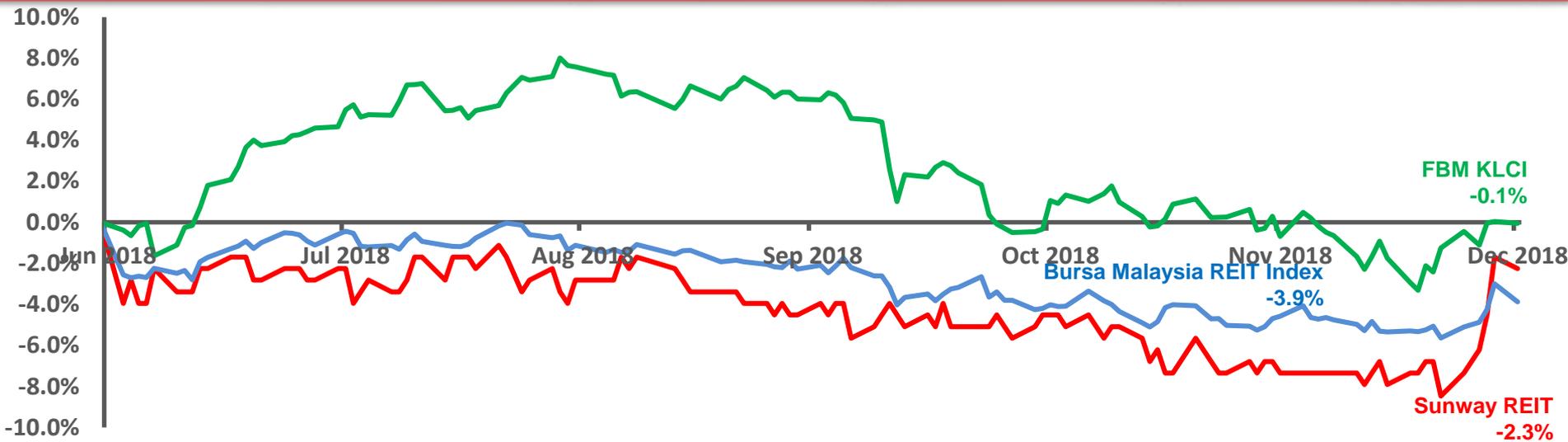
Performance Statistics (8 July 2010 – 31 December 2018)

Price (as at 8 July 2010)	: RM0.90
Closing Price (as at 31 December 2018)	: RM1.73
Highest Price	: RM1.90
Lowest Price	: RM0.88
Daily Average Volume	: 1.92 million units
% Change in Unit Price	: 92.2%
% Change in FBM KLCI	: 28.5%
% Change in GPR APREA Composite REIT Index - Malaysia	: 132.1%

Source: Bloomberg

Unit Price Performance for YTD 2Q FY2019

Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2018 – 31 December 2018)



Performance Statistics (30 June 2018 – 31 December 2018)

Price (as at 30 June 2018)	: RM1.77
Closing Price (as at 31 December 2018)	: RM1.73
Highest Price	: RM1.77
Lowest Price	: RM1.61
Daily Average Volume	: 1.31 million units
% Change in Unit Price	: -2.3%
% Change in FBM KLCI	: -0.1%
% Change in Bursa Malaysia REIT Index	: -3.9%

Source: Bloomberg

Indices Representation



- ✓ FTSE Bursa Malaysia Mid 70 Index
- ✓ Bursa Malaysia REIT Index¹



FTSE4Good

- ✓ FTSE4Good Bursa Malaysia Index



- ✓ GPR APREA Composite REIT Index – Malaysia



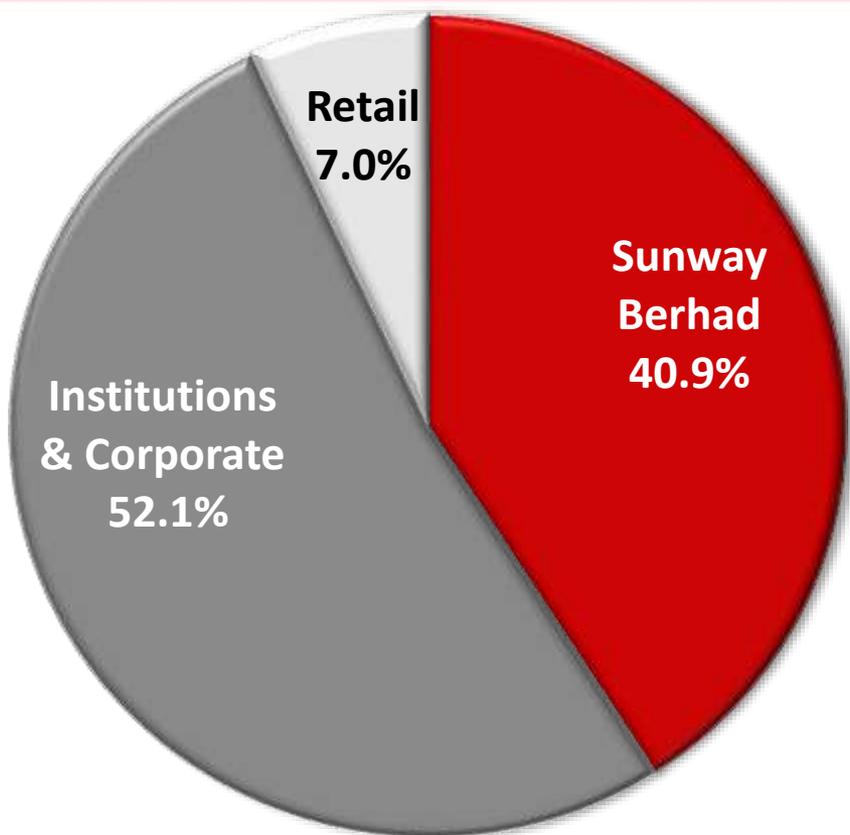
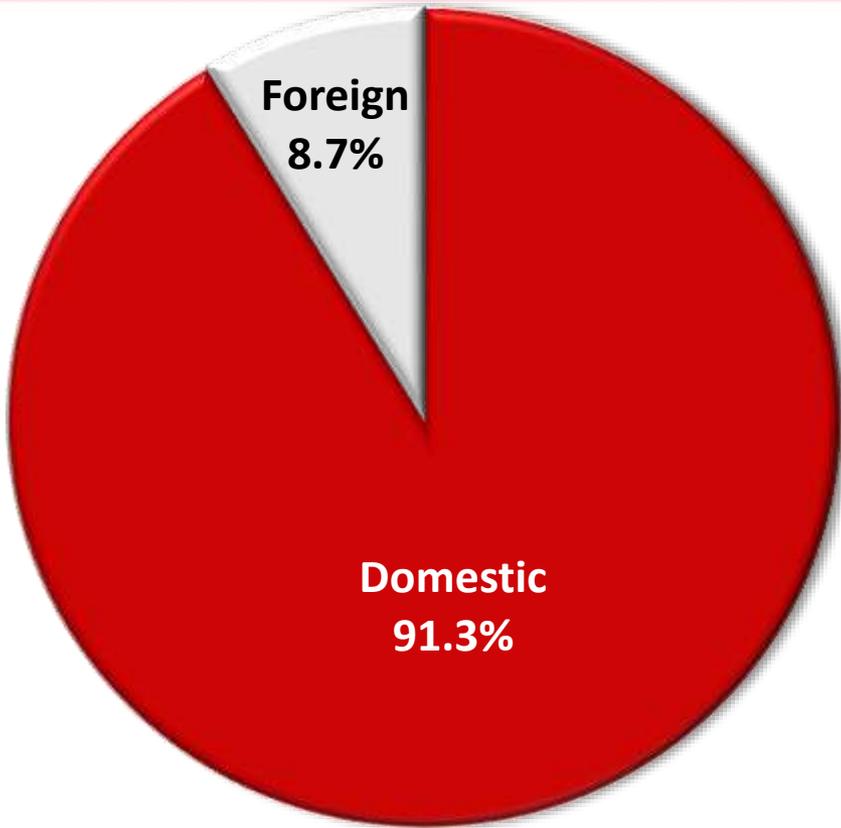
- ✓ FTSE EPRA NAREIT Global REIT Index
- ✓ FTSE EPRA NAREIT Global Index
- ✓ FTSE EPRA NAREIT Asia ex Japan Index
- ✓ FTSE EPRA NAREIT Asia Pacific Index
- ✓ FTSE EPRA NAREIT Emerging REIT Index



- ✓ MSCI Malaysia Small Cap Index

¹The index went live on 2 October 2017

Unitholders' Composition (as at 31 December 2018)



	December 2018	September 2018	Q-o-Q Change
No of unitholders	12,899	12,267	632 (+5.2%)
Retail unitholders	7.0%	6.8%	+0.2%
Foreign unitholders	8.7%	9.1%	-0.4%
Sunway Berhad	40.9%	40.9%	Unchanged

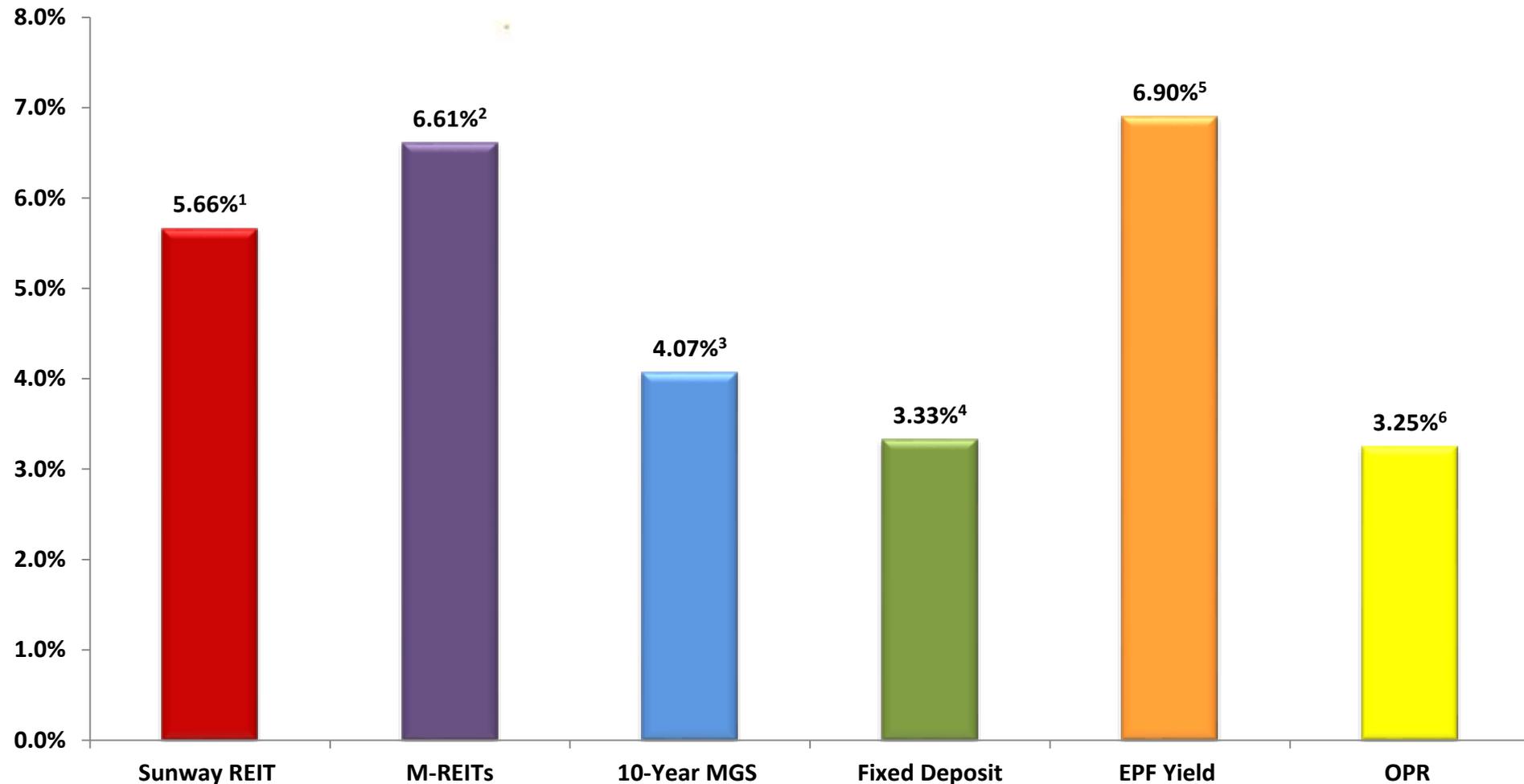
Source: Sunway REIT

Analysts Recommendation (as at 31 December 2018)



Source: Bloomberg

Comparative Yields for Various Assets



Note:

¹ Distribution yield is computed based on consensus FY2019 DPU of 9.80 sen and unit price as at 31 December 2018 (Source: Bloomberg)

² Information based on consensus FY2018 DPU forecast and unit price as at 31 December 2018 (Source: Bloomberg)

³ Information as at 31 December 2018 (Source: Bloomberg)

⁴ 12-Month Fixed Deposit rates offered by commercial banks as at 30 November 2018 (Source: Bank Negara Malaysia)

⁵ Dividend yield declared by Employees Provident Funds for the year 2017 (Source: Employees Provident Fund)

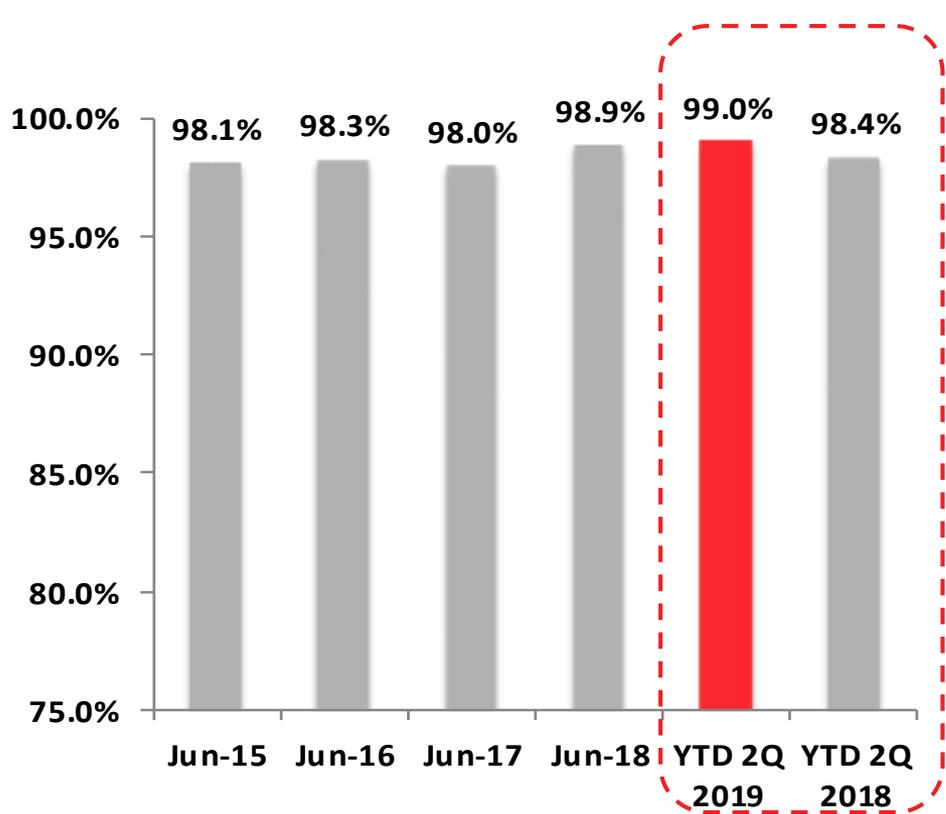
⁶ Overnight Policy Rate as at 8 November 2018 (Source: Bank Negara Malaysia)

APPENDIX: PROPERTY PERFORMANCE (2Q 2019)

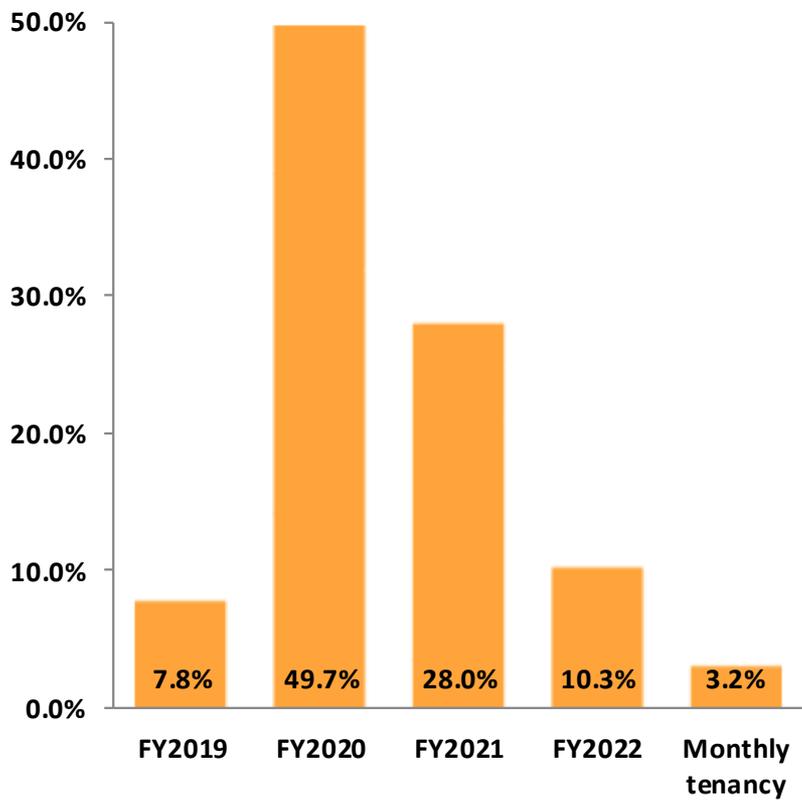


RETAIL PROPERTIES - Sunway Pyramid Shopping Mall

Average occupancy rate



Projected lease expiry schedule

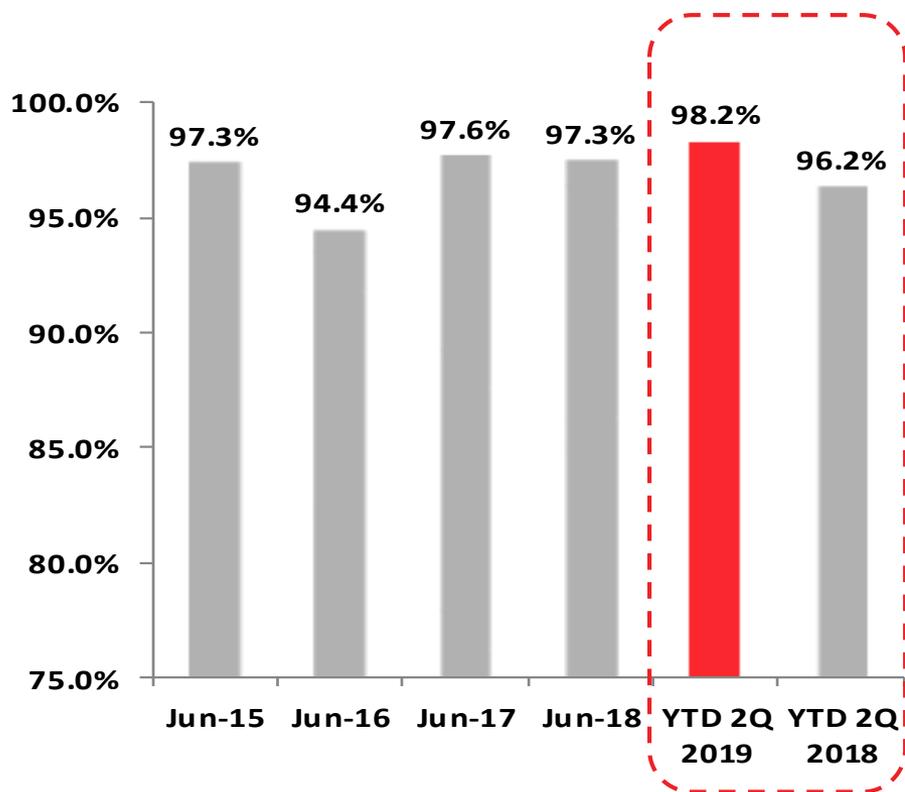


Sunway Pyramid Shopping Mall registered higher gross revenue by RM2.1 million or 2.7% for 2Q2019 mainly due to higher average gross rent per sq. ft., attributed to better turnover rent in the current quarter from the festive periods. Sunway Pyramid also experienced an increased in gross revenue by RM5.3 million or 3.4% for YTD 2Q019 contributed by better turnover rent.

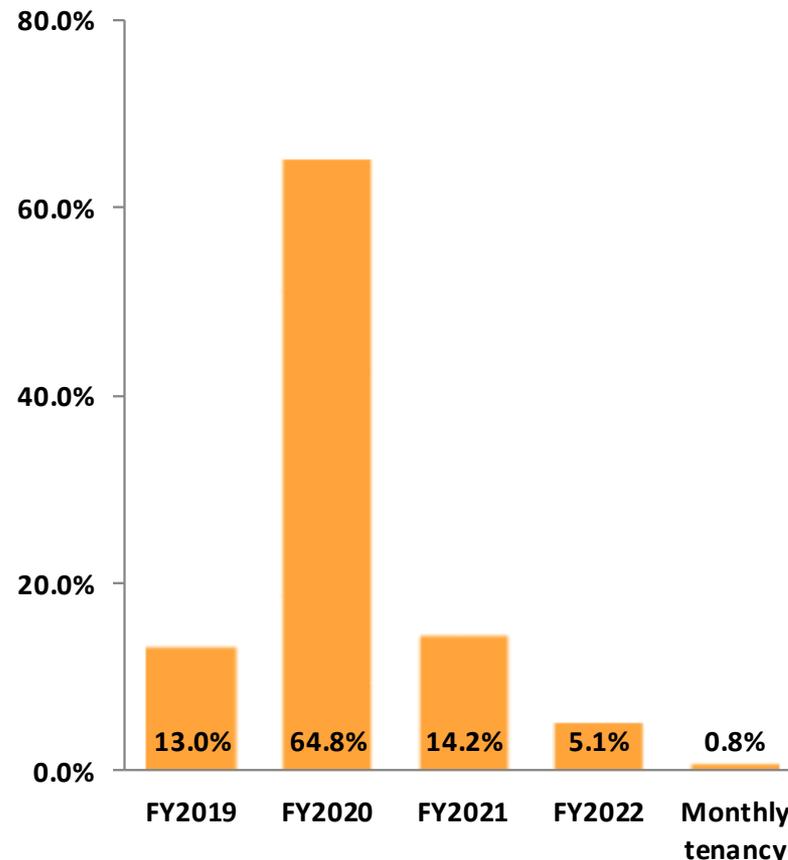
The average occupancy rate at Sunway Pyramid Shopping Mall was stable at 98.4% for YTD 2Q2019 (1Q2019: 98.2%). Based on the total net lettable area (NLA) of 382,646 sq.ft. which was due for renewal in FY2019, a total of 205,390 sq.ft. equivalent to 53.7% of total space due for renewal, was renewed or replaced at a single-digit rental reversion rate.

RETAIL PROPERTIES - Sunway Carnival Mall

Average occupancy rate



Projected lease expiry schedule

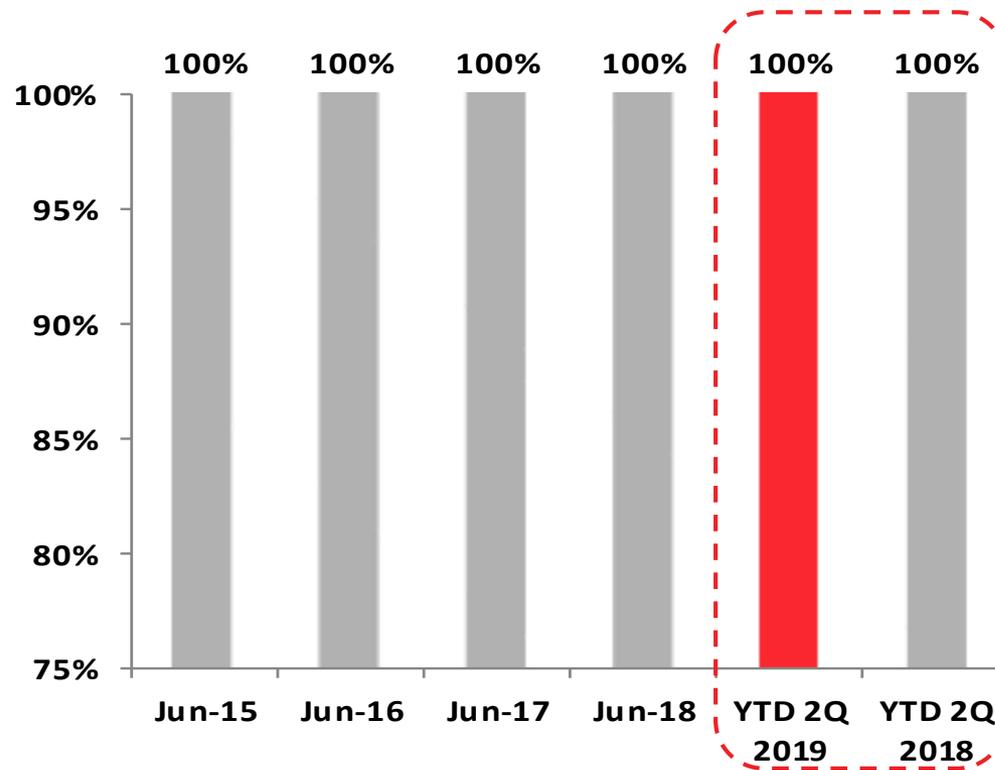


Gross revenue for Sunway Carnival Shopping Mall was higher by RM0.4 million due to better occupancy and turnover rent.

The average occupancy rate at Sunway Carnival Shopping Mall was maintained at 98.2% for YTD 2Q2019 compared to the preceding quarter. Based on the total NLA of 126,558 sq.ft. which was due for renewal in FY2019, a total of 67,077 sq.ft. equivalent to 53.0% of total space due for renewal, was renewed or replaced at a double-digit rental reversion rate.

RETAIL PROPERTIES - SunCity Ipoh Hypermarket

Average occupancy rate

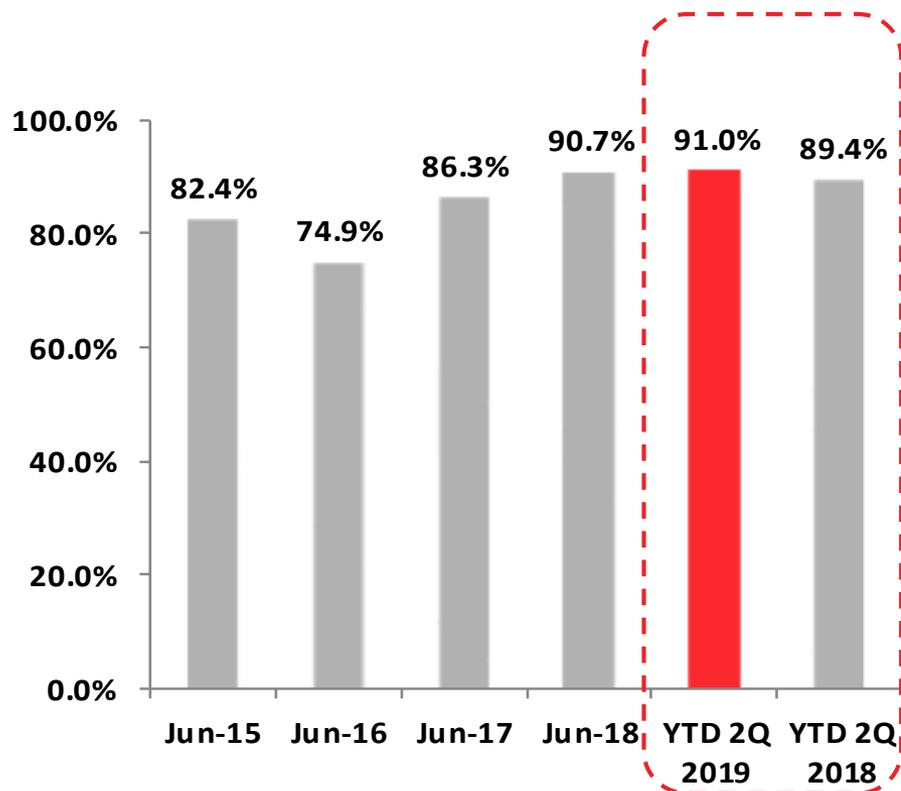


SunCity Ipoh Hypermarket is leased to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand.

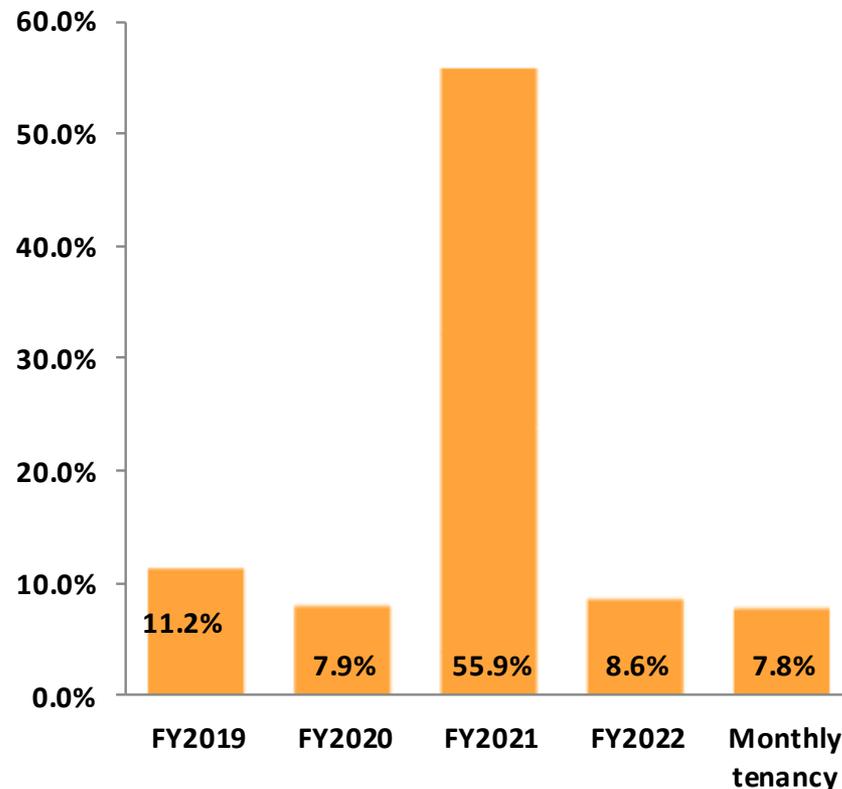
The next renewal for the tenancy is in April 2020.

RETAIL PROPERTIES - Sunway Putra Mall

Average occupancy rate



Projected lease expiry schedule

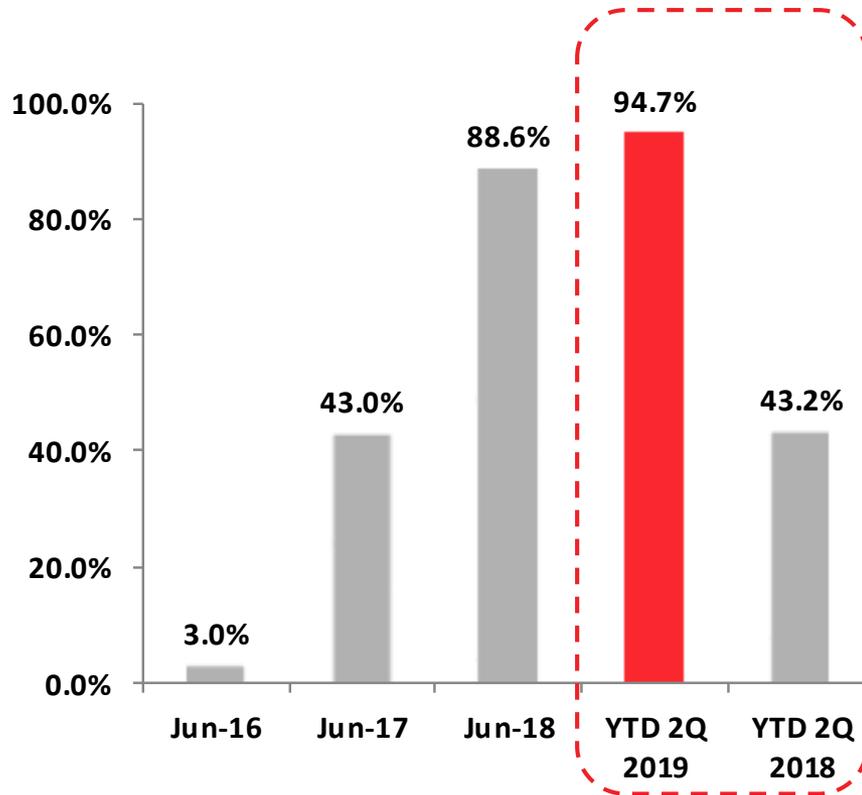


Average occupancy rate for YTD 2Q2019 was higher compared to YTD 2Q2018 with the commencement of new tenants and to achieve such pace, attractive rental package was offered.

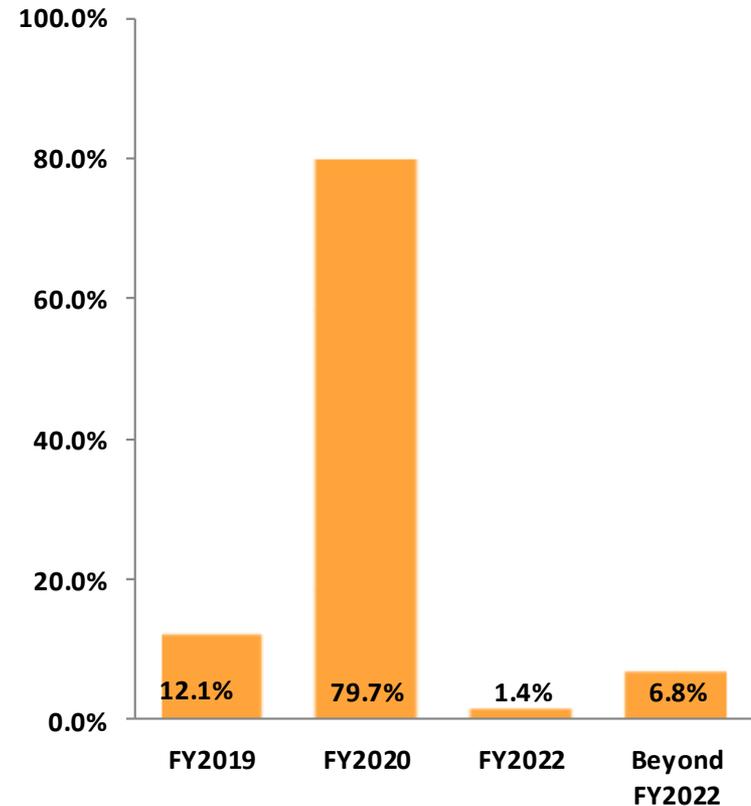
The average occupancy rate at Sunway Putra Mall was largely unchanged at 91.0% for YTD 2Q2019 (1Q2019: 90.8%). Based on the total NLA of 174,793 sq.ft. which was due for renewal in FY2019, a total of 110,206 sq.ft. equivalent to 63.0% of total space due for renewal, was renewed or replaced with attractive rental package as a strategy to maintain high occupancy rate.

RETAIL PROPERTIES - Sunway Clio Retail

Average occupancy rate



Projected lease expiry schedule

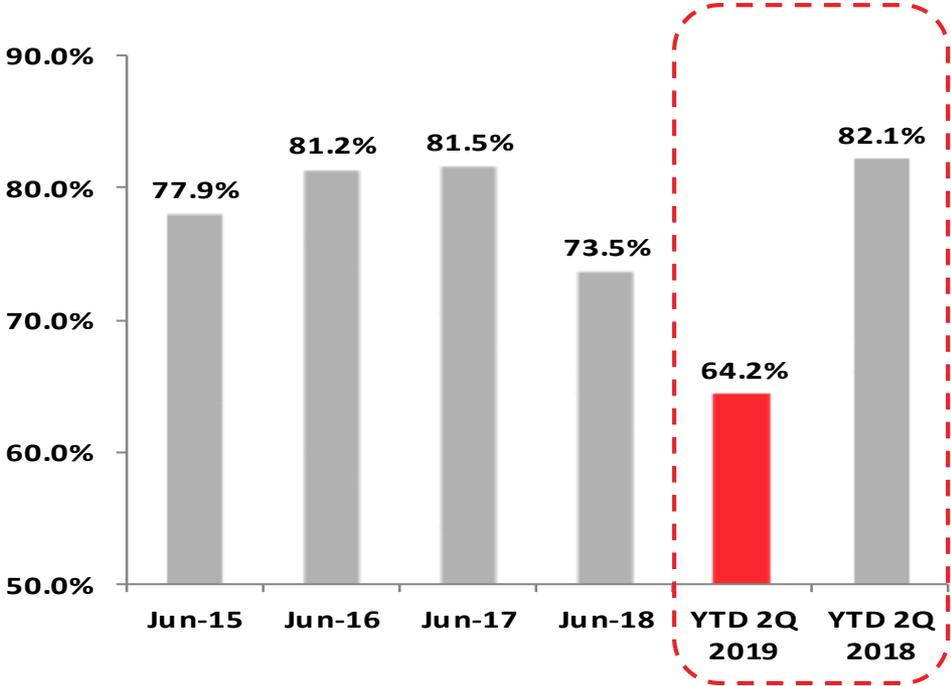


Note : The acquisition was completed on 9 February 2018.

The average occupancy rate for Sunway Clio Retail improved to 94.7% for YTD 2Q2019, from 89.6% in 1Q FY2019 on the back of commencement of new tenants. There was no renewal recorded during the period under review.

HOSPITALITY PROPERTIES - Sunway Resort Hotel & Spa

Average occupancy rate

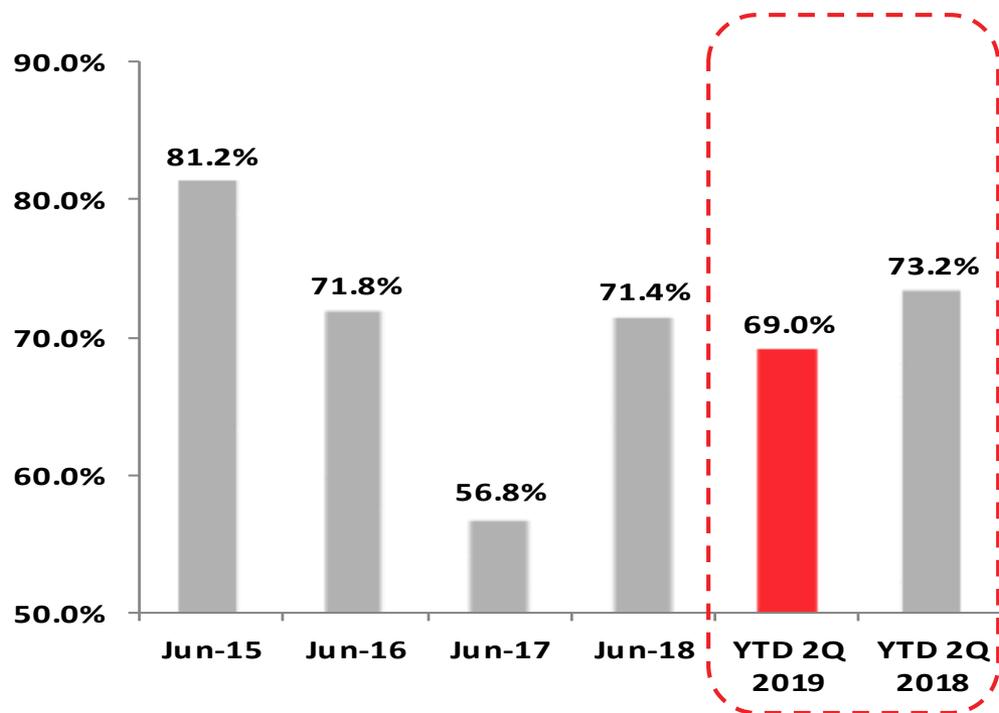


Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Resort Hotel & Spa is expiring in July 2020.

The cluster hotels in Sunway City, consisting of Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Hotel, recorded a combined average occupancy rate of 70% for YTD 2Q2019 (YTD 2Q2018: 76%). For YTD 2Q2019, the average occupancy rate stood at 64.2% (YTD 2Q2018: 82.1%). The average occupancy rate for Sunway Resort Hotel & Spa was affected by the overall soft market condition and refurbishment of the Grand Ballroom and meeting rooms which was completed in mid November 2018. In addition, all segments came in lower than previous year performance due to decline in Middle East market. The performance was further aggravated by higher room preventive maintenance cost in which the exercise was completed in December 2018.

HOSPITALITY PROPERTIES - Sunway Pyramid Hotel

Average occupancy rate



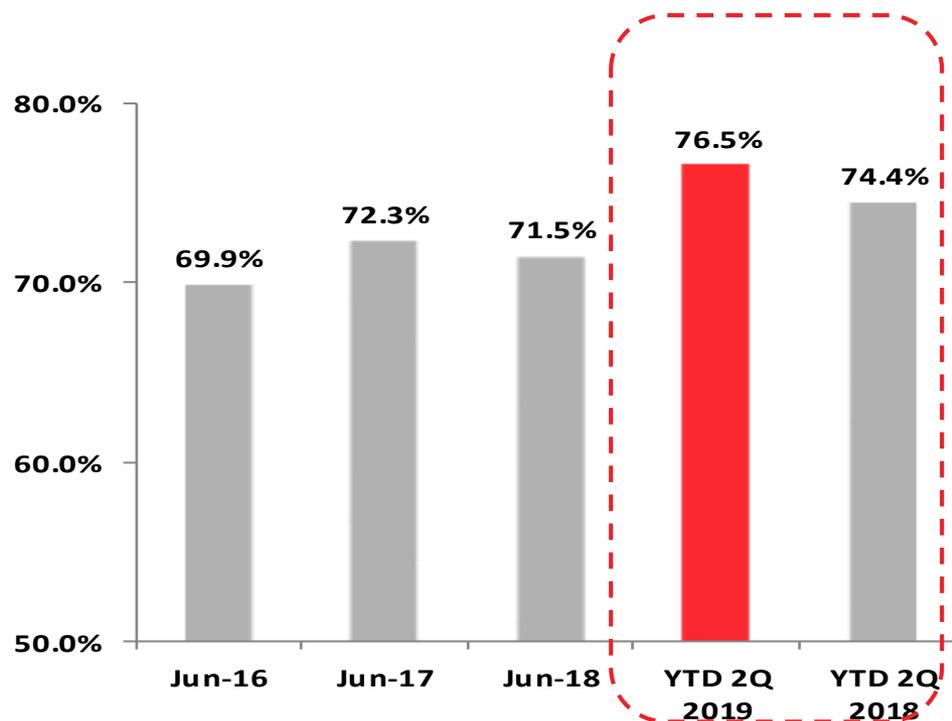
Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Pyramid Hotel is expiring in July 2020.

Note 2: Occupancy rate decreased as the Middle East geographic segment declined y-o-y whilst the airline crew was moved to Sunway Clio Hotel due to on-going renovation works at previous Taste Enclave area.

The average occupancy rate for Sunway Pyramid Hotel stood at 69.0% for YTD 2Q2019 (YTD 2Q2018: 73.2%) due to the reason mentioned above.

HOSPITALITY PROPERTIES - Sunway Clio Hotel

Average occupancy rate

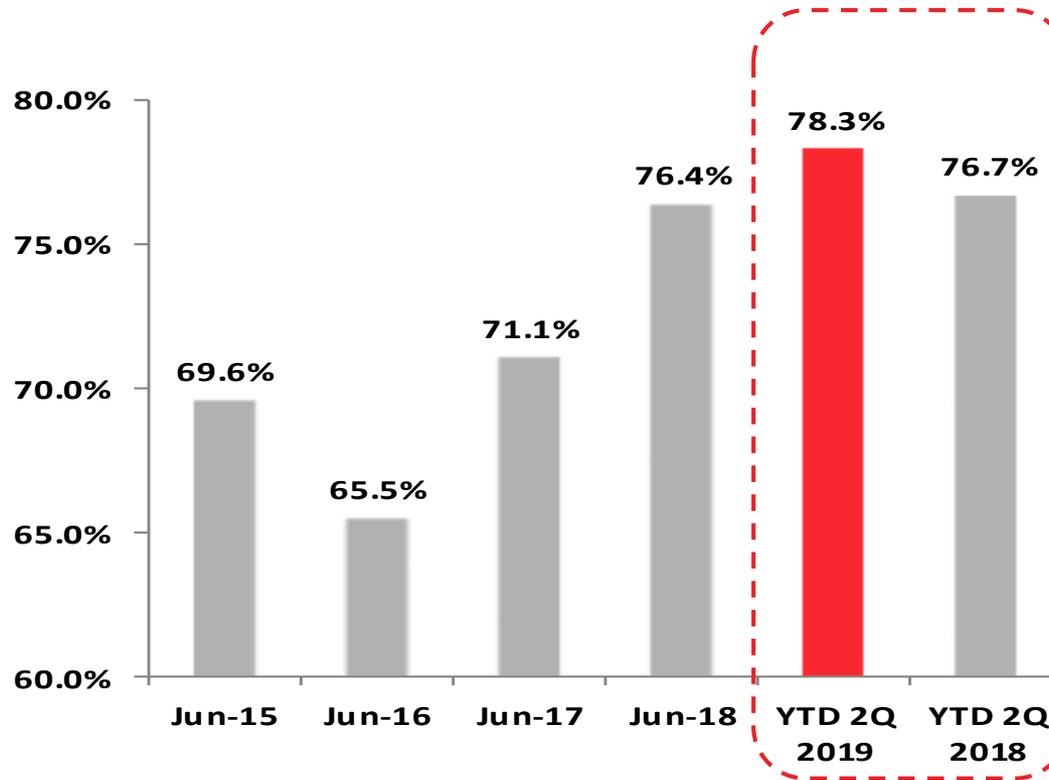


Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Clio Hotel is expiring in February 2028.

The average occupancy rate for Sunway Clio Hotel stood at 76.5% for YTD 2Q2019 (YTD 2Q2018: 74.4%) following the addition of airline crew groups, which provide a base business for the hotel.

HOSPITALITY PROPERTIES –Sunway Hotel Seberang Jaya

Average occupancy rate

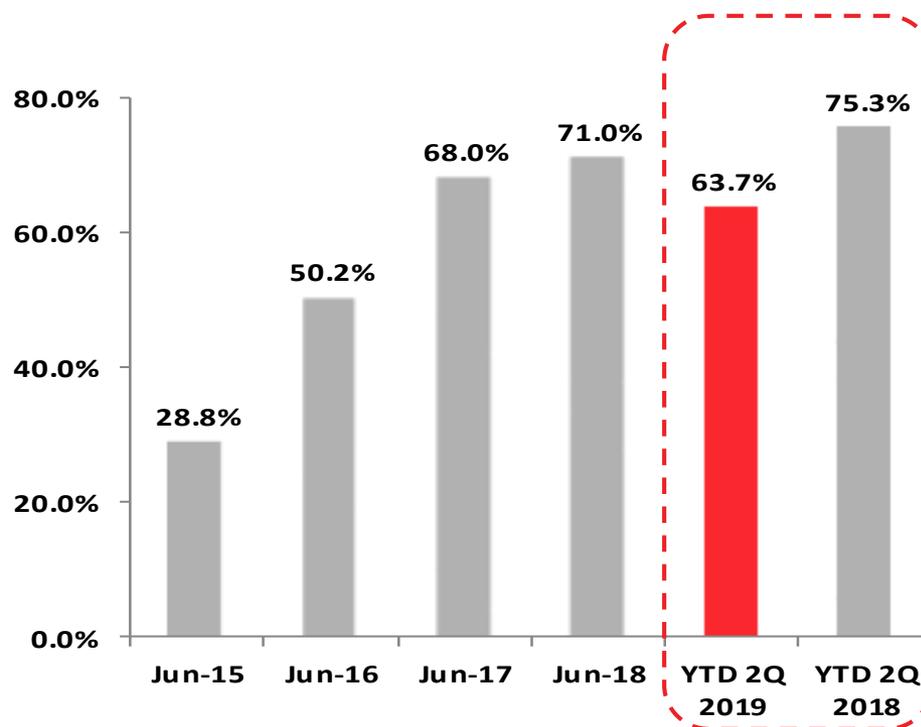


Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Hotel Seberang Jaya is expiring in July 2020.

The average occupancy rate at Sunway Hotel Seberang Jaya stood at 78.3% for YTD 2Q2019 (YTD 2Q2018: 76.7%), mainly attributable to higher corporate segment.

HOSPITALITY PROPERTIES - Sunway Putra Hotel

Average occupancy rate

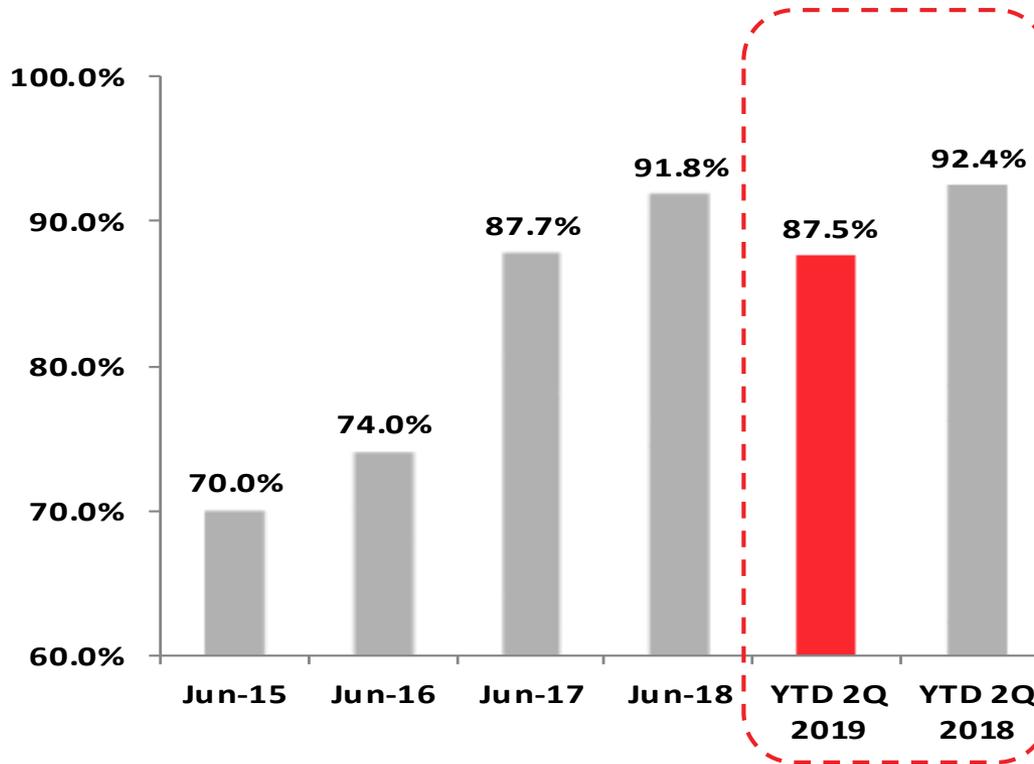


Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Putra Hotel is expiring in September 2021.

The average occupancy rate at Sunway Putra Hotel stood at 63.7% for YTD 2Q2019 (YTD 2Q2018: 75.3%), mainly due to softer leisure and corporate segments. In addition, the performance in the preceding year have enjoyed an one-off business from the SEA Games and PARA Games as well as lower demand from corporate groups.

HOSPITALITY PROPERTIES – Sunway Hotel Georgetown

Average occupancy rate

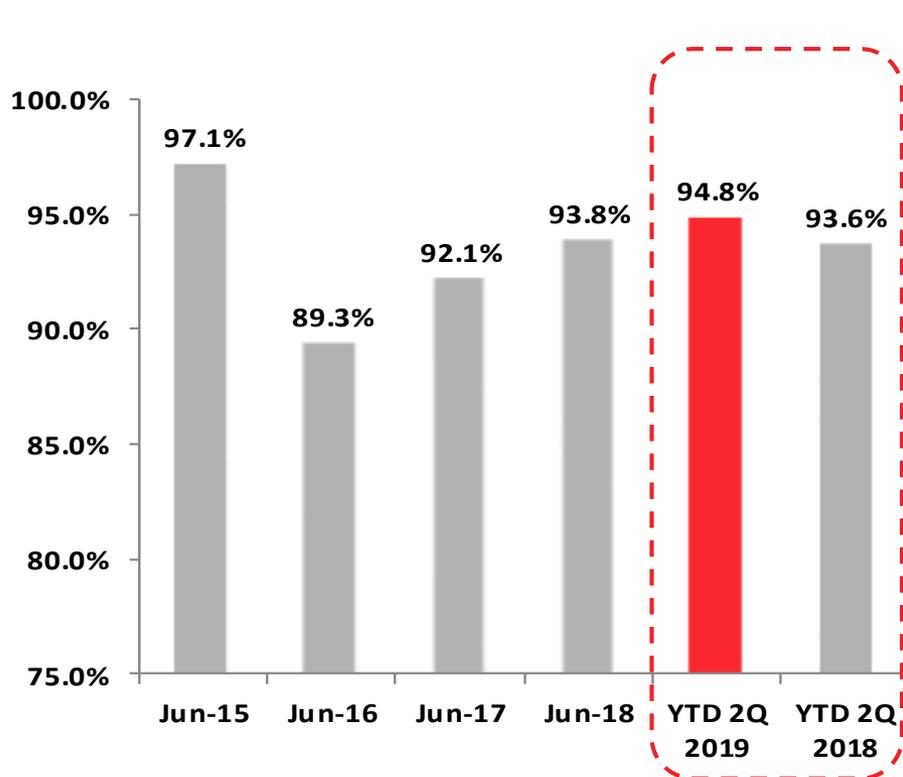


Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Hotel Georgetown is expiring in January 2025

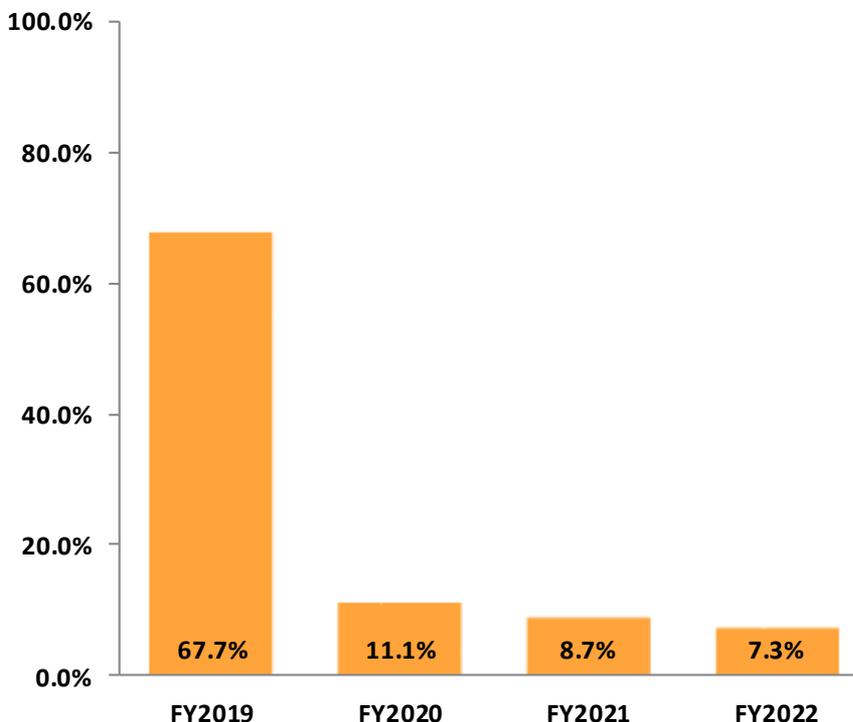
The average occupancy rate at Sunway Hotel Georgetown stood at 87.5% for YTD 2Q2019 (YTD 2Q2018: 92.4%) due to lower demand in leisure market.

OFFICE PROPERTIES - Menara Sunway

Average occupancy rate



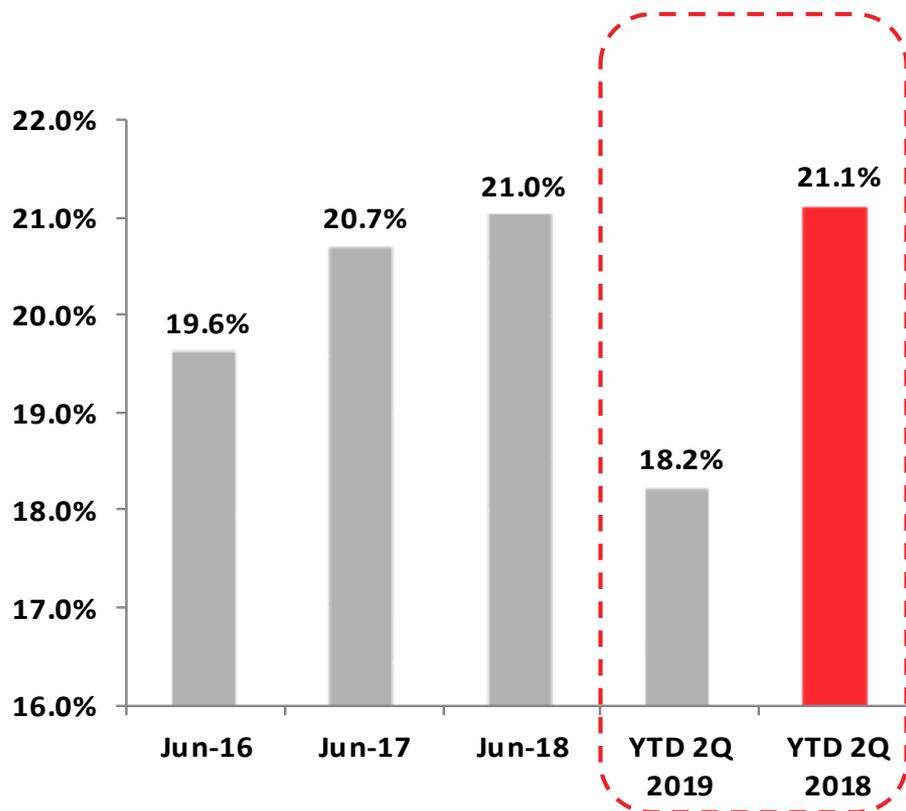
Projected lease expiry schedule



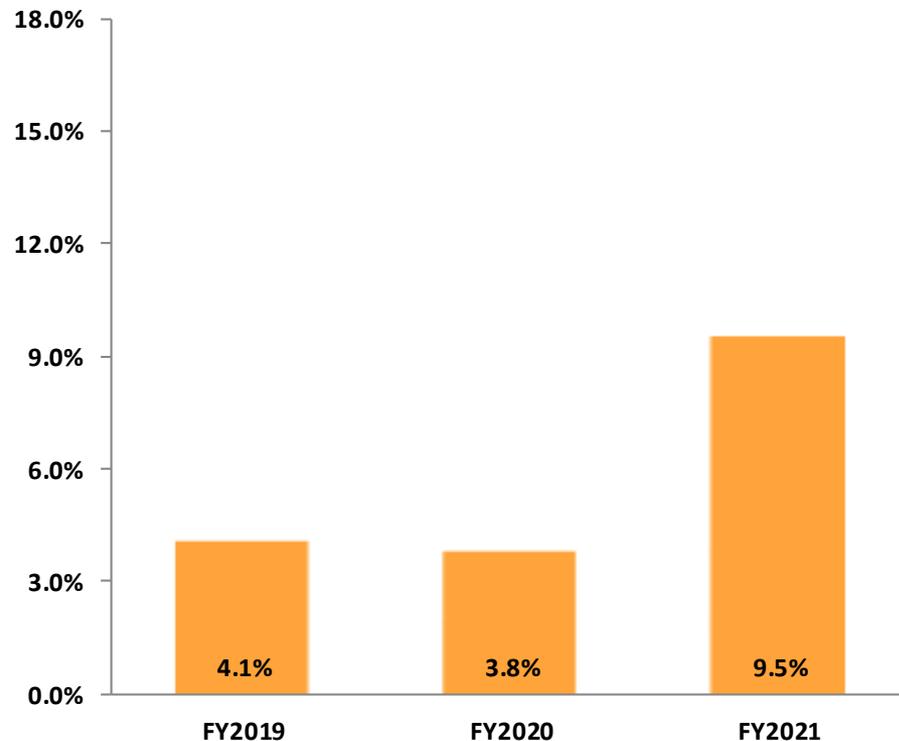
The average occupancy rate at Menara Sunway was maintained at 94.8% for YTD 2Q2019 compared to the preceding quarter. There was no renewal of tenants during the quarter under review. On a y-o-y basis, the average occupancy rate for YTD 2Q2019 was marginally higher compared to YTD 2Q2018 with the commencement of new tenants.

OFFICE PROPERTIES - Sunway Tower

Average occupancy rate



Projected lease expiry schedule

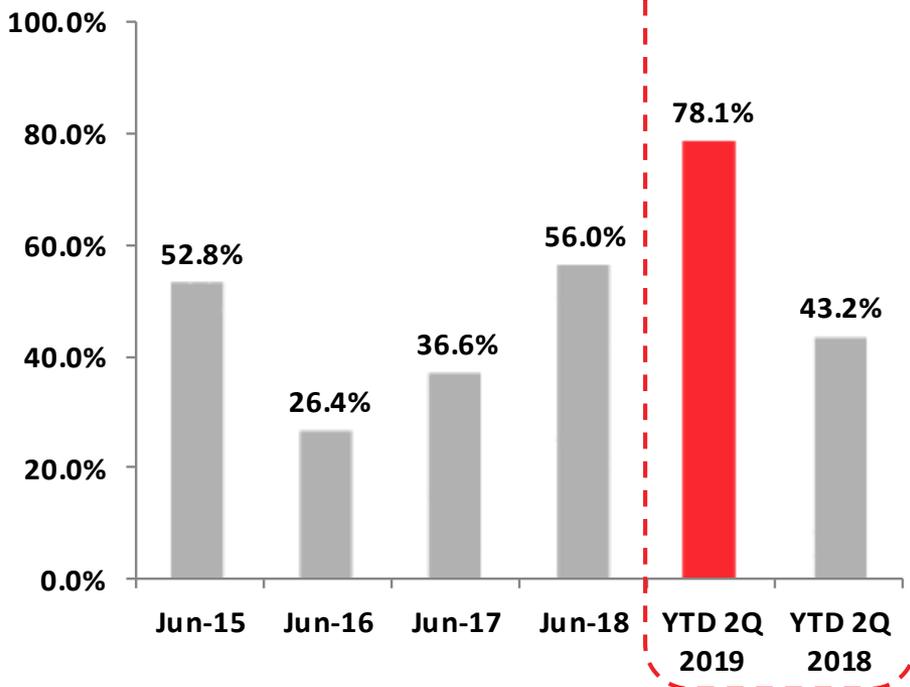


The average occupancy rate for Sunway Tower stood at 18.2% for YTD 2Q2019 (1Q2019: 19.0%) due to new vacancy effective August 2018. Based on the total NLA of 32,711 sq.ft. which was due for renewal in FY2019, a total of 12,325 sq.ft. equivalent to 37.3% of total space due for renewal, was renewed or replaced at the same rate.

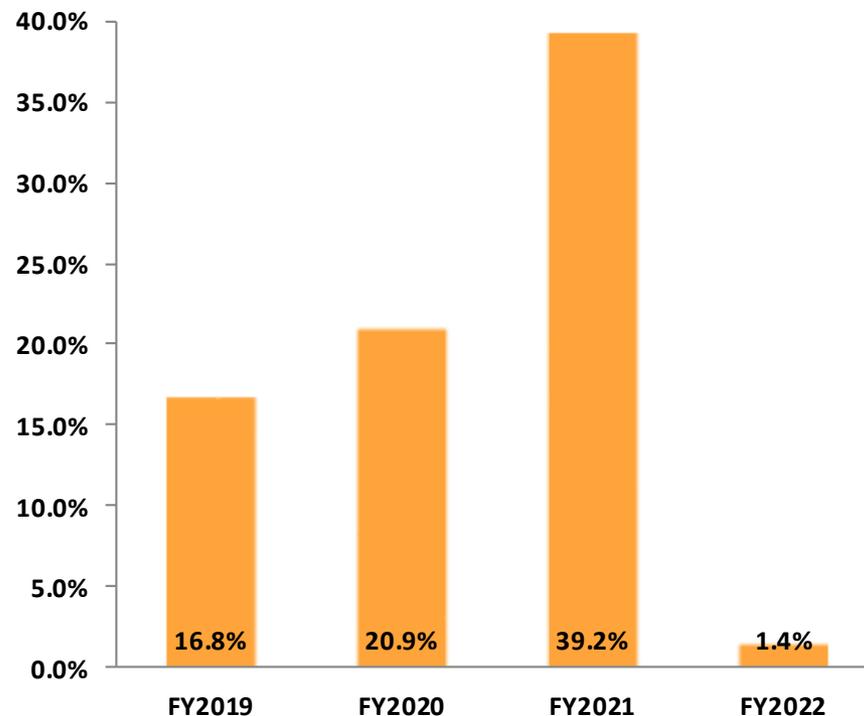
The Manager will be embarking on a partial redevelopment of the office tower into mixed-use concept encompassing co-working and service suites.

OFFICE PROPERTIES - Sunway Putra Tower

Average occupancy rate



Projected lease expiry schedule

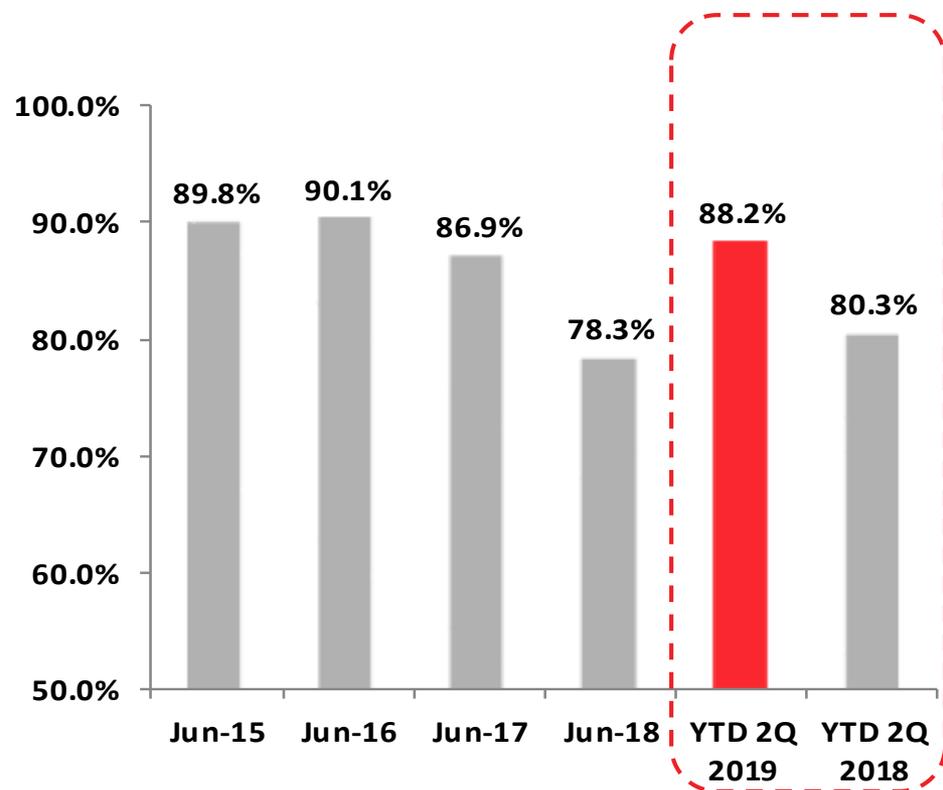


The average occupancy for Sunway Putra Tower improved to 78.1% for YTD 2Q2019 (1Q2019: 78.2%) following commencement of new tenants. Based on the total NLA of 57,563 sq.ft. which was due for renewal in FY2019, a total of 4,418 sq.ft. equivalent to 7.7% of total space due for renewal, was renewed or replaced at a single-digit reversionary rate.

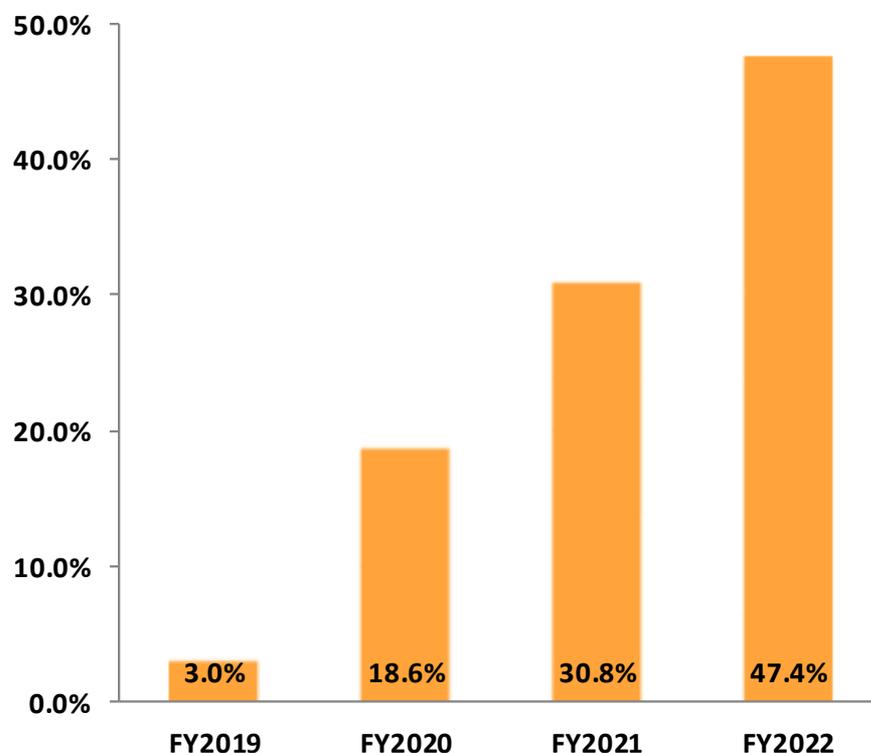
On a y-o-y basis, the increase in average gross rent for YTD 2Q2019 compared to YTD 2Q2018 in line with historical trend due to positive rental reversion while higher average occupancy rate for YTD 2Q2019 compared to YTD 2Q2018 due to the commencement of new tenants.

OFFICE PROPERTIES - Wisma Sunway

Average occupancy rate



Projected lease expiry schedule



The average occupancy rate at Wisma Sunway improved to 88.2% for YTD 2Q2019 (1Q2019: 76.4%) following an expansion of existing tenant. The occupancy rate as at December 2018 was at 100%. Based on the total NLA of 46,226 sq.ft. which was due for renewal in FY2019, a total of 41,035 sq.ft. equivalent to 88.8% of total space due for renewal, was renewed or replaced at the same rate.