



SUNWAY[®]

Sunway REIT

Financial Results 1st Quarter Ended 30 September 2016 (FYE 30 June 2017)



**Announcement Date:
27 October 2016**

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1. Financial Highlights

Distribution Details

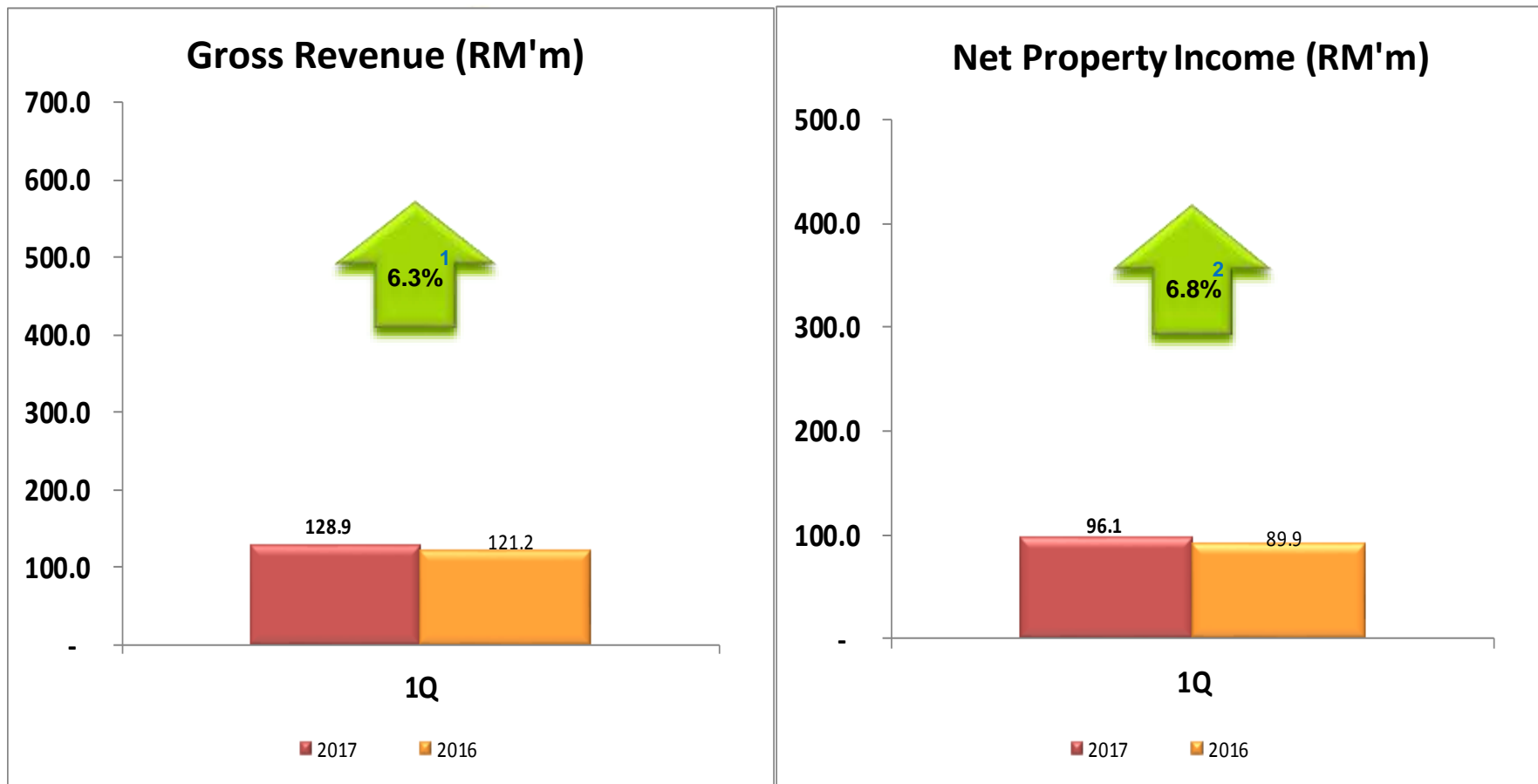
Dividend Distribution Details	
Distribution Period	1 July 2016 - 30 September 2016
Distribution Per Unit (DPU) (sen)	2.27 ¹
Notice of Entitlement	27 October 2016
Ex-Dividend Date	10 November 2016
Book Closure Date	14 November 2016
Payment Date	29 November 2016

¹ Proposed income distribution for 1Q2017 of 2.27 sen per unit (comprising taxable and non-taxable/tax exempt amount of 1.83 sen per unit and 0.44 sen per unit respectively).

Financial Highlights

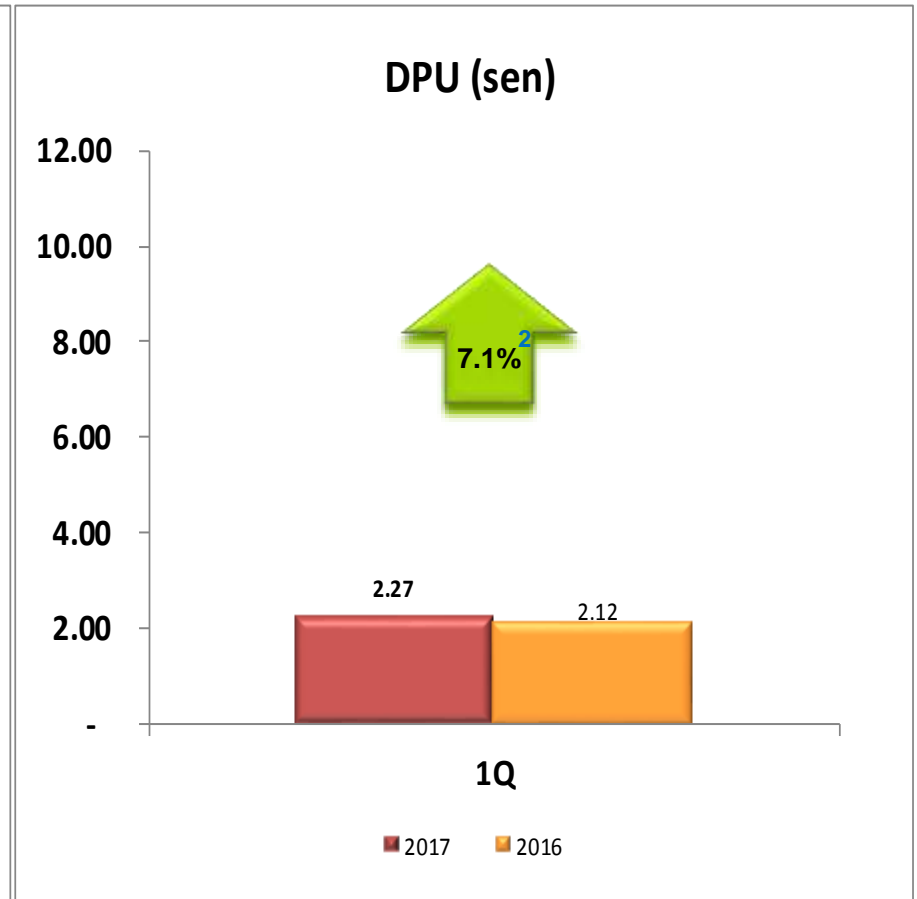
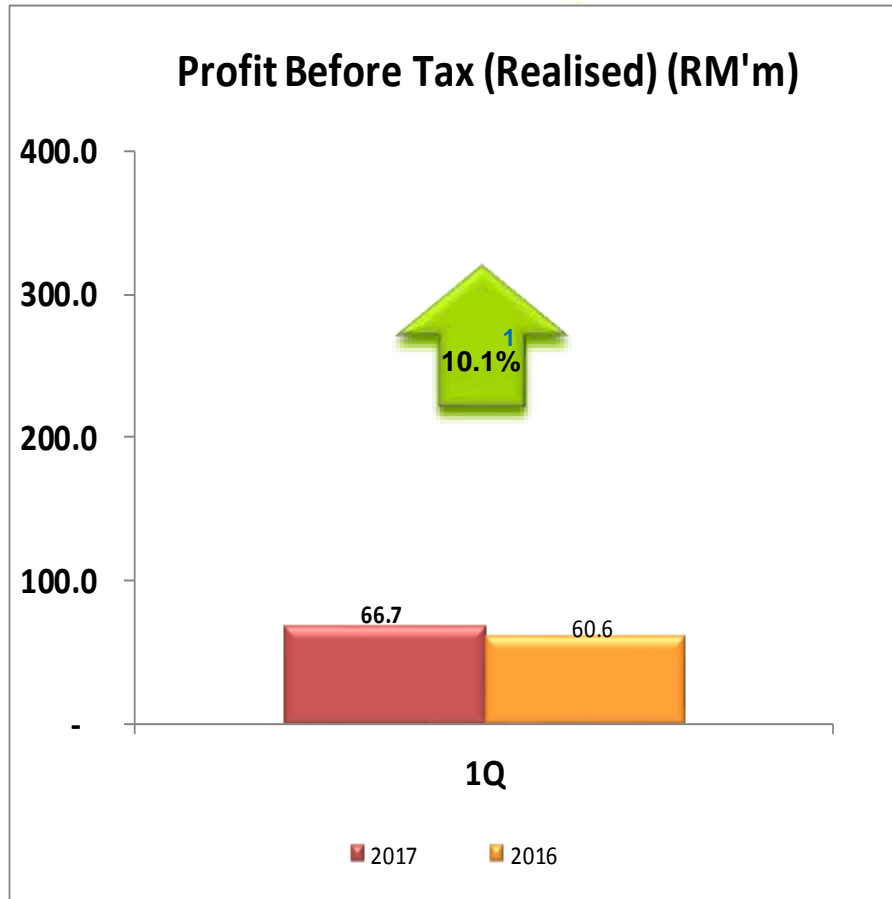
Highlights	1Q 2017	1Q 2016
No. of Properties	14	14
Property Value (RM'billion)	6.459	6.341
No. of Units in Circulation	2,945,078,000	2,940,078,600
Unit Price as at 30 Sept (RM)	1.73	1.55
Market Capitalisation (RM'billion)	5.095	4.557
Net Asset Value (NAV) Per Unit (RM) (After income distribution)	1.3547	1.3366
Premium to NAV	27.7%	16.0%
Realised Earnings Per Unit (EPU) (sen)	2.24	2.05
Distribution Per Unit (DPU) (sen)	2.27	2.12
Distribution Yield (Based on market price as at 30 Sept)	5.2%	5.4%
Management Expense Ratio (After income distribution)	0.84%	0.90%
YTD Total Return	9.4%	6.0%
Gearing	33.6%	34.1%
% of Fixed Rate Borrowings	93.3%	87.2%

Financial Highlights (Cont'd)



- 1 Gross Revenue for 1Q2017 increased by 6.3% or RM7.7 million compared to 1Q2016 mainly contributed by the retail segment (+RM12.6 million) with the re-opening of Sunway Putra Mall in 4Q2015 but partially impacted by weaker performance of the hotel segment (-RM4.2 million) due to closure of Sunway Pyramid Hotel in 4Q2016 for refurbishment and office segment (-RM0.9 million).
- 2 Net Property Income for 1Q2017 increased by 6.8% or RM6.2 million compared to 1Q2016 mainly attributable to higher Gross Revenue, partially offset by higher operating expenses at Sunway Putra Mall and higher allowance for doubtful debts for miscellaneous charges for Sunway Carnival Shopping Mall.

Financial Highlights (Cont'd)



- ¹ Profit Before Tax (Realised) for 1Q2017 increased by 10.1% or RM6.1 million compared to 1Q2016 due to higher Net Property Income.
- ² DPU for 1Q2017 is higher by 7.1% or 0.15 sen compared to 1Q2016 in line with the higher Profit Before Tax (Realised).

2. 1Q 2017 Financial Results

Statement of Comprehensive Income – Consolidated

	1Q 2017 RM'000	1Q 2016 RM'000	Change %	YTD 2017 RM'000	YTD 2016 RM'000	Change %
Gross revenue	128,879	121,216	6.3%	128,879	121,216	6.3%
Less : Property operating expenses	(32,814) ¹	(31,274)	4.9%	(32,814)	(31,274)	4.9%
Net property income	96,065	89,942	6.8%	96,065	89,942	6.8%
Changes in fair value of investment properties	-	-	#DIV/0!	-	-	0.0%
Other income	921 ²	4,941	-81.4%	921	4,941	-81.4%
Manager's fee	(7,845)	(7,630)	2.8%	(7,845)	(7,630)	2.8%
Trustee's fee	(307)	(303)	1.3%	(307)	(303)	1.3%
Other trust expenses	(2,934) ²	(952)	208.2%	(2,934)	(952)	208.2%
Finance costs	(21,757) ³	(21,485)	1.3%	(21,757)	(21,485)	1.3%
Profit before tax	64,143	64,513	-0.6%	64,143	64,513	-0.6%
Income tax expense	-	-	0.0%	-	-	-
Profit for the period	64,143	64,513	-0.6%	64,143	64,513	-0.6%
Profit for the period comprises the following:						
Realised	66,732	60,565	10.2%	66,732	60,565	10.2%
Unrealised	(2,589) ⁴	3,948	-165.6%	(2,589)	3,948	-165.6%
	64,143	64,513	-0.6%	64,143	64,513	-0.6%
No. of units in circulation (million units)	2,945	2,940	0.2%	2,945	2,940	0.2%
EPU (sen)						
- Realised	2.24	2.06	8.7%	2.24	2.06	8.7%
- Unrealised	(0.09)	0.13	-169.2%	(0.09)	0.13	-169.2%
	2.15	2.19	-1.8%	2.15	2.19	-1.8%
Proposed/declared income distribution	66,853	62,330	7.3%	66,853	62,330	7.3%
Proposed/declared DPU (sen)	2.27	2.12	7.1%	2.27	2.12	7.1%

Please refer to next page for explanatory notes.

Statement of Comprehensive Income-Consolidated (Cont'd)

Explanation:

- ¹ Property operating expenses for 1Q2017 increased by RM1.5 million compared to 1Q2016 mainly due to operating expenses for Sunway Putra Mall which re-opened in 4Q2015.
- ² Included in other income for 1Q2016 was fair value gain on interest rate swap amounting to RM3.9 million. For 1Q2017, the fair value on interest rate swap was a loss of RM2.6 million which was included in other trust expenses. Excluding this fair value loss, other trust expenses will be RM0.3 million which is lower than 1Q2016 of RM1.0 million mainly due to legal fees paid for the Industrial Building Allowance case.
- ³ Finance costs for 1Q2017 was higher by RM0.3 million compared to 1Q2016 mainly due to higher loan principal amount to fund capital expenditure.
- ⁴ Represent fair value loss on interest rate swap.

Statement of Financial Position – Consolidated

	30.09.16 RM'000	30.06.16 RM'000
ASSETS		
Non-current assets		
Plant and equipment	9,088	8,698
Investment properties	6,458,982	6,433,000
	6,468,070	6,441,698
Current assets		
Receivables, deposits and prepayments	31,333	25,842
Cash and bank balances	80,378	69,719
	111,711	95,561
	6,579,781	6,537,259
EQUITY AND LIABILITIES		
Unitholders' funds		
Unitholders' capital	2,727,829	2,725,933
Undistributed income	1,328,759	1,325,297
	4,056,588	4,051,230
Non-current liabilities		
Borrowings	1,413,550	1,403,150
Long term liabilities	63,189	56,256
Deferred tax liability	5,896	5,896
Derivatives ¹	12,665	22,189
	1,495,300	1,487,491
Current liabilities		
Trade and other payables	230,493	226,138
Borrowings	797,400	772,400
	1,027,893	998,538
	6,579,781	6,537,259

¹ Derivatives in relation to cross currency swap and interest rate swap contracts as explained in Note B15 of Quarterly Report in Bursa Announcement.

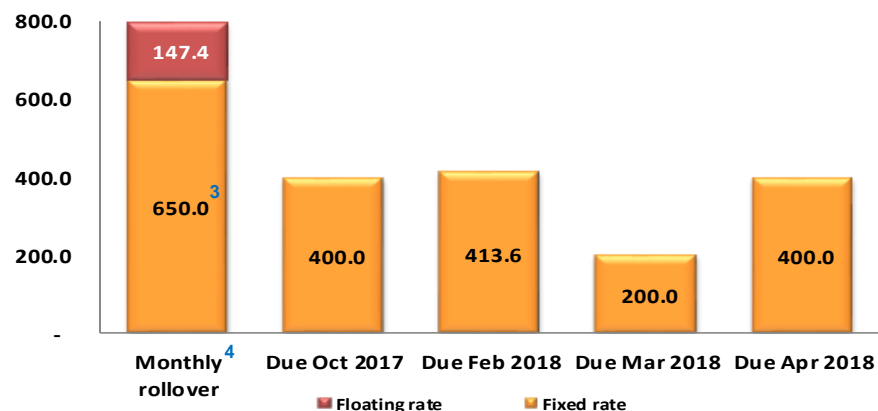
Debt Profile

	Facility Limit RM'million	RM'million
Term Loan	422.0	413.6 ¹
Commercial Papers (CP) / Revolving Loan (RL)	1,100.0 ²	797.4
Unrated MTNs	1,000.0	1,000.0
Total Gross Borrowings		2,211.0
Discount on CP		-
Total Borrowings at carrying amount		2,211.0

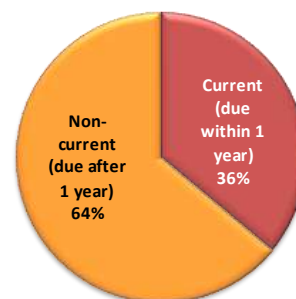
	RM'million
Classification of Borrowings:	
Current (due within 1 year)	797.4
Non-current (due after 1 year)	1,413.6
Total Gross Borrowings	2,211.0

Average Cost of Debt	3.91%
Average Maturity Period (Years)	0.8
Debt Service Cover Ratio (DSCR)	4.8
Gearing Ratio	33.6%

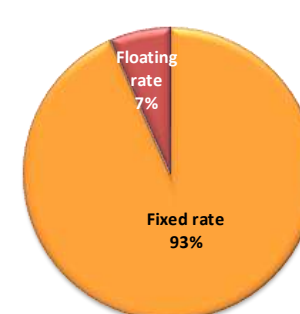
Loan Maturity Profile (RM'm)



Current versus Non-current



Fixed versus Floating



¹ Includes unrealised forex gain of RM8.4 million. The 3-year USD100m term loan is fully hedged with 2-year cross currency swap contracts and interest rate swap contracts up to its expiry on 5 February 2018.

² The current limit of RM1.1 billion can be increased to RM1.6 billion up to the expiry of the CP Programme in April 2019.

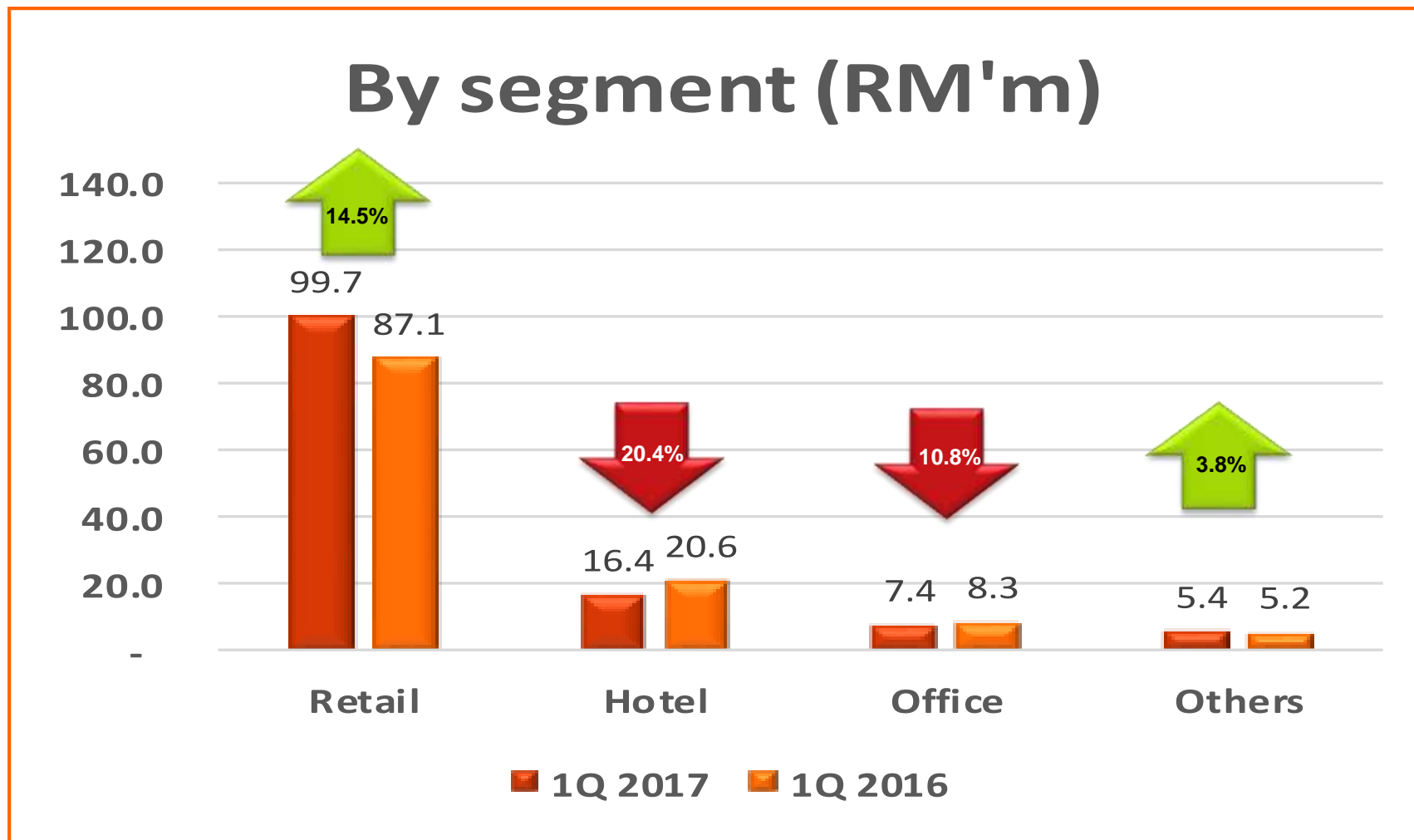
³ In FY2016, Sunway REIT has converted RM650.0 million of floating rate CP/RL into fixed rate via interest rate swap contracts to manage its exposure to floating rate borrowings.

⁴ No refinancing risk as the CP Programme is fully underwritten by a local financial institution for the entire duration of the programme.

3. 1Q 2017 Portfolio Performance

1Q 2017 Revenue Contribution

1Q 2017 (RM'million)	128.9
1Q 2016 (RM'million)	121.2



Note: Calculation of % of increase/decrease above varies marginally compared to 1Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

1Q 2017 Revenue Contribution (Cont'd)

■ 1Q 2017 (RM'million) 128.9
■ 1Q 2016 (RM'million) 121.2



Please refer to next page for explanatory notes.

* Formerly known as Sunway Pyramid Hotel East.

1Q 2017 Revenue Contribution (Cont'd)

Explanation:

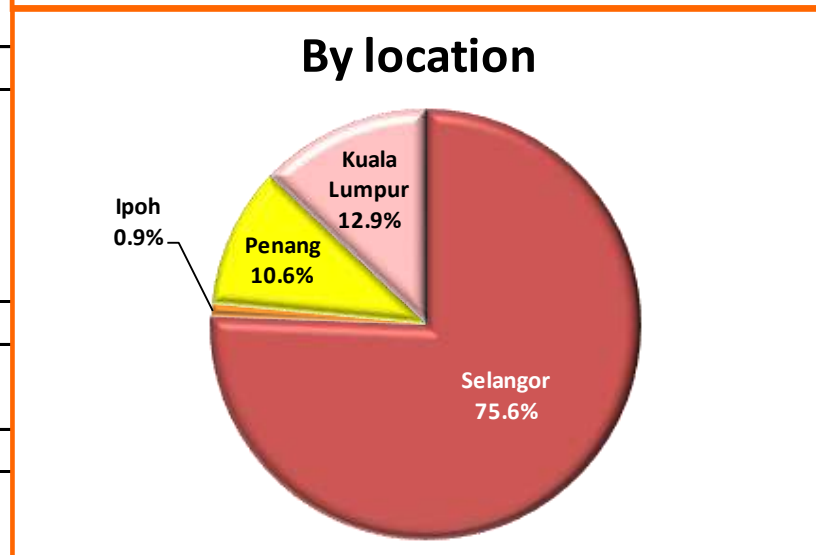
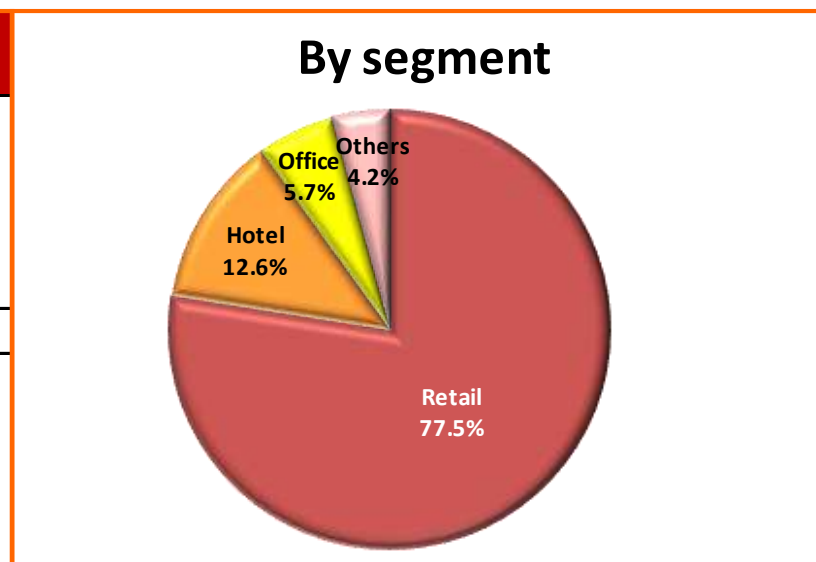
- 1 **Sunway Pyramid** – Growth of 3.3% or RM2.4 million for 1Q2017 compared to 1Q2016 mainly due to higher average net rent per sq. ft.
- 2 **Sunway Carnival** – higher by 11.4% or RM1.2 million for 1Q2017 compared to the preceding year corresponding quarter mainly due to completion of remodelling of the 2nd floor new food and beverage ("F&B") area with net lettable area ("NLA") of approximately 16,000 sq. ft. (3% of total NLA) which have progressively opened since 4Q2016. The new F&B area is currently 90% tenanted.
- 3 **Sunway Putra Mall** – Contributed gross revenue of RM12.4 million for 1Q2017, with an average occupancy of 85.2% as at 30 September 2016.
- 4 **Sunway Resort Hotel & Spa** – Higher by 4.4% or RM0.5 million in the current quarter due to better performance contributed by the Middle Eastern holiday season.
- 5 **Sunway Pyramid Hotel *** – Closed for refurbishment since April 2016.
- 6 **Sunway Putra Hotel** – Average occupancy rate has improved to 69.0% in 1Q2017 compared to 36.5% in 1Q2016 as the hotel was still undergoing refurbishment during the same period last year. Post completion of refurbishment in 2Q2016, the hotel has embarked on active marketing activities and promotional rates to regain market shares across all segments.
- 7 **Sunway Tower** – Lower occupancy at Sunway Tower in 1Q2017 compared to the preceding year corresponding quarter was attributable to non-renewal by an anchor tenant who occupied 129,000 sq. ft. (48% of total NLA) since July 2015. New tenants for approximately 35,000 sq. ft. (13% of total NLA) have commenced in 3Q2016 and 4Q2016.

Note: Calculation of % of increase/decrease varies marginally compared to 1Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

* Formerly known as Sunway Pyramid Hotel East

1Q 2017 Revenue Contribution (Cont'd)

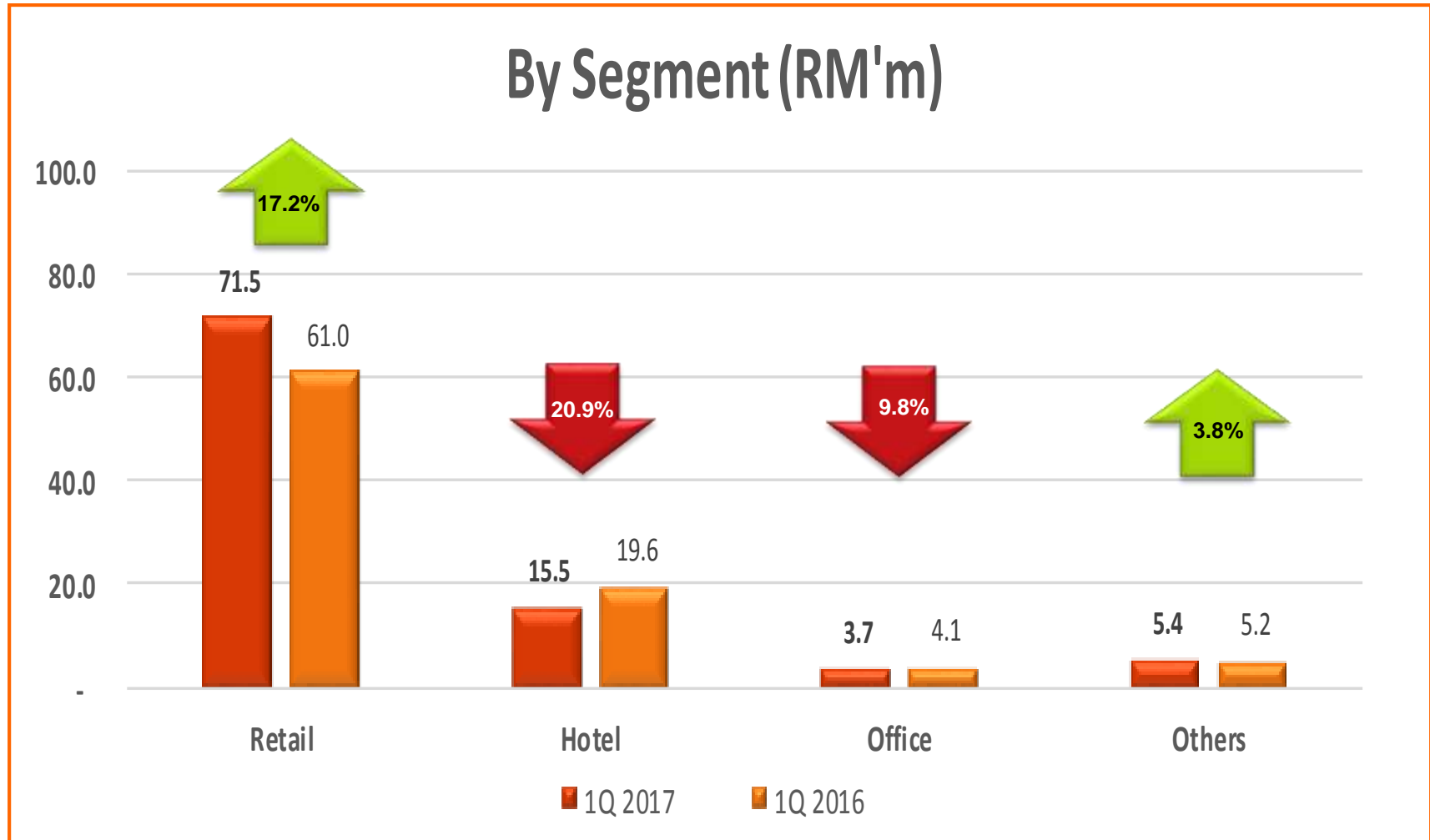
By Property	1Q 2017 %
Sunway Pyramid	57.9%
Sunway Carnival	9.1%
SCI Hypermarket	0.9%
Sunway Putra Mall	9.6%
Total Retail	77.5%
Sunway Resort Hotel & Spa	9.2%
Sunway Pyramid Hotel*	0.0%
Sunway Hotel Seberang Jaya	0.6%
Sunway Putra Hotel	1.9%
Sunway Hotel Georgetown	0.9%
Total Hotel	12.6%
Menara Sunway	3.1%
Sunway Tower	0.6%
Sunway Putra Tower	0.7%
Wisma Sunway	1.3%
Total Office	5.7%
Sunway Medical Centre	4.2%
Total Others	4.2%
	100.0%



* Formerly known as Sunway Pyramid Hotel East

1Q 2017 NPI Contribution

	1Q 2017 (RM'million)	1Q 2016 (RM'million)	NPI	Margin
	96.1	89.9	74.6%	74.2%



Note: Calculation of % of increase/decrease above varies marginally compared to 1Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

1Q 2017 NPI Contribution (Cont'd)

	<u>NPI</u>	<u>Margin</u>
1Q 2017 (RM'million)	96.1	74.6%
1Q 2016 (RM'million)	89.9	74.2%



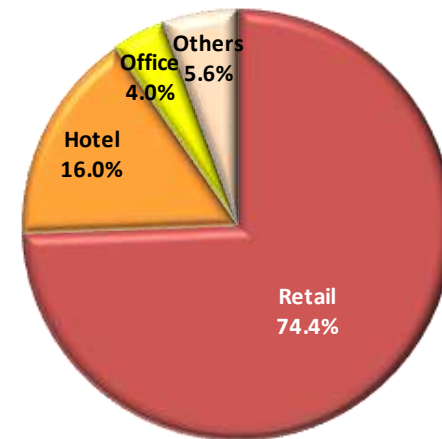
Explanation for NPI performance for 1Q2017 compared to 1Q2016 is similar to that on page 17.

* Formerly known as Sunway Pyramid Hotel East.

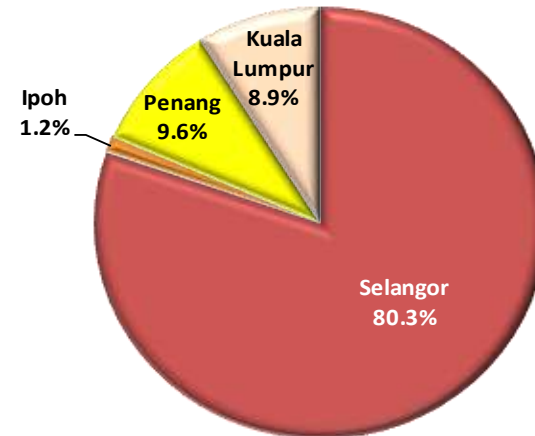
1Q 2017 NPI Contribution (Cont'd)

By Property	1Q 2017 %
Sunway Pyramid	59.0%
Sunway Carnival	7.7%
SCI Hypermarket	1.2%
Sunway Putra Mall	6.5%
Total Retail	74.4%
Sunway Resort Hotel & Spa	11.9%
Sunway Pyramid Hotel *	0.0%
Sunway Hotel Seberang Jaya	0.8%
Sunway Putra Hotel	2.2%
Sunway Hotel Georgetown	1.1%
Total Hotel	16.0%
Menara Sunway	2.8%
Sunway Tower	0.0%
Sunway Putra Tower	0.2%
Wisma Sunway	1.0%
Total Office	4.0%
Sunway Medical Centre	5.6%
Total Others	5.6%
	100.0%

By segment



By location



* Formerly known as Sunway Pyramid Hotel East

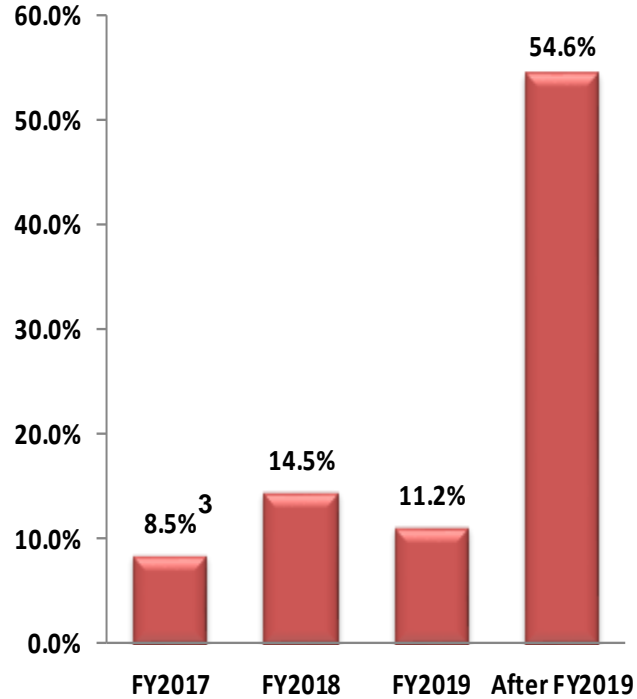
Resilient Income Stream

Well spread-out lease expiry profile and diverse tenant base

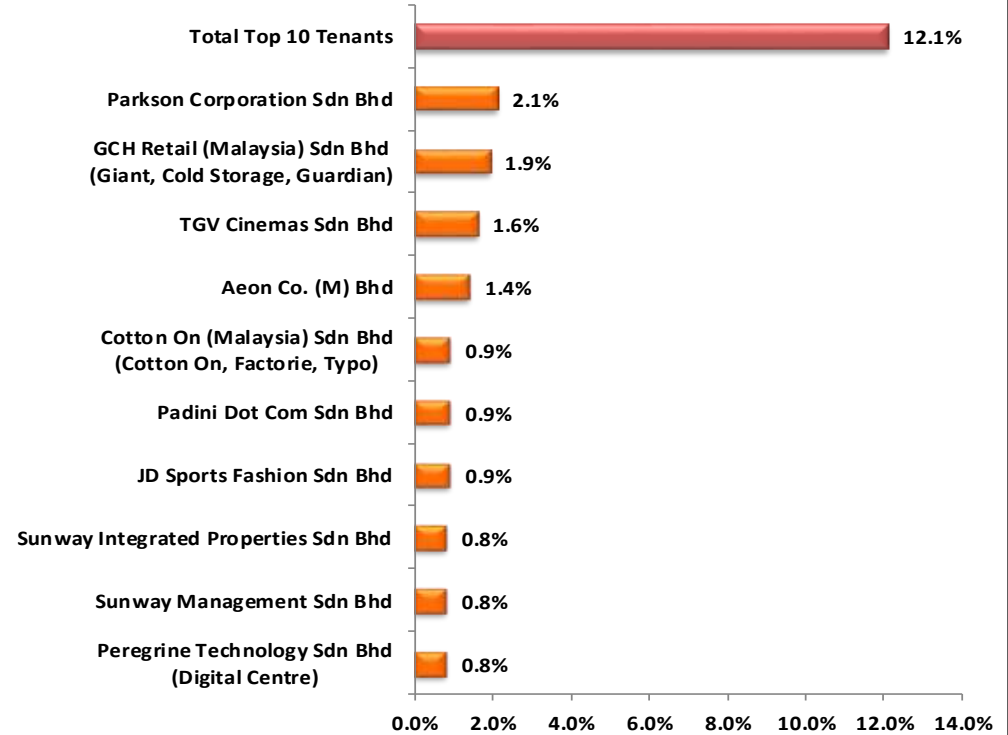
WALE ¹ as at 30 September 2016 – 2.04 years

Top 10 tenants contribute approximately 12.1% of total revenue

Projected tenancy expiry of portfolio ²



Top 10 tenants ⁴



¹ Calculated based on gross rental income.

² Calculated using NLA for the Retail and Office Properties and GFA for the Hotel and Hospital Properties.

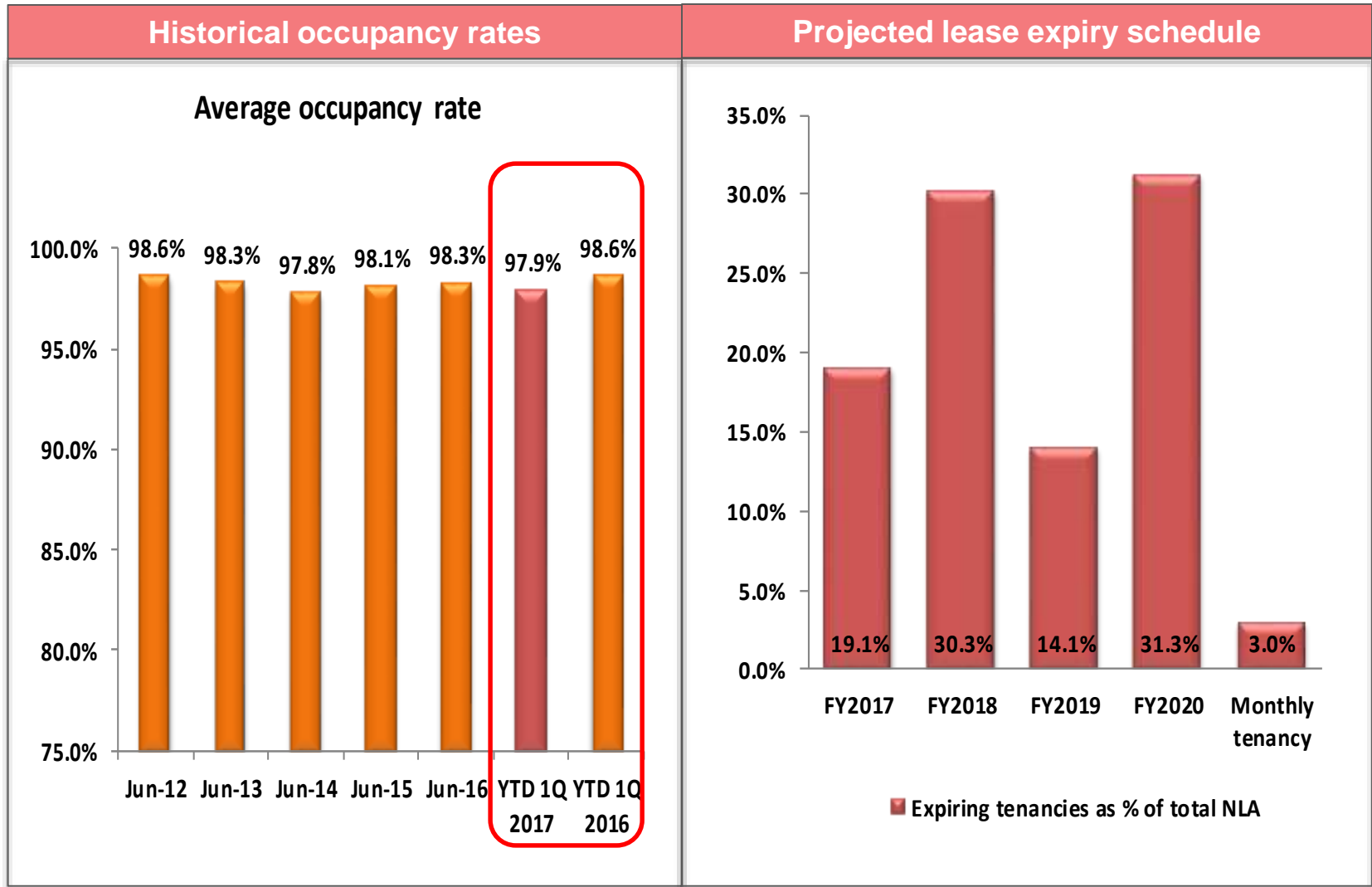
³ Include monthly tenancies occupying 0.7% of total space.

⁴ Based on gross rental income for the month of September 2016 (exclude Hotel Master Leases, Hospital Master Lease and car park tenancies).

4. 1Q 2017 Property Performance

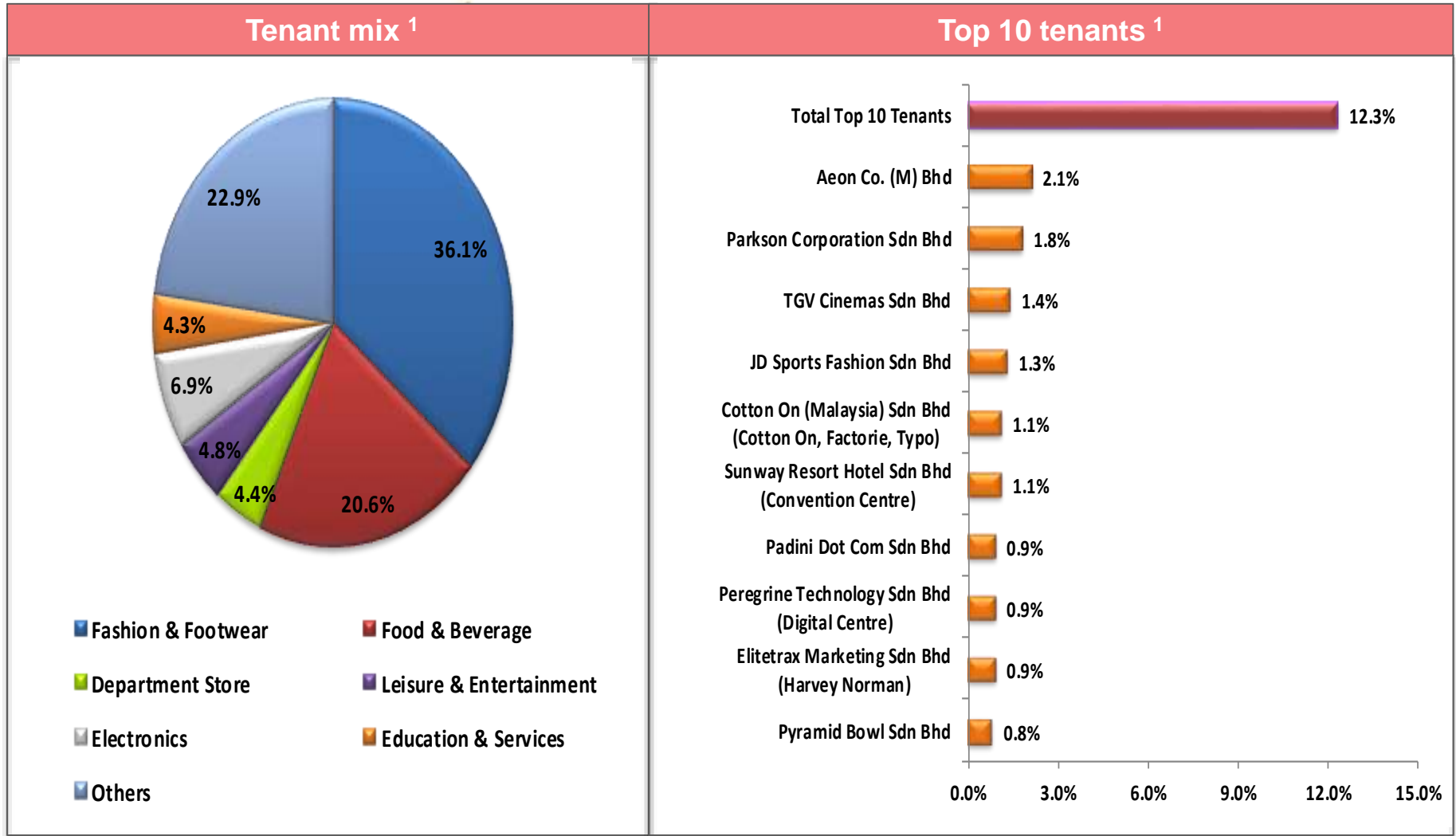
RETAIL PROPERTIES

SUNWAY PYRAMID SHOPPING MALL



RETAIL PROPERTIES

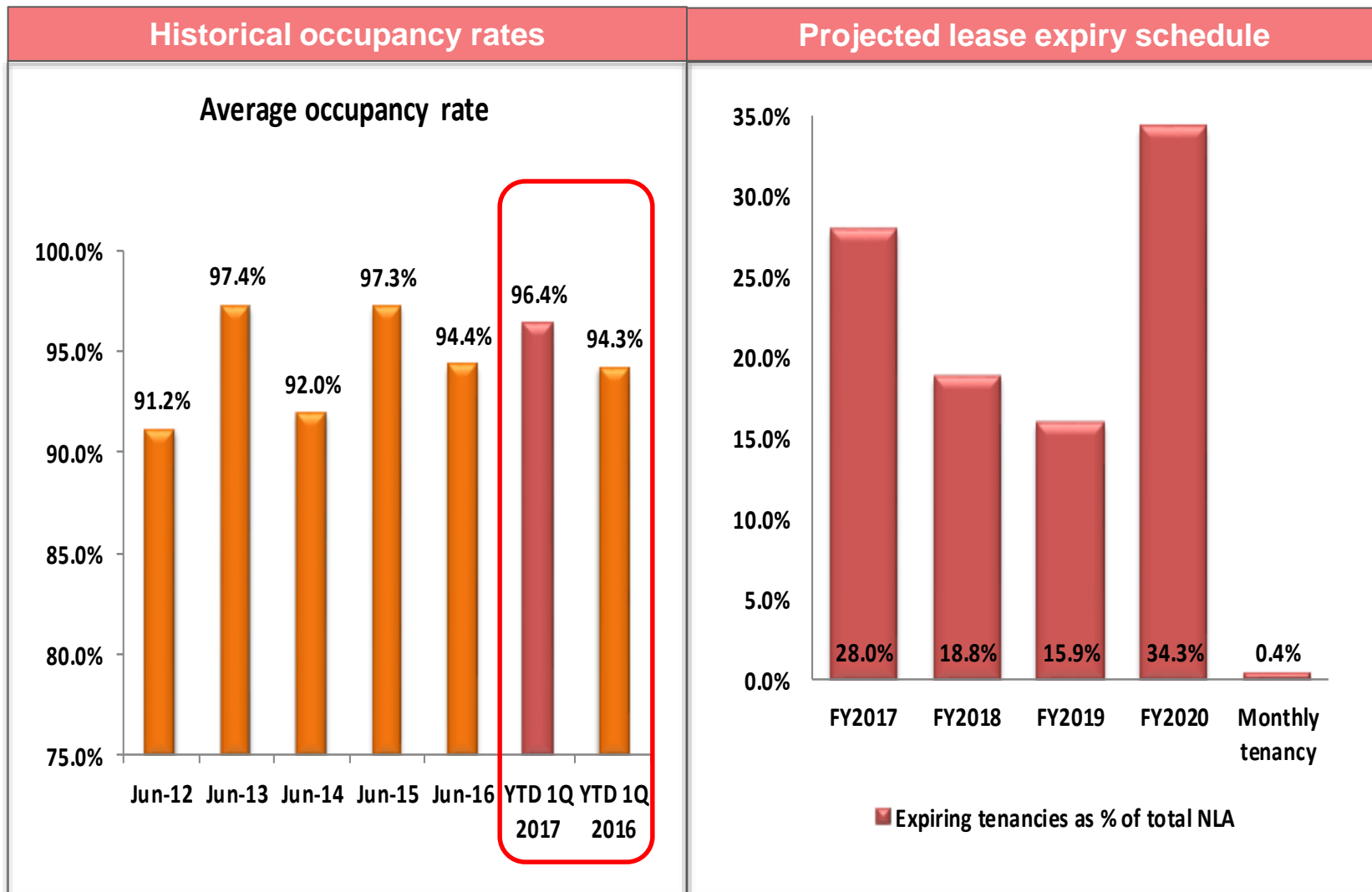
SUNWAY PYRAMID SHOPPING MALL (Cont'd)



¹ Based on gross rental income for the month of September 2016.

RETAIL PROPERTIES

SUNWAY CARNIVAL SHOPPING MALL

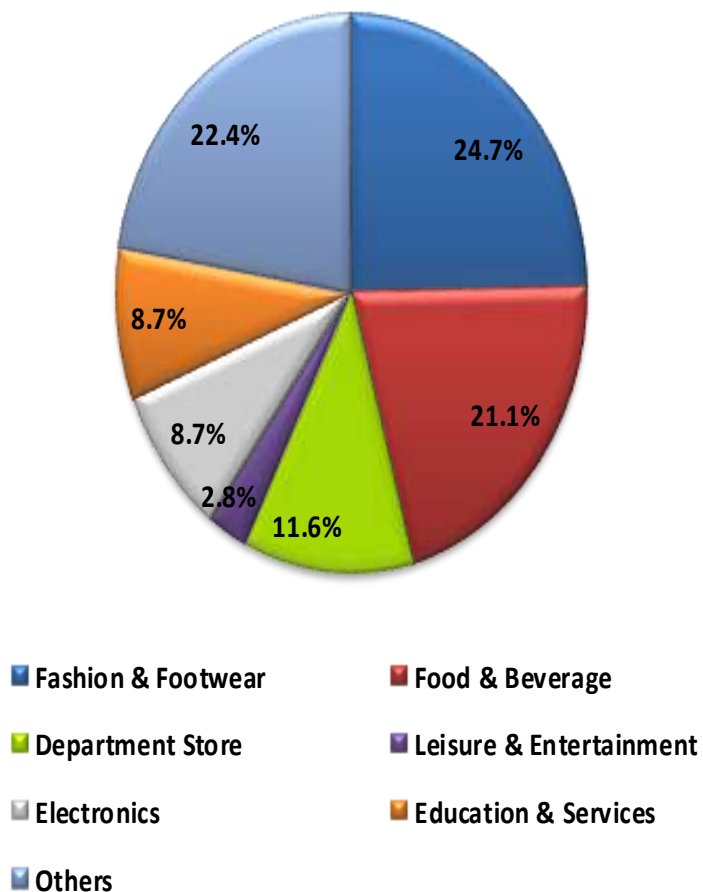


Note: Average occupancy rate for YTD1Q2017 was marginally higher due to the new food and beverage (“F&B”) area with NLA of approximately 16,000 sq. ft. (3% of total NLA) have progressively opened since 4Q2016. The new F&B area is currently 90% tenanted.

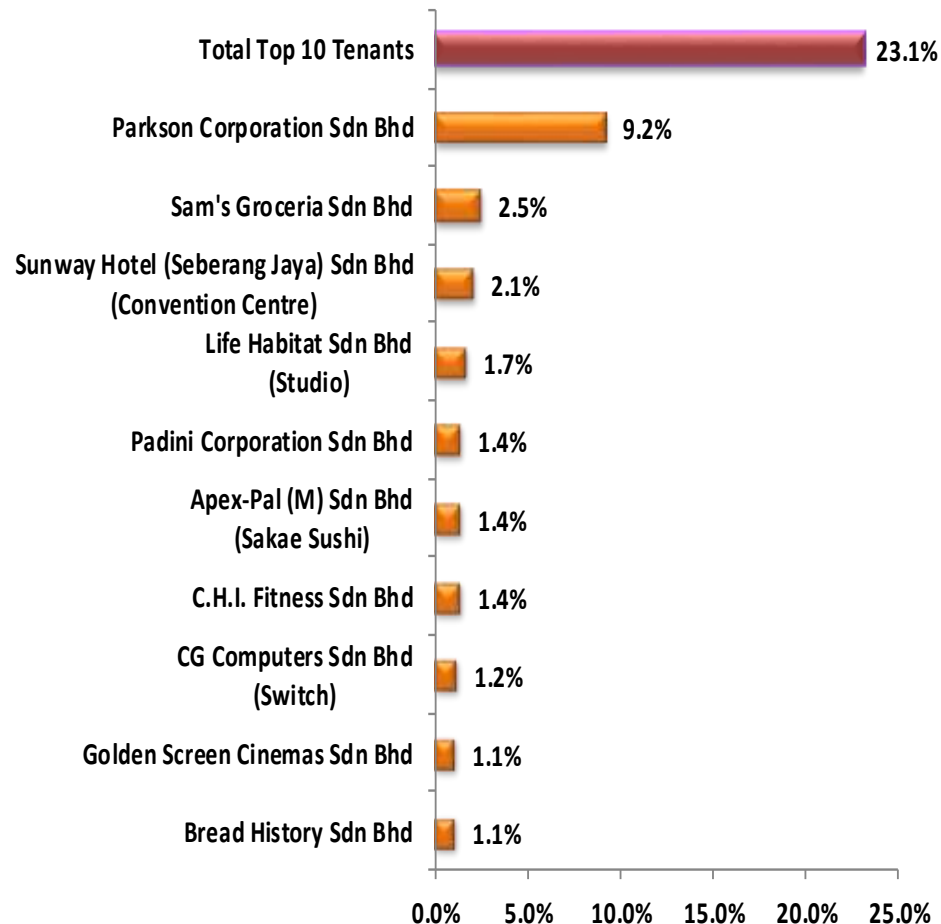
RETAIL PROPERTIES

SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix ¹



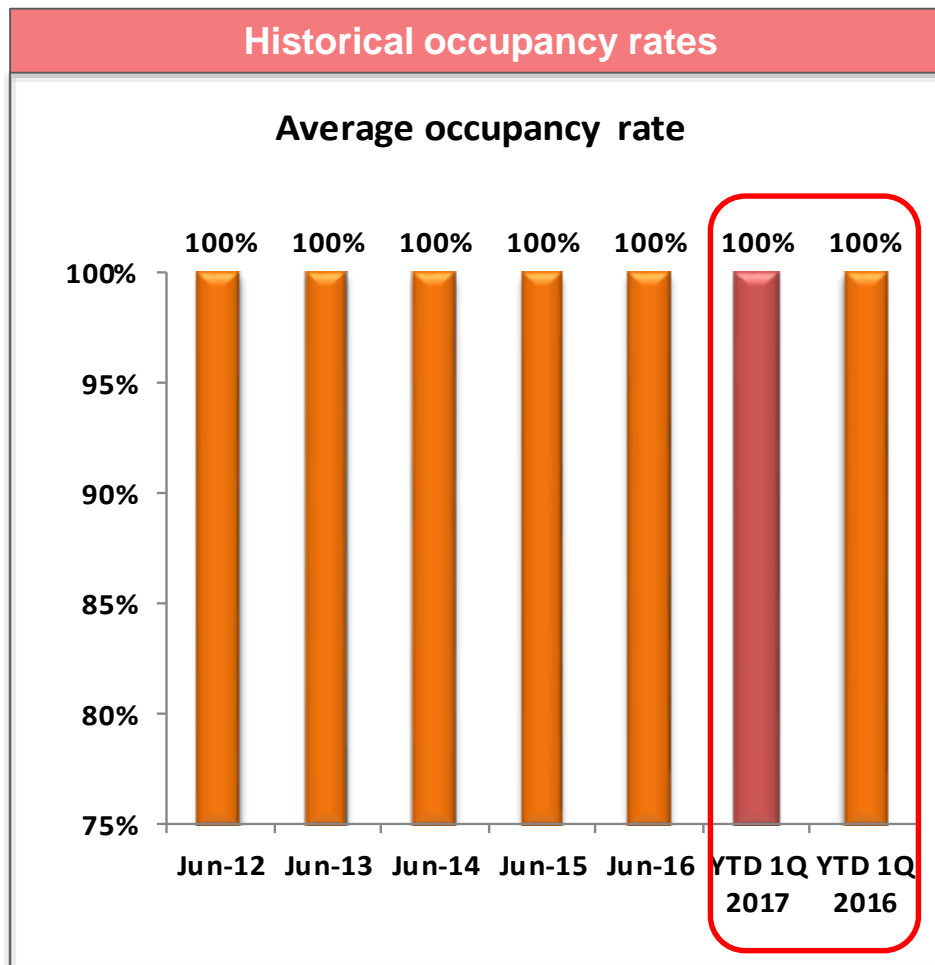
Top 10 tenants ¹



¹ Based on gross rental income for the month of September 2016.

RETAIL PROPERTIES

SUNCITY IPOH HYPERMARKET

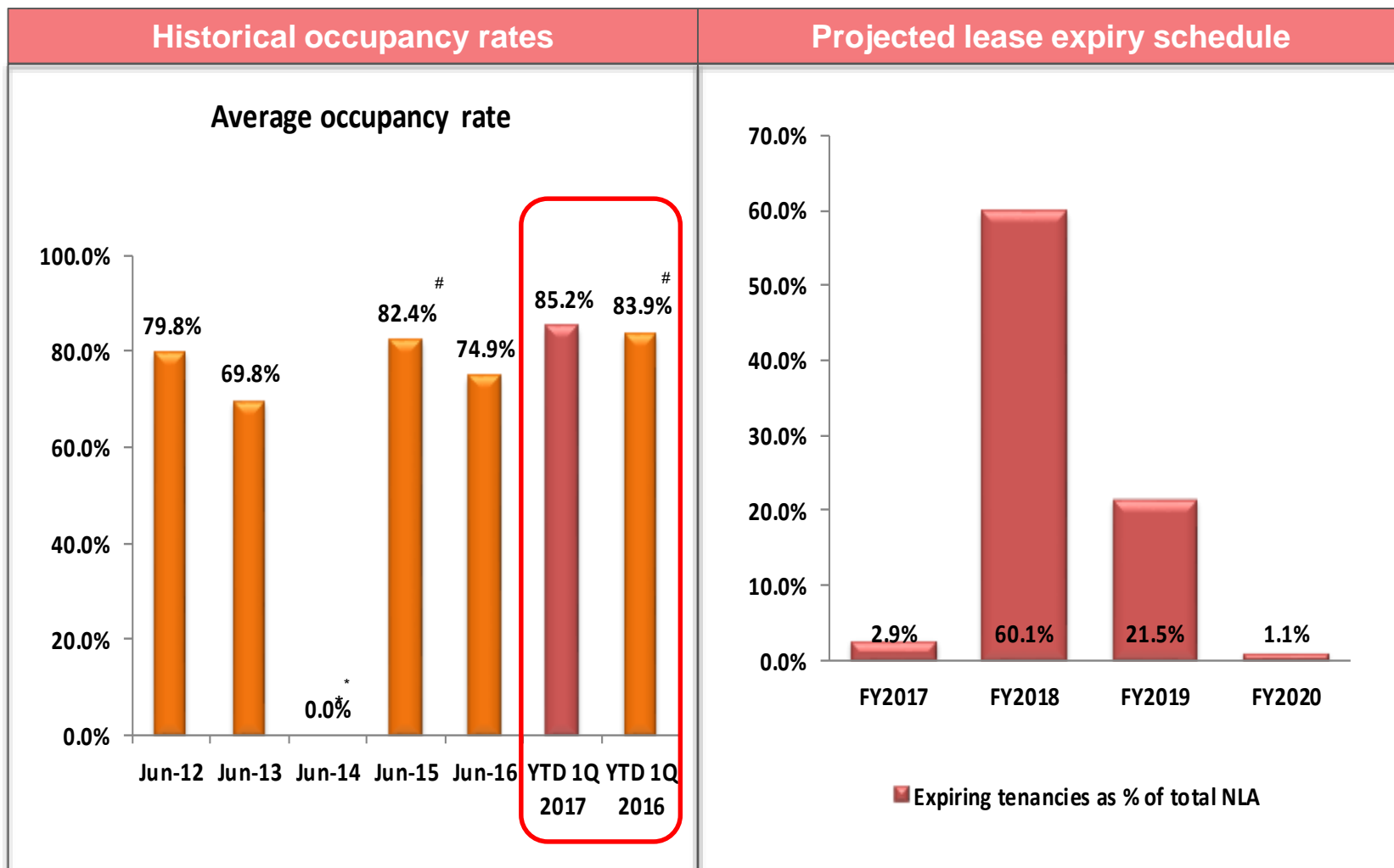


Suncity Ipoh Hypermarket is tenanted to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand.

The next renewal for the tenancy is April 2017.

RETAIL PROPERTIES

SUNWAY PUTRA MALL



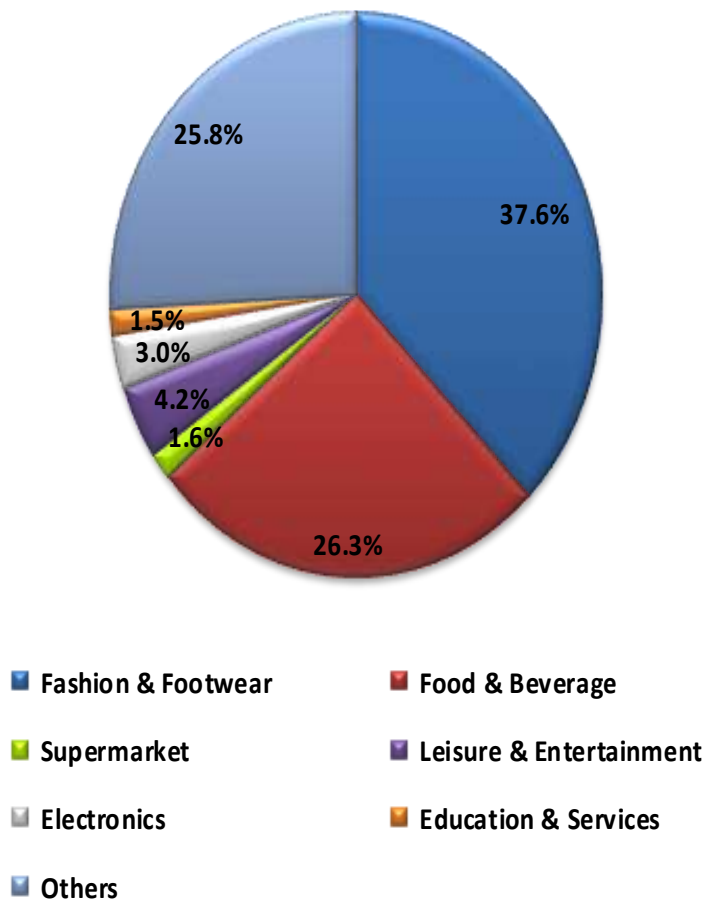
* Sunway Putra Mall was closed for refurbishment from May 2013 to May 2015 and re-opened on 28 May 2015.

Based on secured occupancy.

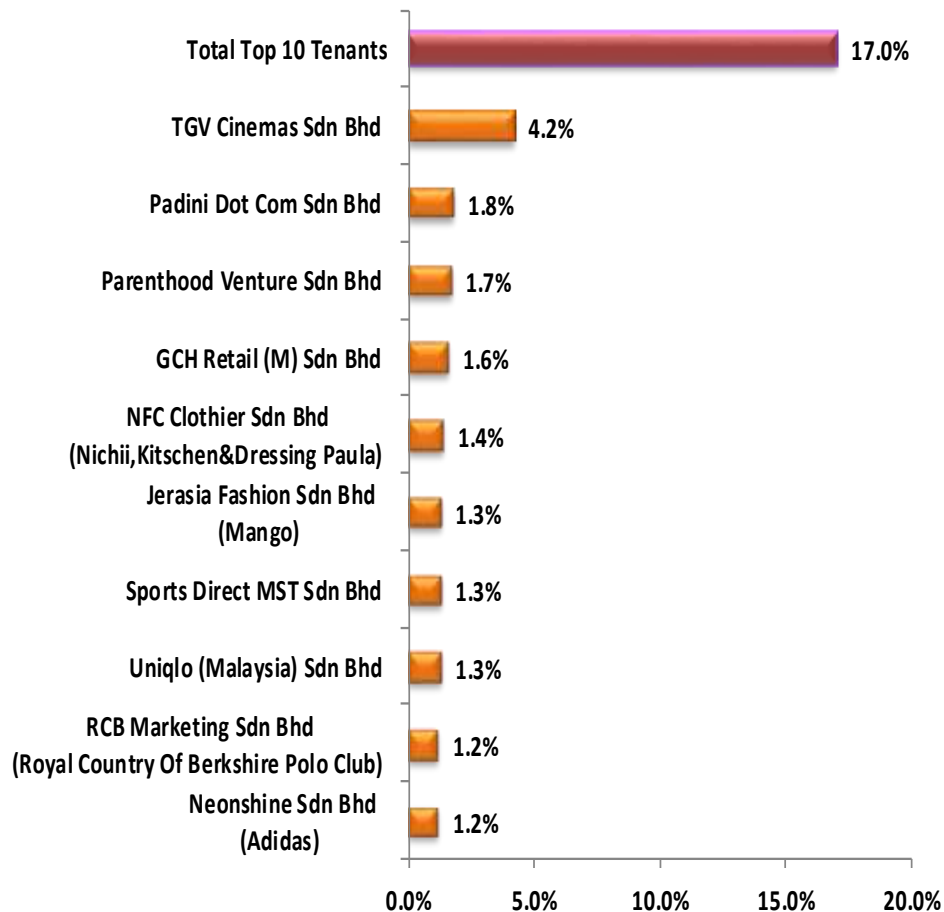
RETAIL PROPERTIES

SUNWAY PUTRA MALL (Cont'd)

Tenant mix ¹



Top 10 tenants ¹



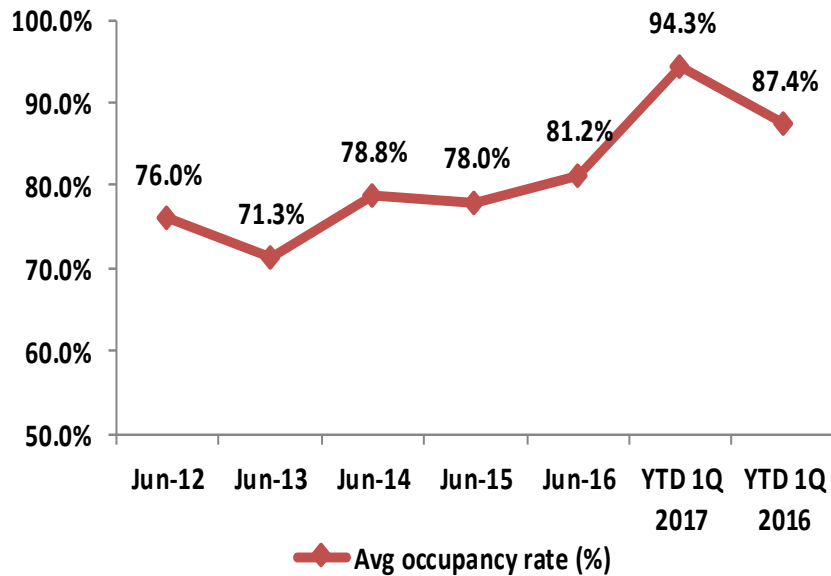
¹ Based on gross rental income for the month of September 2016.

HOSPITALITY PROPERTIES

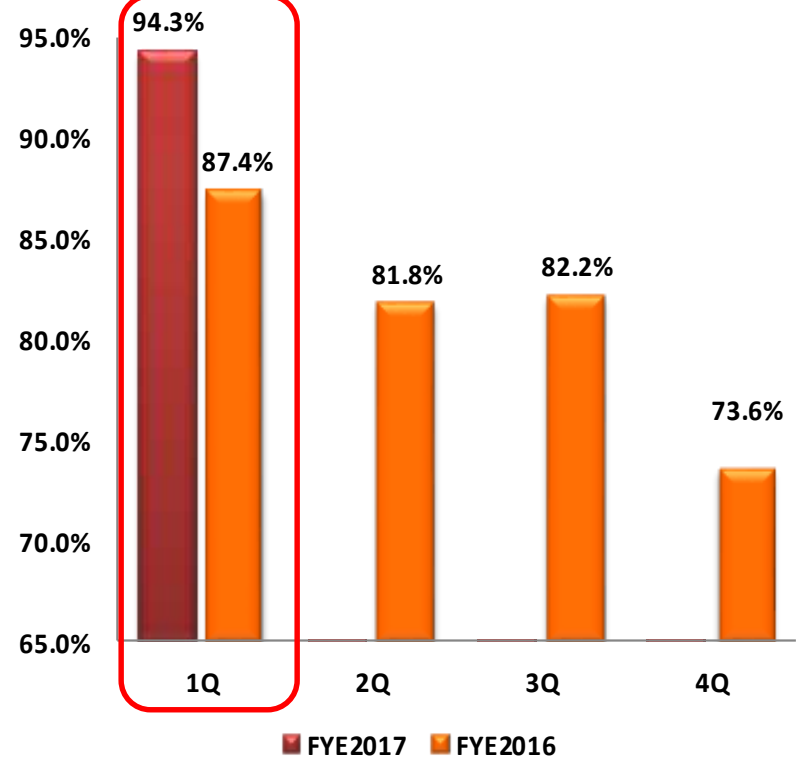
SUNWAY RESORT HOTEL & SPA

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	18.7%
Leisure	81.3%

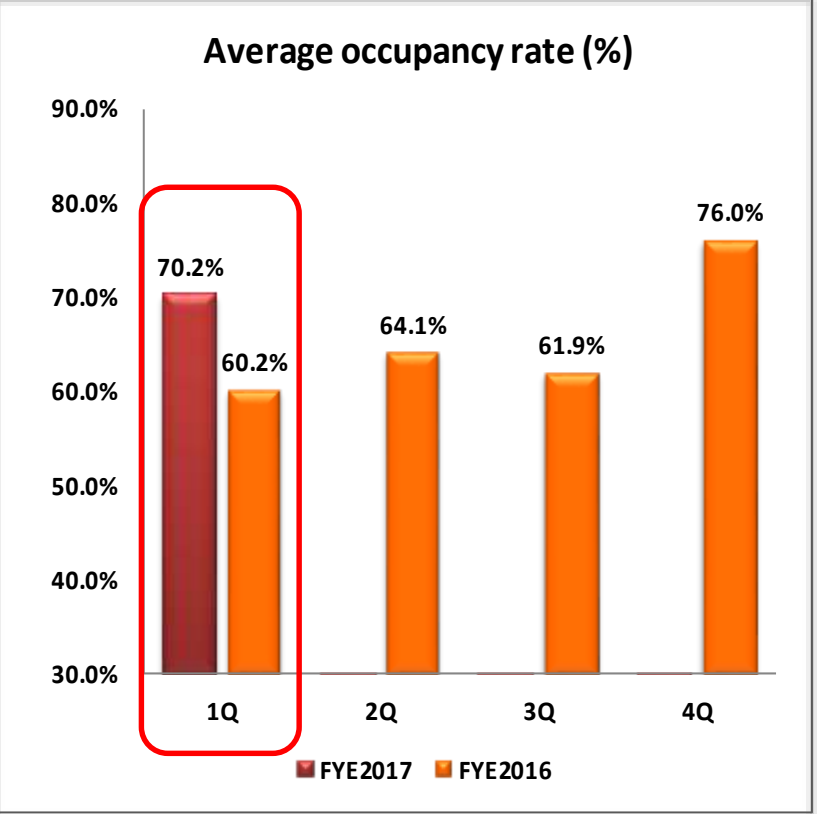
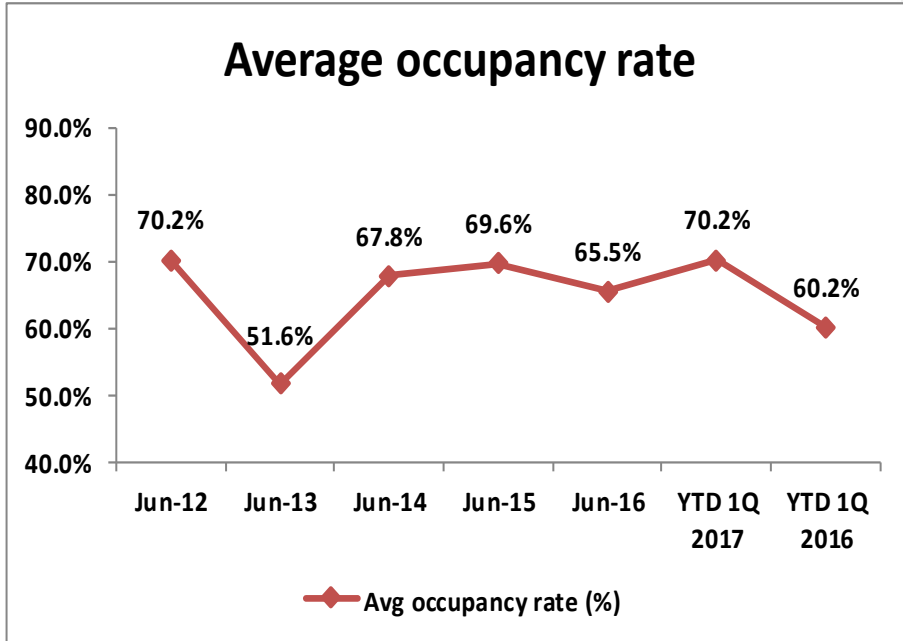
Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Sunway Pyramid Hotel (formerly Sunway Pyramid Hotel East) master lease is expiring in July 2020.

Note 2: Sunway Resort Hotel & Spa achieved a higher average occupancy rate for 1Q2017 compared to 1Q2016 contributed by strong Middle-East tourists arrival. The hotel enjoyed an extended peak season which started in early July this year compared to mid-July of last year.

HOSPITALITY PROPERTIES

SUNWAY HOTEL SEBERANG JAYA

Historical occupancy rate



Customer contribution (Room revenue)	
Corporate	97.7%
Leisure	2.3%

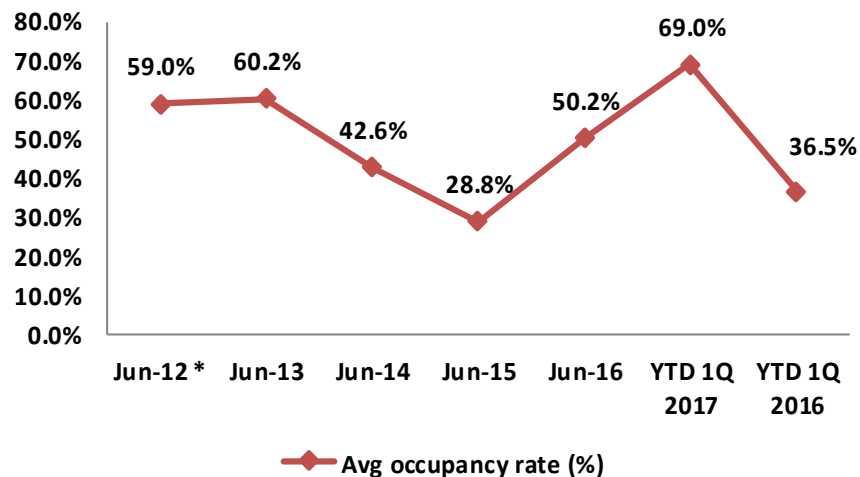
Note 1: The hotel properties are under 10-years master leases. The master lease of Sunway Hotel Seberang Jaya is expiring in July 2020.

Note 2: Average occupancy rate for 1Q2017 was higher compared to 1Q2016 attributed to the tactical strategy employed to achieve better occupancy in view of softer demand from the corporate segment and increased competition from new hotels in Penang.

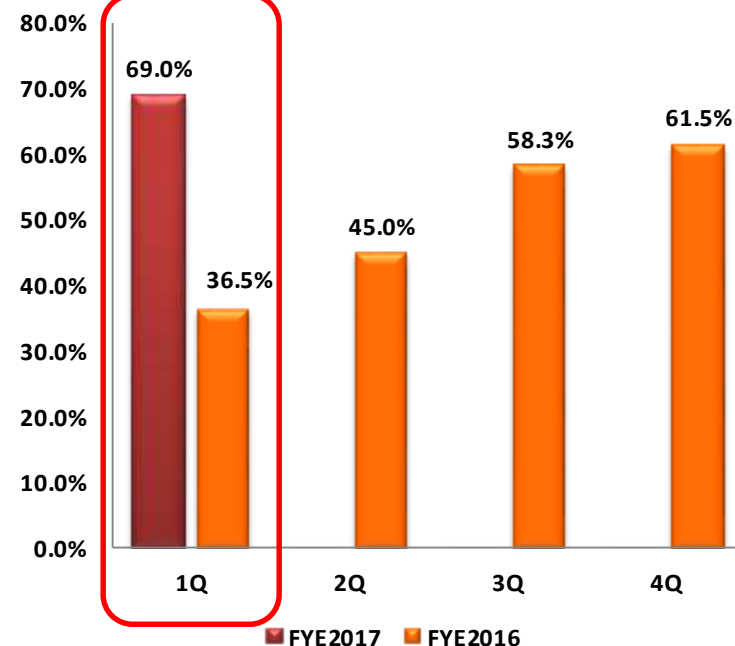


Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	31.4%
Leisure	68.6%

* Representing period from 28 Sept 2011 (full possession and control of Sunway Putra Hotel) to 30 June 2012.

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

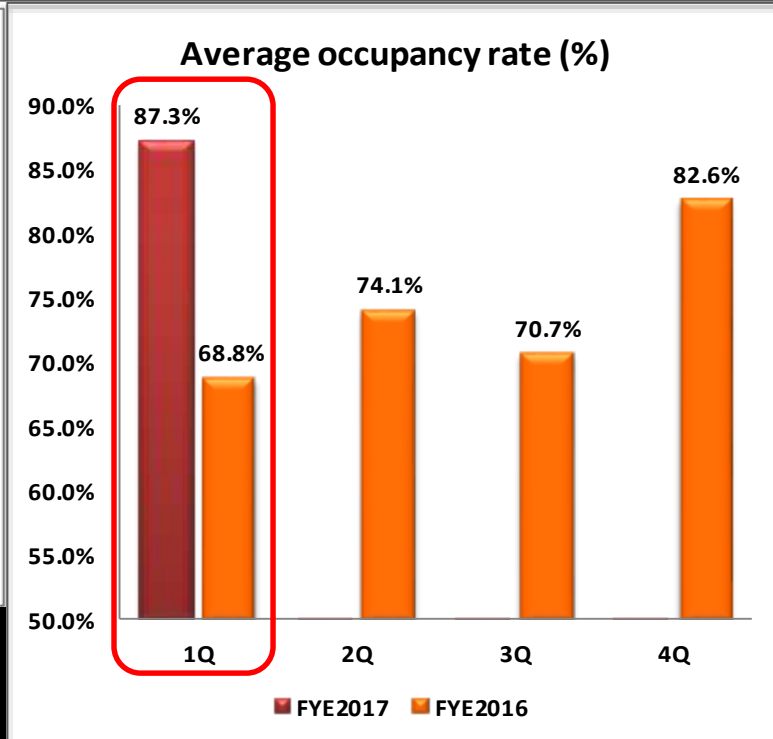
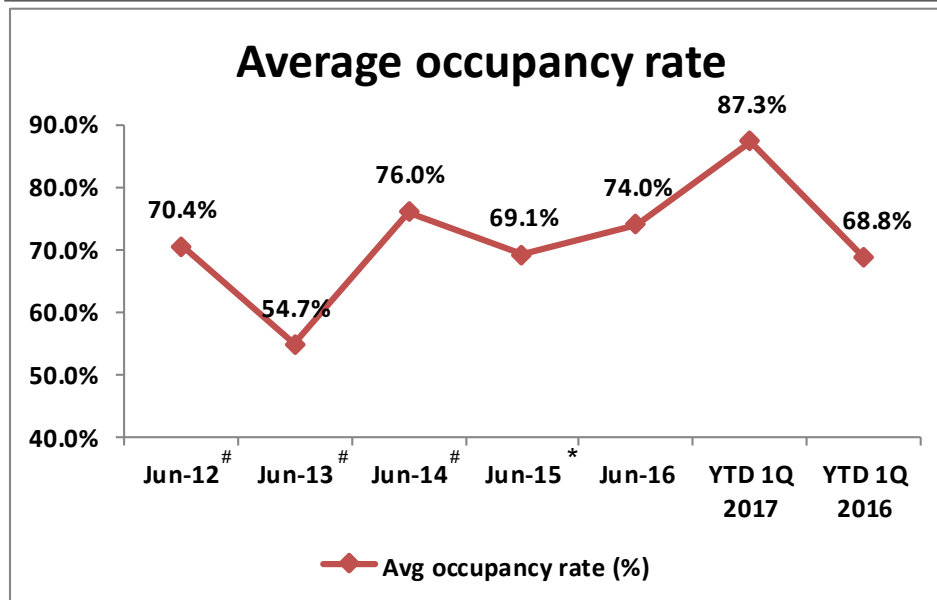
Note 2: The performance since Jun-14 was adversely affected by the refurbishment at the adjoining Sunway Putra Mall from May 2013 to May 2015, and the hotel's own refurbishment works. The refurbishment of Sunway Putra Hotel commenced in 1Q2014 and was completed in 2Q2016.

Note 3: The average occupancy rate has improved to 69.0% in 1Q2017 compared to 36.5% in 1Q2016 as the hotel was still undergoing refurbishment during the same period last year. Post completion of refurbishment in 2Q2016, the hotel has embarked on active marketing activities and promotional rates to regain market shares across all segments.

HOSPITALITY PROPERTIES

SUNWAY HOTEL GEORGETOWN

Historical occupancy rate



Customer contribution (Room revenue)	
Corporate	93.3%
Leisure	6.7%

* The contribution from Sunway Hotel Georgetown commenced on 28 January 2015. The information for Jun-15 shown above was for the month of February 2015 to June 2015 following the completion of the acquisition.

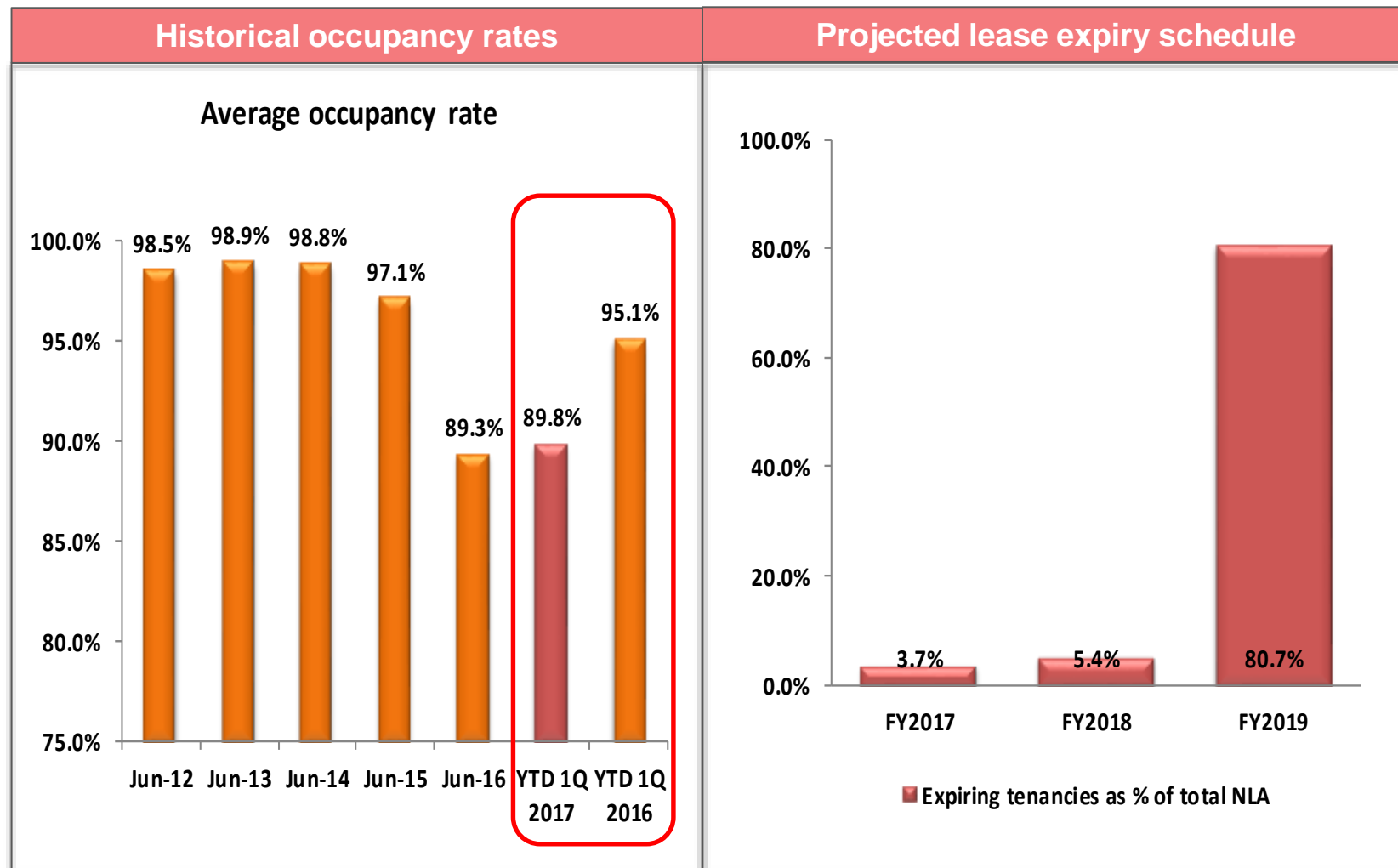
The historical information (Jun-12 to Jun-14) are provided by the vendor, Sunway Berhad.

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

Note 2: Average occupancy rate for 1Q2017 was higher compared to 1Q2016 mainly attributed to the tactical strategy employed to mitigate against increased competition from new hotels in Georgetown and weak consumer sentiment.

OFFICE PROPERTIES

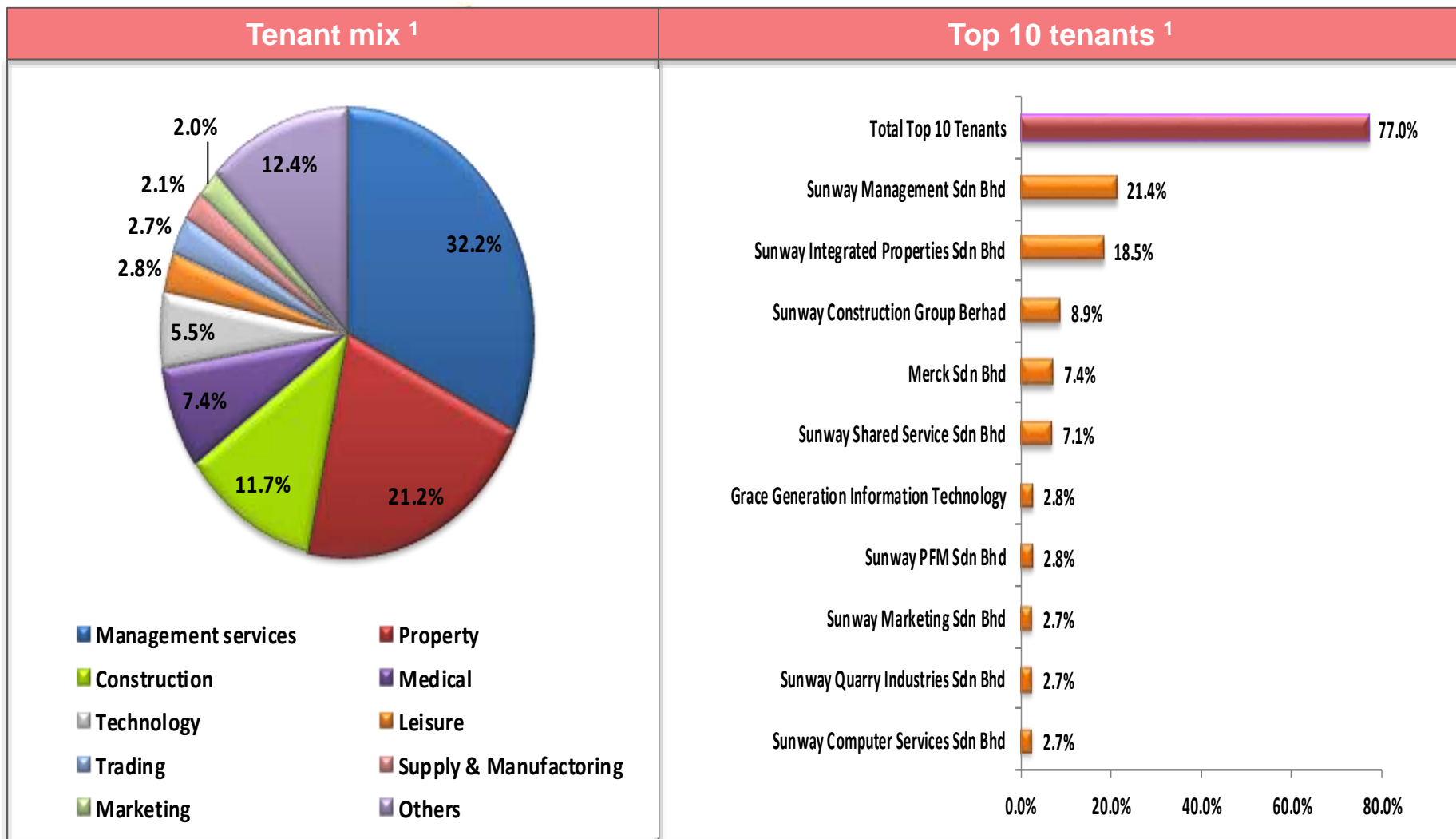
MENARA SUNWAY



Note: Average occupancy rate for YTD1Q2017 was lower compared to YTD1Q2016 due to non-renewal by a tenant who occupied 46,000 sq. ft. (16% of total NLA) in 2Q2016. New tenants for approximately 32,500 sq. ft. (11% of total NLA) have commenced in 4Q2016 and the asset manager continues to seek for replacement tenants for the remaining vacant space.

OFFICE PROPERTIES

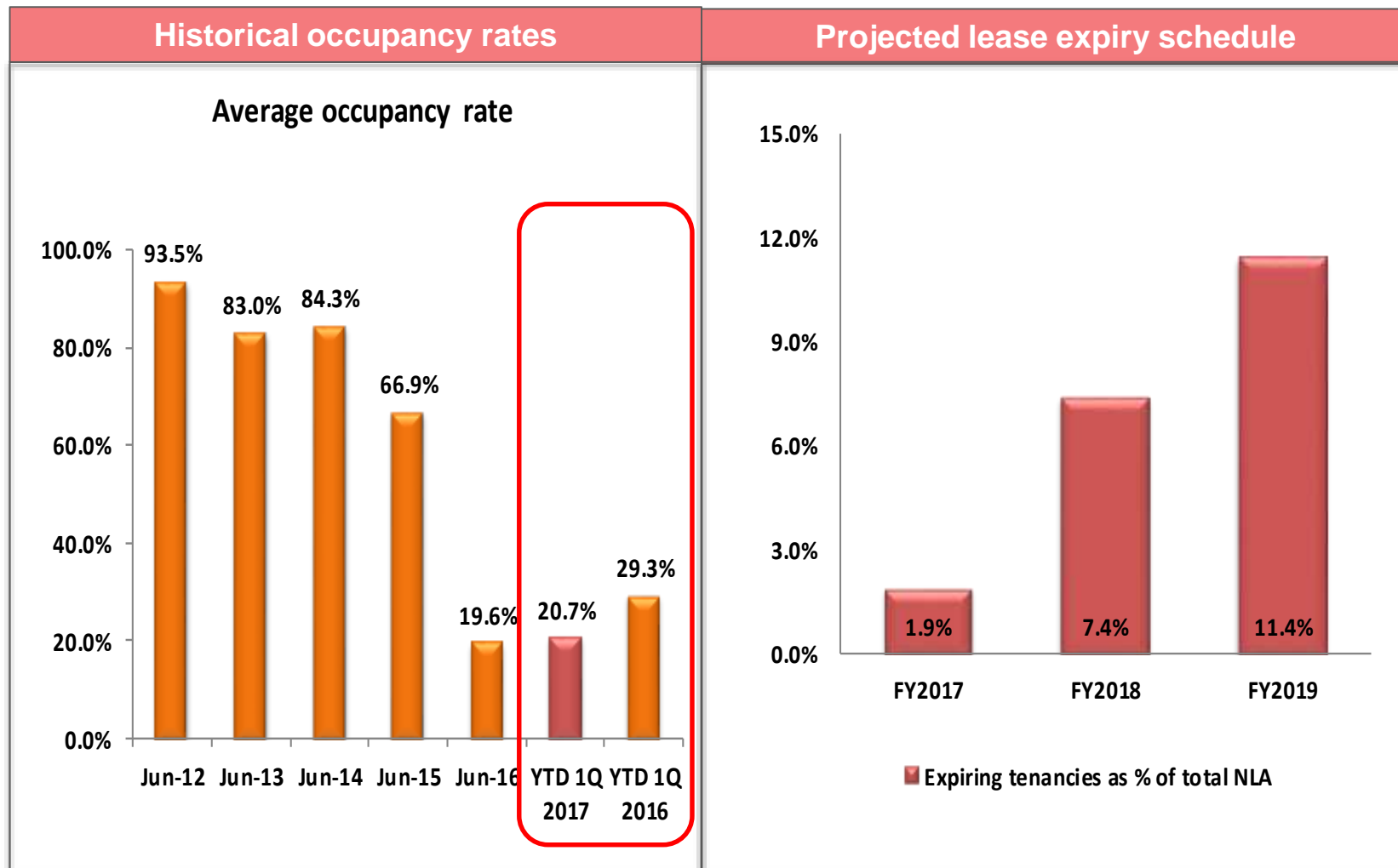
MENARA SUNWAY (Cont'd)



¹ Based on gross rental income for the month of September 2016.

OFFICE PROPERTIES

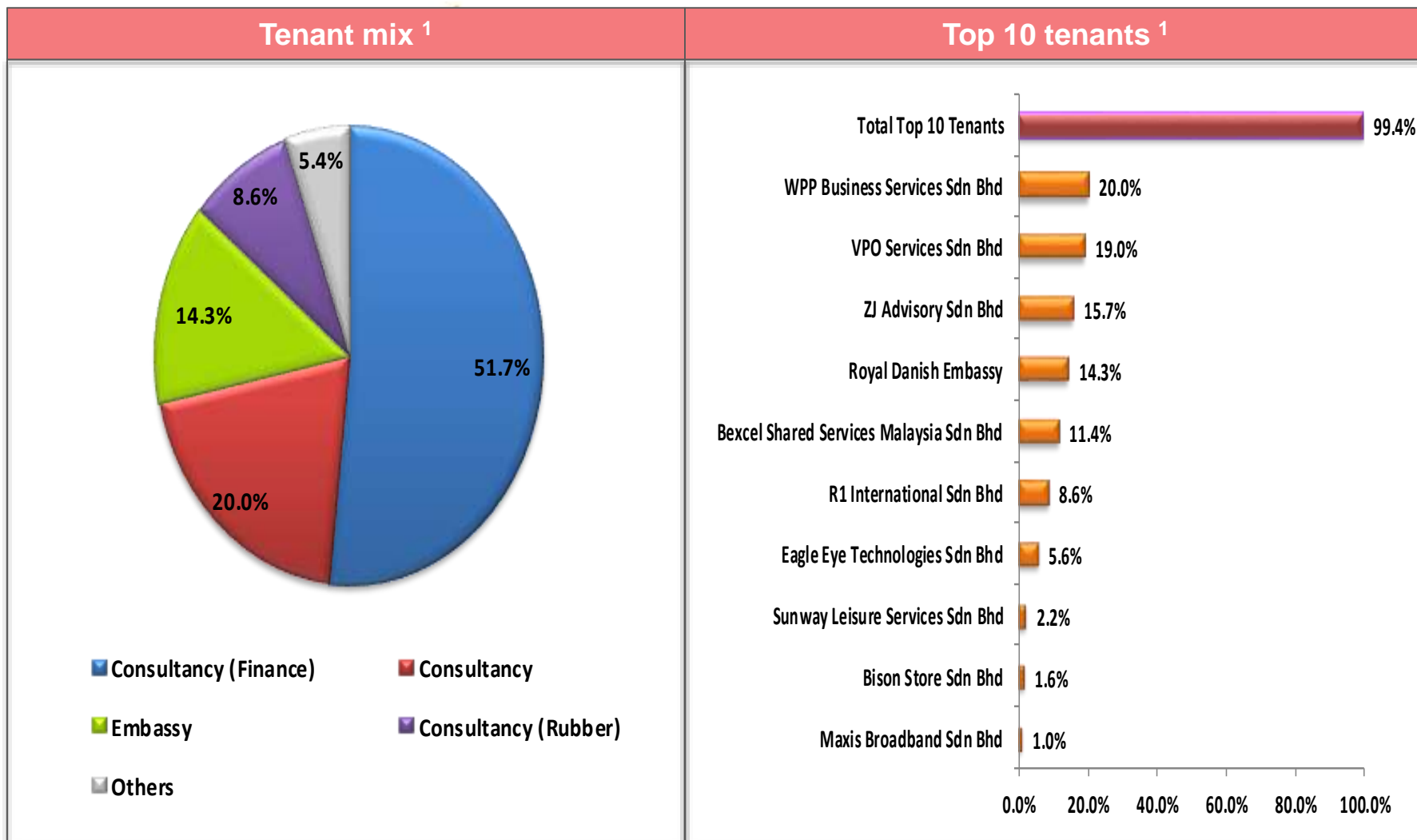
SUNWAY TOWER



Note: Average occupancy rate for YTD1Q2017 was lower compared to YTD1Q2016 mainly due to non-renewal by an anchor tenant who occupied 129,000 sq. ft. (48% of total NLA) in 1Q2016. New tenants for approximately 35,000 sq. ft. (13% of total NLA) have commenced in 3Q2016 and 4Q2016, and the asset manager is actively seeking for more replacement tenants.

OFFICE PROPERTIES

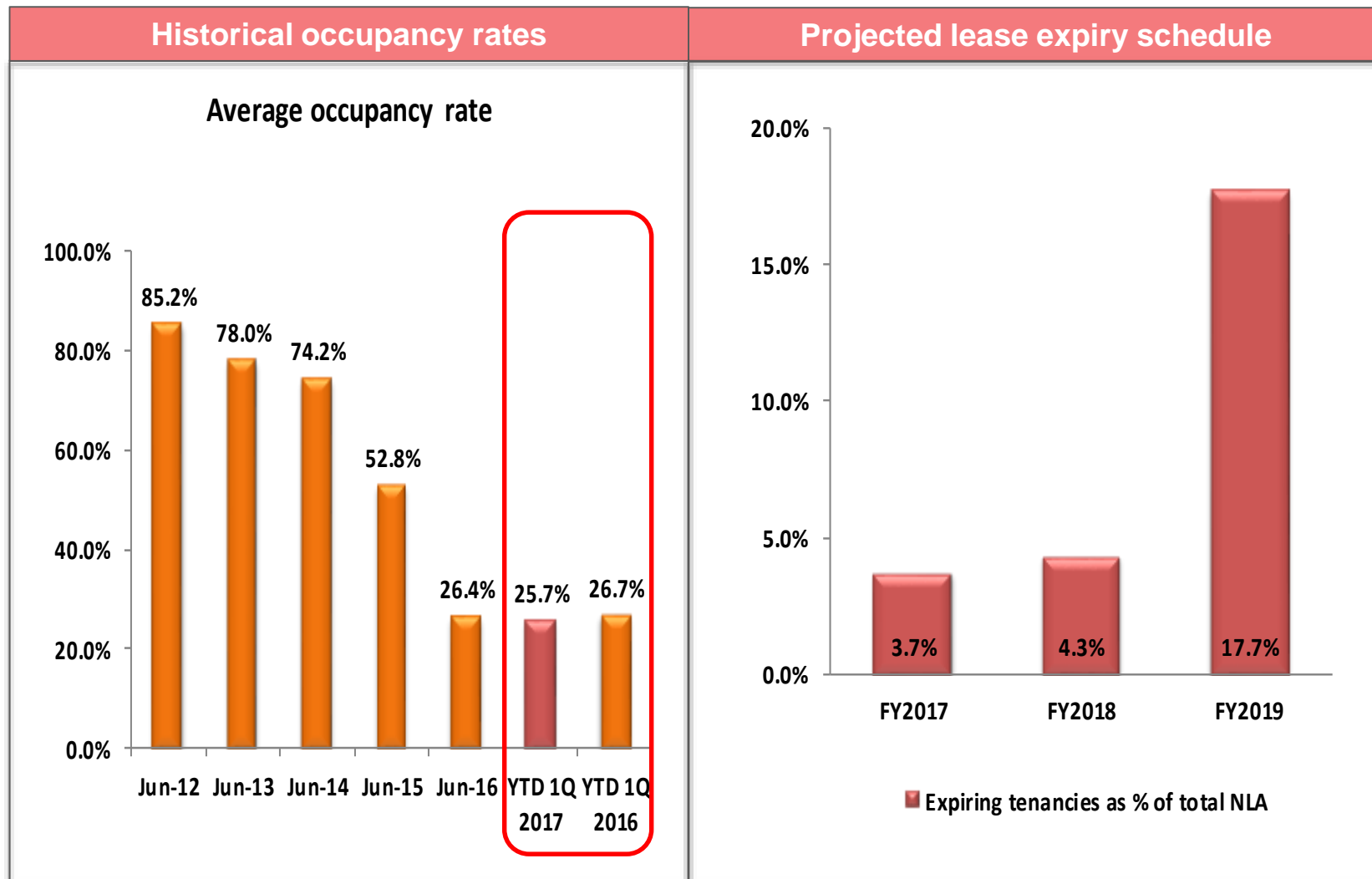
SUNWAY TOWER (Cont'd)



¹ Based on gross rental income for the month of September 2016.

OFFICE PROPERTIES

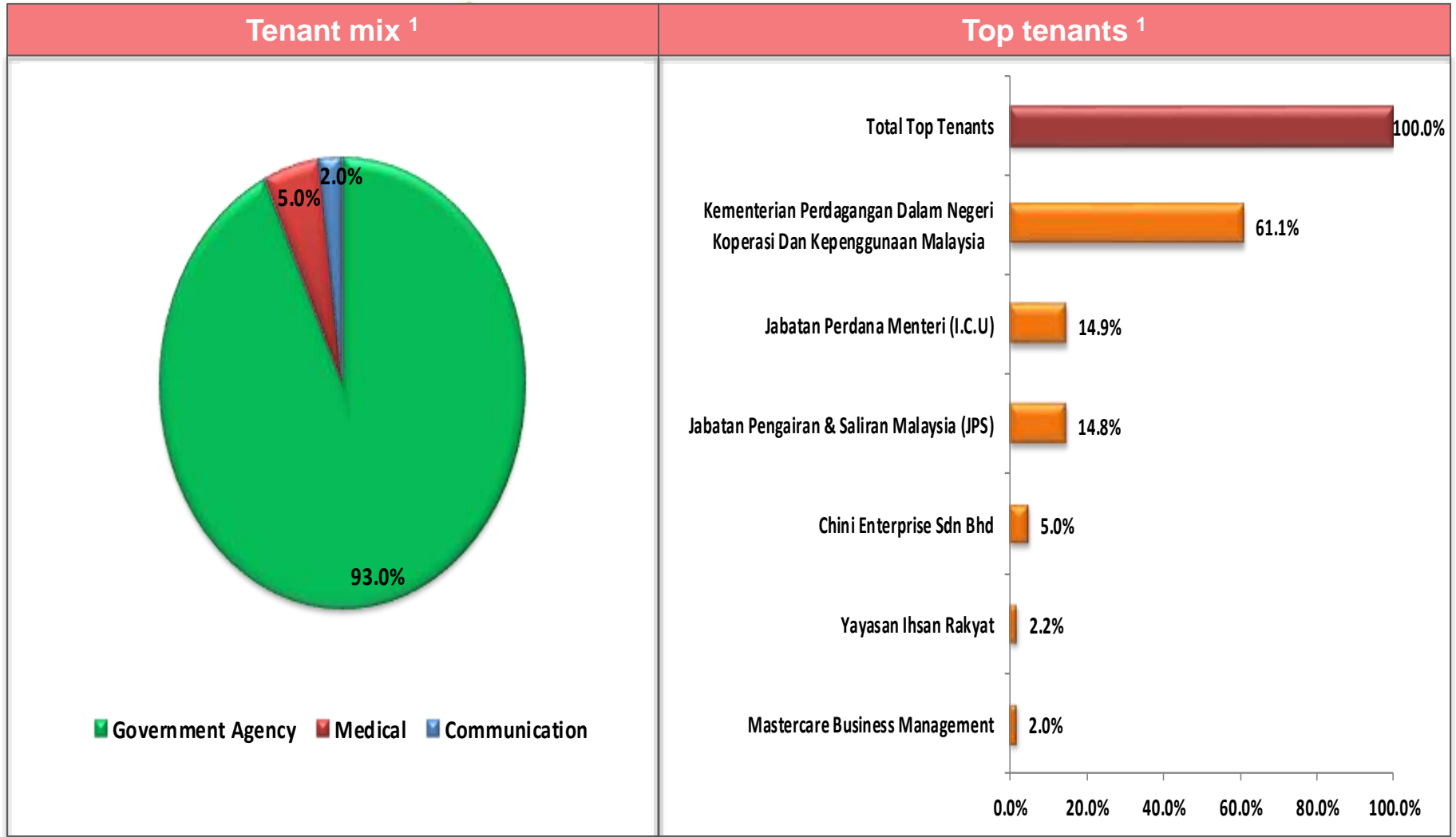
SUNWAY PUTRA TOWER



Note : Average occupancy rate for YTD1Q2017 was marginally lower compared to YTD1Q2016. New tenants have been secured for approximately 64,500 sq. ft. (20% of total NLA) to commence in 2Q2017 and 3Q2017, and the asset manager continues to seek for more replacement tenants.

OFFICE PROPERTIES

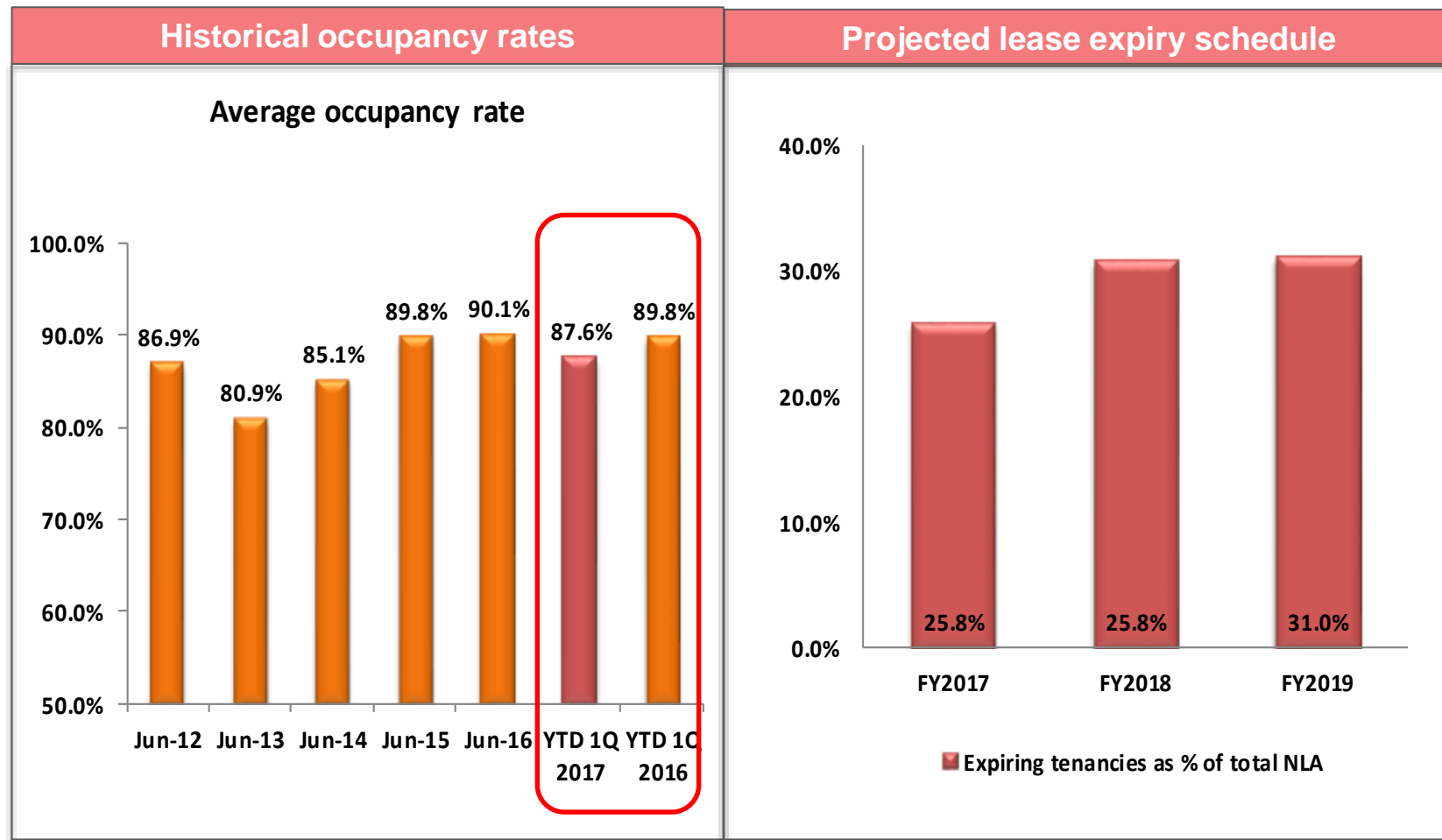
SUNWAY PUTRA TOWER (Cont'd)



¹ Based on gross rental income for the month of September 2016.

OFFICE PROPERTIES

WISMA SUNWAY

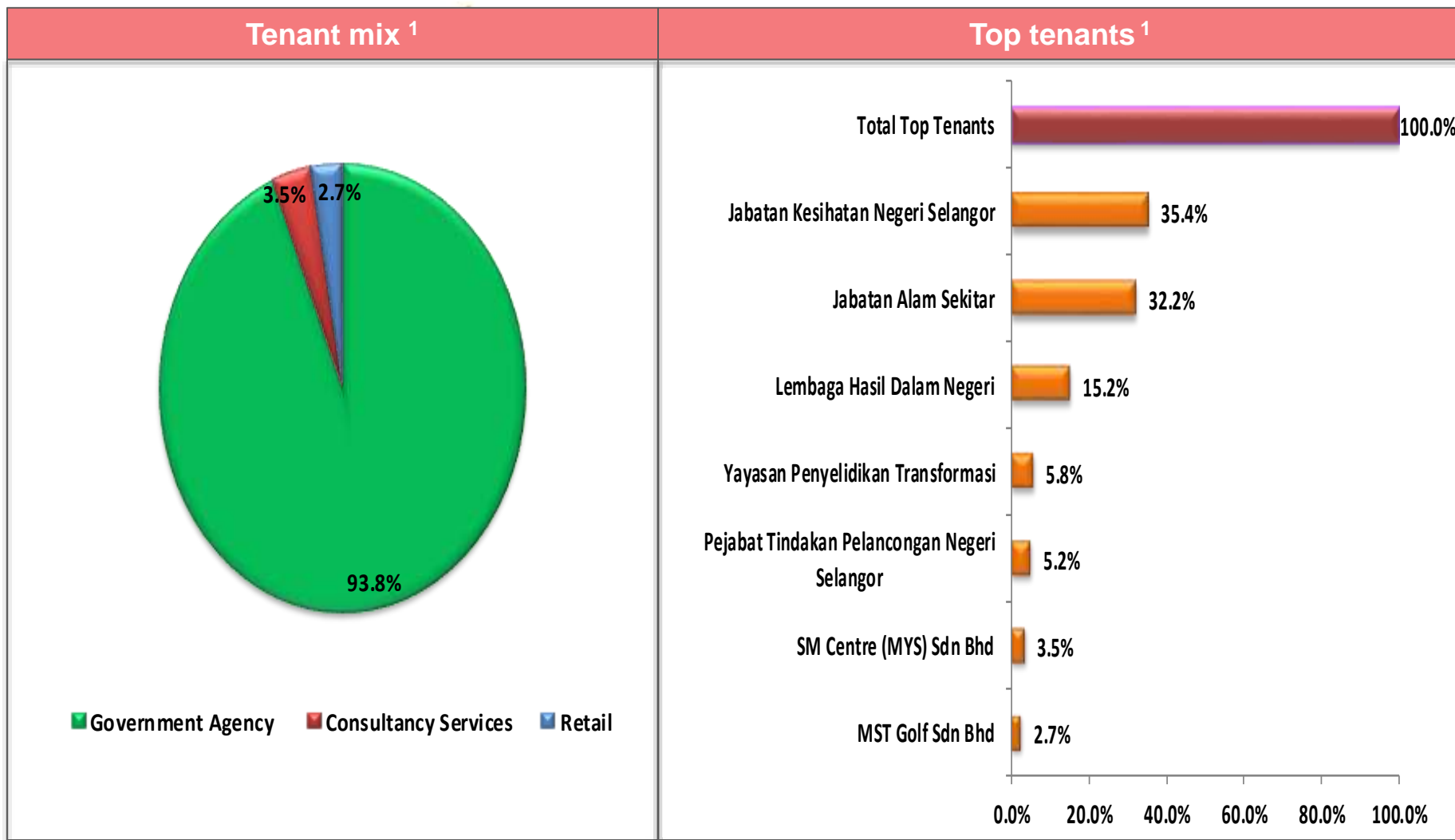


Note: The contribution from Wisma Sunway commenced on 23 March 2015. The information for Jun-15 shown above was for the period from March 2015 to June 2015, following the completion of its acquisition. The historical information (Jun-11 to Jun-14) are provided by the vendor, Sunway Berhad.

Average occupancy rate for YTD1Q2017 was marginally lower due to non-renewal of a tenant occupying approximately 3,300 sq. ft. (2% of total NLA) in 4Q2016.

OFFICE PROPERTIES

WISMA SUNWAY (Cont'd)



¹ Based on gross rental income for the month of September 2016.

5. Market Outlook

General Outlook

- Global growth prospects has turned more fragile to reflect a more subdued outlook for advanced economies following the United Kingdom's decision to leave the European Union ("Brexit") and the persistent soft growth in the United States. Although Brexit has not caused turbulence in the economy, financial markets are vulnerable to heightened uncertainties and volatility. The World Bank expects the world economy to maintain its' CY2015 growth of 2.4% in CY2016 and global growth to improve to 2.8% in CY2017.
- The Malaysian economy continued to be in its moderation trajectory. Malaysia's gross domestic product ("GDP") growth narrowed for the fifth consecutive quarter since 2Q CY2015. In the second quarter of 2016 ("2Q CY2016"), the GDP expanded at a slower pace of 4.0% compared to 4.2% in the first quarter of 2016 ("1Q CY2016"). The strong growth in domestic demand was weighed down by the continued decline in net exports and drawdown in stocks, mainly attributable to lower production in agriculture and manufactured products.
- Correspondingly, the GDP growth for the Malaysian economy softened to 4.1% y-o-y for the first half of 2016 ("1H CY2016"), from 5.3% during the same period last year. In the recent Federal Budget 2017 announcement, the Government is projecting a narrower GDP growth of between 4.0% to 4.5% (from 4.0% to 5.0%) previously. However, uncertainties in the external environment may pose downside risks to the economy's growth prospects.

General Outlook

- BNM has maintained the Overnight Policy Rate (“OPR”) at 3.00% at the recent Monetary Policy Committee (“MPC”) meeting on 7 September 2016. BNM remains accommodative in its monetary policy stance to ensure that the domestic economy continues on a steady growth path amid stable inflation and supported by continued healthy financial intermediation in the economy. In an environment of elevated downside risk to global growth, further easing in monetary policy is possible in CY2016 and CY2017.
- Headline inflation inched marginally to 1.5% in August 2016 (July 2016: 1.1%) on the back of increase in food and non-alcoholic beverages, alcoholic beverages and tobacco and smaller margin of decline in transportation costs. Year-to-date 8M CY2016 inflation stood at 2.3%, in line with the government’s expectation of between 2.0% and 2.5% in CY2016. BNM expects inflation to remain relatively stable in CY2017.

General Outlook

- The Manager expects a dip in DPU in FY2017 compared to FY2016 on the back of:
 - i) Lower contribution from the hotel segment due to the closure of Sunway Pyramid Hotel to undertake refurbishment
 - ii) Cessation of payment of Manager's fees in units with effect from FY2017
- The Manager has received RM3.189 million court award relating to Sunway Putra which will be recognised in 2Q FY2017 following confirmation of the legal case closure by our lawyer.
- The Manager is committed to distribute 100% of its distributable net income for FY2017.

Retail Segment

- The Malaysian retail industry recorded a lower-than-expected growth rate of 7.5% in retail sales in the 2Q CY2016, according to Retail Group Malaysia (“RGM”). Malaysian retailers suffered the worst quarterly decline since 1999 of 11.9% in 2Q CY2015. Marking the first anniversary of the implementation of Goods & Services Tax (GST), the rebound in retail sales reflects the low base effect from a year ago.
- For the first half of CY2016, retail sales was flattish at 0.5%. RGM projects the Malaysian retail industry to grow by 3.5% in CY2016, underpin by festivities in the second half of CY2016 and increase in minimum wages in July 2016.
- A total of 12 retail malls with a combined net lettable area (“NLA”) of approximately 2.82 million sq.ft., were completed and / or opened in the 1H CY2016. Cumulatively, retail space in the Klang Valley has increased to 52.72 million sq.ft. in 1H CY2016. The oversupply situation is expected to worsen in view that an estimated 17 million sq.ft. of retail space are expected to enter the Klang Valley between now and CY2019.
- The average occupancy rate at Sunway Pyramid Shopping Mall was largely stable at 97.9% in 1Q FY2017 compared to 98.3% in FY2016. Based on the total of 979,276 sq.ft. of NLA which is due for renewal in this financial year, a total of 584,033 sq.ft. of NLA was renewed in 1Q FY2017 at a single-digit rental reversion rate over the three-year tenancy term. The renewal has included the two anchor tenants in the mall.

Retail Segment (Cont'd)

- Following the completion of the remodeling of 2nd floor area with NLA of approximately 16,000 sq.ft. (equivalent to 3% of total NLA) into food and beverage (“F&B”) area, the average occupancy rate for Sunway Carnival Shopping Mall has improved to 96.4% in 1Q FY2017 (FY2016: 94.4%). Based on the total of 327,408 sq.ft. of NLA which is due for renewal in this financial year, a total of 199,153 sq.ft. of NLA was renewed in 1Q FY2017 at a single-digit rental reversion rate over the three-year tenancy term. The renewal has included the anchor tenant in the mall.
- Sunway Putra Mall has registered a higher average occupancy rate of 85.2% in 1Q FY2017 compared to 74.9% in FY2016.
- The Manager remains cautious on the growth prospects for the retail segment in FY2017 on the back of the subdued sentiment in the retail sub-sector caused by uncertainty in the economy and oversupply retail market condition. Notably, GST impact is normalizing as consumers are gradually adjusting to the new tax regime.
- The manager expects a modest growth for Sunway REIT’s retail assets for FY2017 contributed by the resilient performance from the flagship asset, Sunway Pyramid Shopping Mall and expected gradual improvement in the performance of Sunway Putra Mall.

Hotel Segment

- Tourist arrivals have shown an improvement in the 1H CY2016. The Tourism and Culture Ministry stated that tourist arrivals rose 5.0% in the 1H CY2016 and on track to meet the target of 30.5 million tourists into the country for CY2016 with a total tourist receipts of RM103 billion.
- Despite the encouraging improvement in the leisure segment, the hotel sub-sector is likely to remain challenging dampened by cautious business sentiment and oversupply market condition.
- Sunway Resort Hotel & Spa's average occupancy rate rose to 94.3% in 1Q FY2017 compared to 87.4% in 1Q FY2016. The encouraging occupancy was attributable to strong Middle-Eastern tourists during the summer holiday season. The hotel has enjoyed an extended peak period commencing early July this year as opposed to mid-July in the previous year.
- Meanwhile, Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East) is undergoing refurbishment during the quarter. The refurbishment is on track and the Manager expects the hotel to progressively re-open from 2Q FY2017.

Hotel Segment (Cont'd)

- The average occupancy rate for Sunway Putra Hotel has improved to 69.0% in 1Q FY2017 compared to 36.5% in 1Q FY2016 as the hotel was still undergoing refurbishment during the same period last year. Post completion of refurbishment in 2Q FY2016, the hotel has embarked on active marketing activities and promotional rates to regain market shares across all segments.
- In Penang, Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown continued with tactical marketing strategies to compete vigourously in the challenging market amidst weak business sentiment and fierce competition. The average occupancy rate for Sunway Hotel Seberang Jaya improved to 70.2% in 1Q FY2017 compared to 60.2% during the same quarter in the preceding year. Likewise, Sunway Hotel Georgetown reported a higher average occupancy rate of 87.3% in 1Q FY2017 compared to 68.8% in 1Q FY2016.
- In all, the Manager expects a lower contribution from the hotel segment in FY2017 primarily due to the closure of Sunway Pyramid Hotel which was closed since April 2016 to undertake an accelerated refurbishment.

Office Segment

- The prospects for the office segment remains bleak in CY2016 and beyond. The office supply in the Klang Valley has substantially increased over the years. The office stock stood at 111 million sq.ft. in 2Q CY2016 with approximately additional 14.13 million sq.ft. of office space entering the Klang Valley market between CY2016 and CY2018. Majority of the new completions are located at the fringe of Kuala Lumpur. This would further add pressure on occupancy and rental rates in a highly challenging market landscape.
- The average occupancy rate for Menara Sunway was stable at 89.8% in 1Q FY2017 compared to 89.3% in FY2016. Following the non-renewal of a tenant who occupied 46,000 sq.ft. (equivalent to 16% of total NLA) in 2Q FY2016, a total of 32,500 sq.ft. (equivalent to 11% of total NLA) was replaced and commenced their tenancies in 4Q FY 2016.
- The average occupancy rate for Sunway Tower inched marginally to 20.7% in 1Q FY2017 compared to 19.6% in FY2016. The marginal improvement was primarily due to commencement of tenancies totaling approximately 35,000 sq.ft. (equivalent to 13% of total NLA) since 3Q FY2016.
- Sunway Putra Tower's average occupancy rate was largely stable in 1Q FY2017 at 25.7% (FY2016: 26.4%). The asset manager managed to secure replacement tenants of approximately 64,500 sq.ft. (equivalent to 20% of total NLA) where tenancies will commence progressively in 2Q FY2017 and 3Q FY2017.

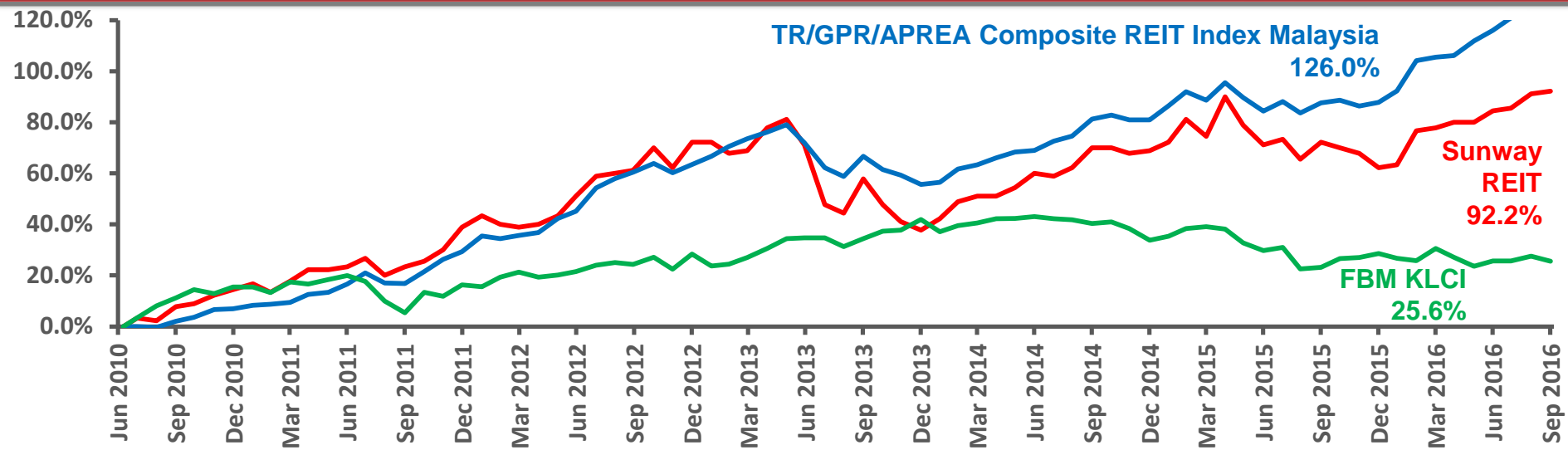
Office segment (Cont'd)

- The average occupancy rate for Wisma Sunway stood at 87.6% in 1Q FY2017 (FY2016: 90.1%). The marginally lower average occupancy rate was due to non-renewal of a tenant
- The asset manager is actively seeking for replacement tenants to improve the occupancy of the office assets while exercising prudent cost containment.
- The Manager expects the office segment to remain challenging as reflected by the challenges clouding the office sub-sector in the Klang Valley. However, the Manager expects the performance of Sunway REIT's office segment to gradually improve in FY2017.

6. Investor Relations

Unit Price Performance from IPO to 1Q2017

Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 30 September 2016)



Performance Statistics (8 July 2010 - 30 September 2016)

Price (as at 8 July 2010)	: RM0.90
Closing Price (as at 30 September 2016)	: RM1.73
Highest Price	: RM1.79
Lowest Price	: RM0.88
Daily Average Volume	: 1.95 million units
% Change in Unit Price	: 92.2%
% Change in FBM KLCI	: 25.6%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 126.0%

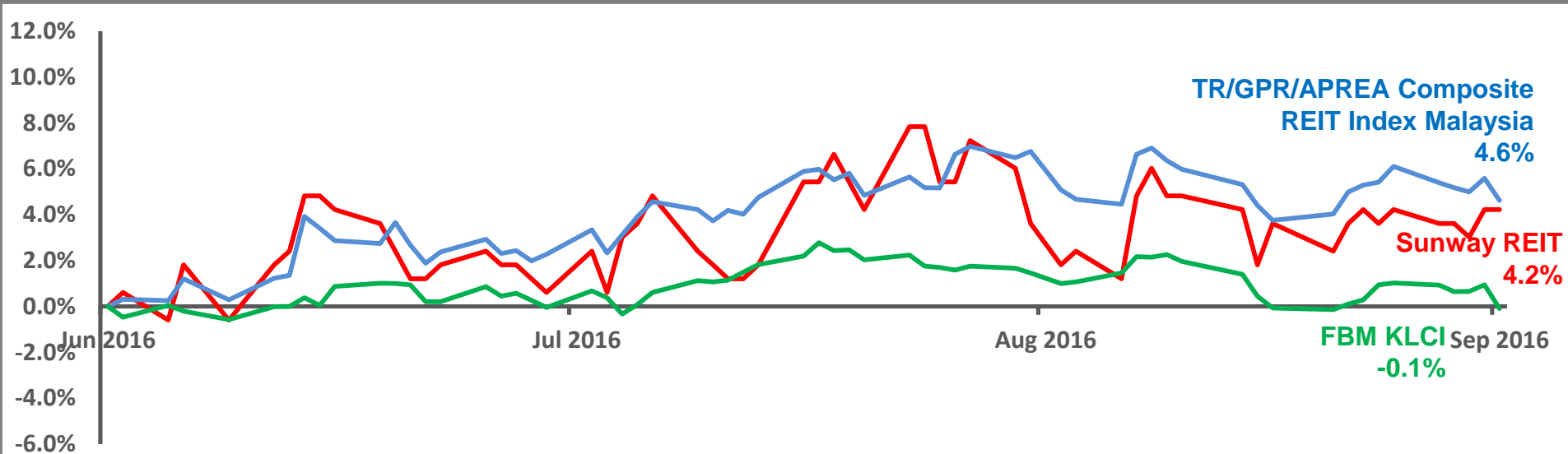
Source: Bloomberg

SUNWAY®

Driving values through sustainable growth

Unit Price Performance for 1Q2017

Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2016 – 30 September 2016)



Performance Statistics (30 June 2016 – 30 September 2016)

Price (as at 30 June 2016)	: RM1.66
Closing Price (as at 30 September 2016)	: RM1.73
Highest Price	: RM1.79
Lowest Price	: RM1.63
Daily Average Volume	: 2.51 million units
% Change in Unit Price	: 4.2%
% Change in FBM KLCI	: -0.1%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 4.6%

Source: Bloomberg

SUNWAY[®]

Driving values through sustainable growth

Indices Representation

- Sunway REIT is represented in the following indices:

FTSE Bursa Malaysia Mid 70 Index

FTSE4Good Bursa Malaysia Index

TR / GPR / APREA Composite REIT Index Malaysia

FTSE EPRA / NAREIT Global REIT Index

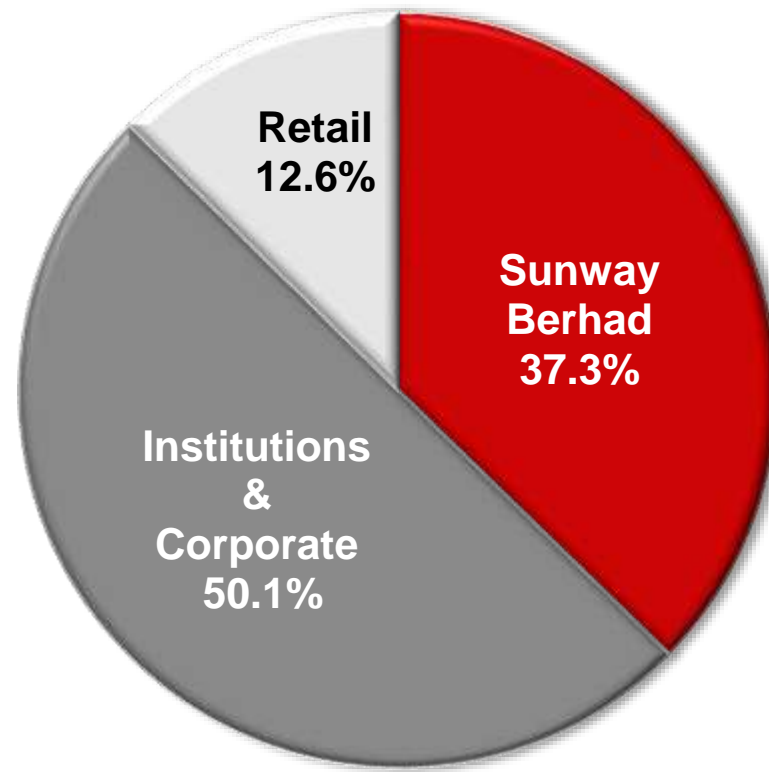
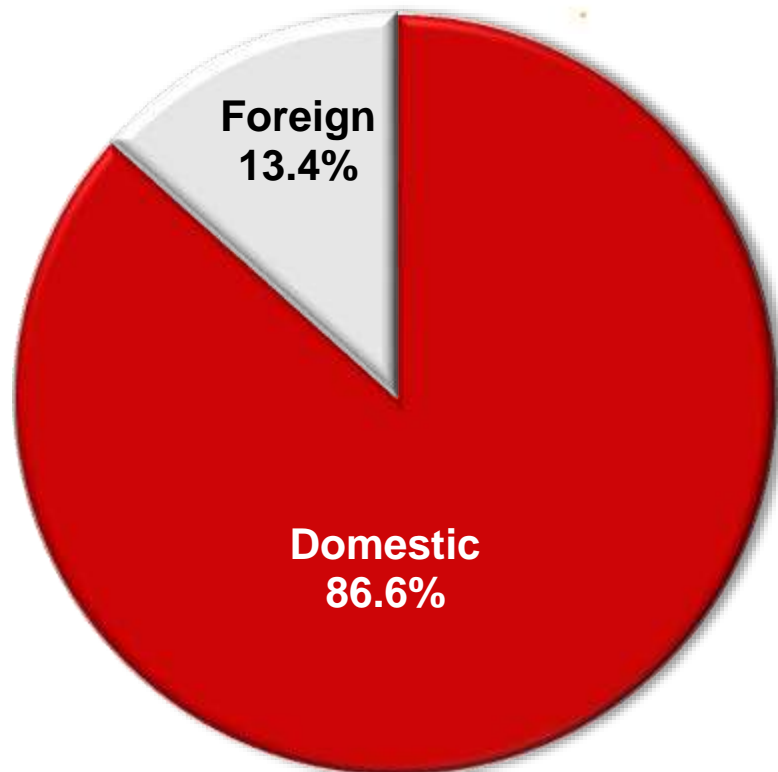
FTSE EPRA / NAREIT Global Index

FTSE EPRA / NAREIT Asia ex Japan Index

FTSE EPRA / NAREIT Asia Pacific Index

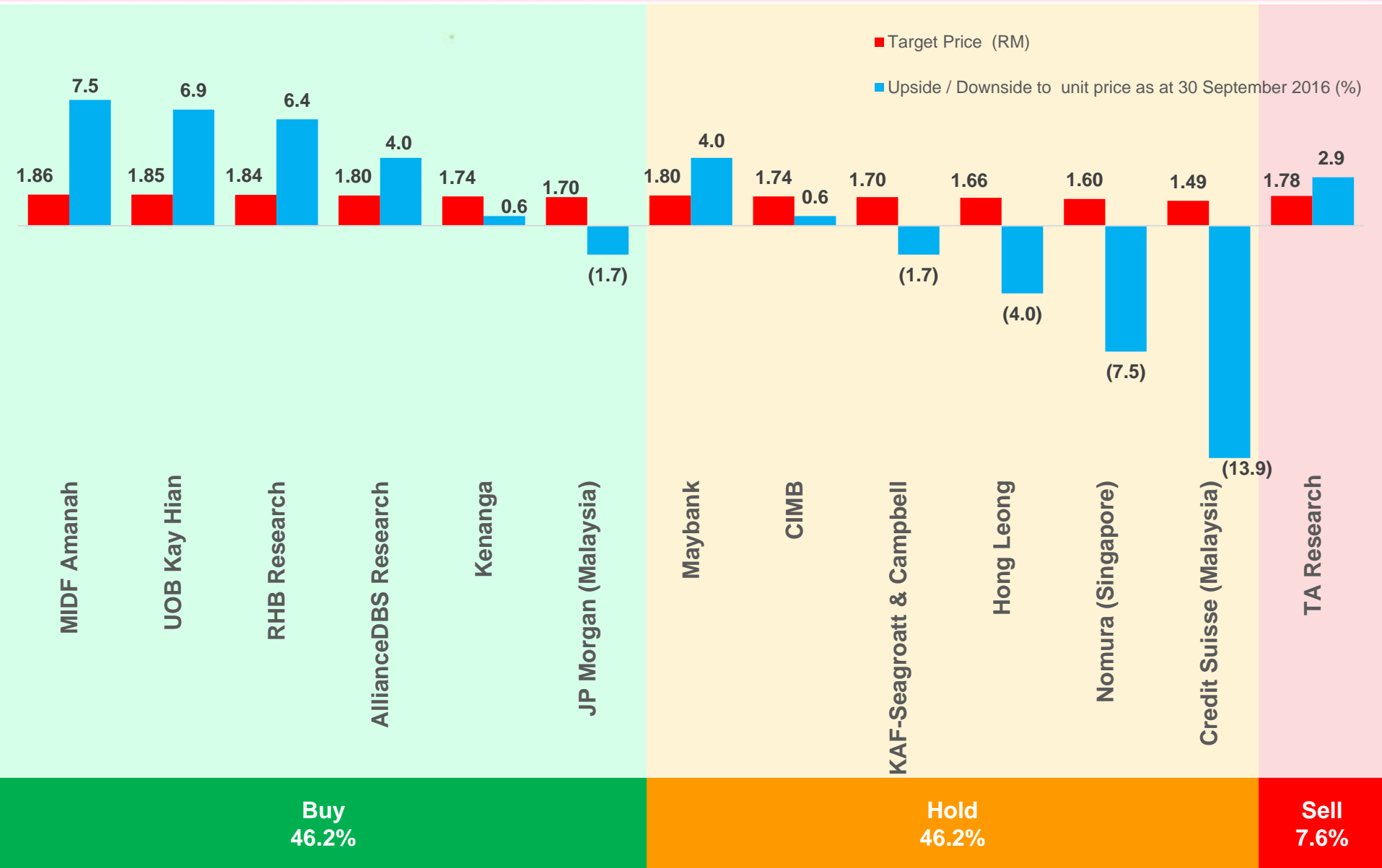
FTSE EPRA / NAREIT Emerging REIT Index

Unitholders' Composition (as at 30 September 2016)



	September 2016	June 2016	Q-o-Q Change
No of unitholders	9,632	9,464	168 (+1.8%)
Retail unitholders	12.6%	11.8%	+0.8%
Foreign unitholders	13.4%	12.8%	+0.6%
Sunway Berhad	37.3%	37.3%	Unchanged

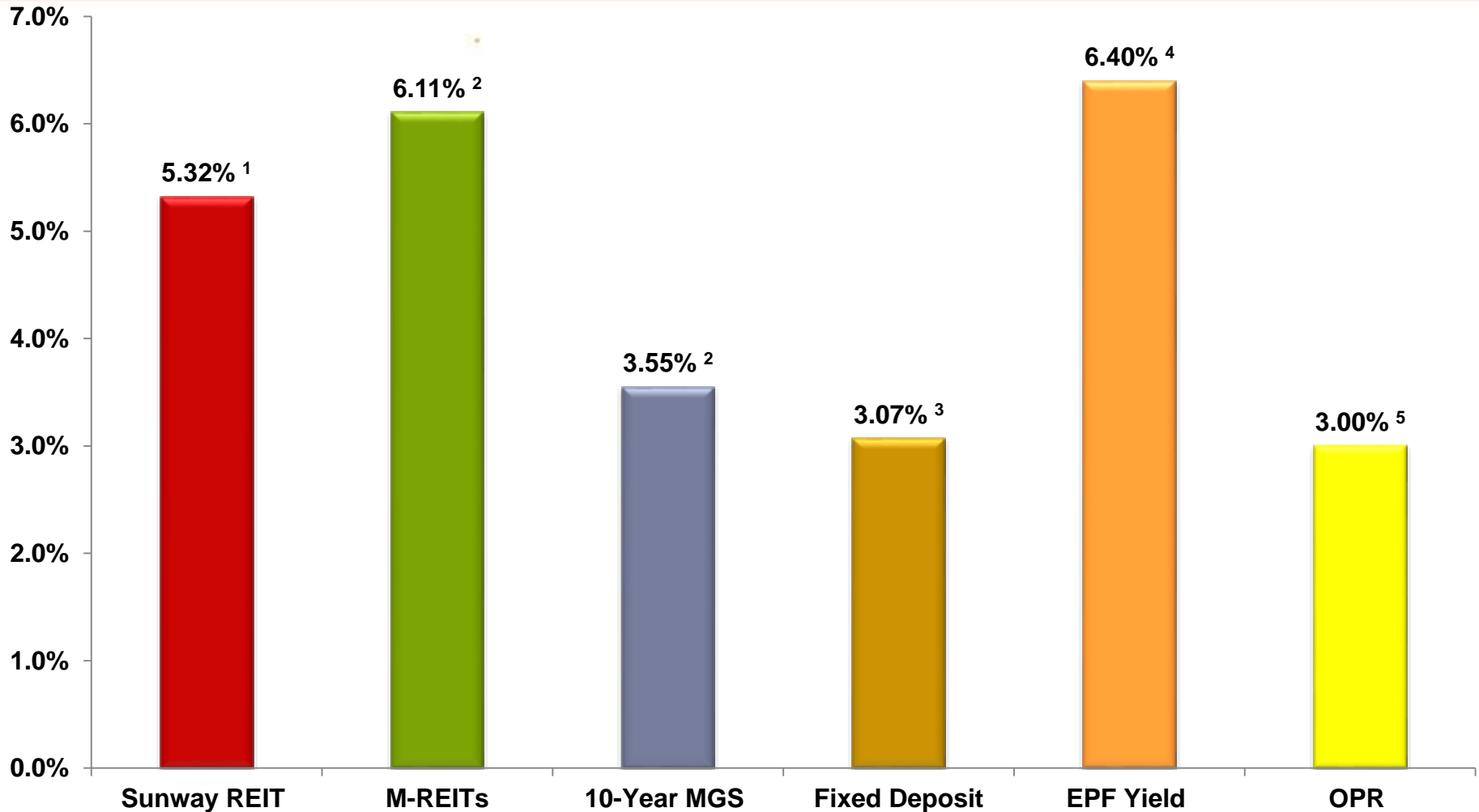
Analysts Recommendation (as at 30 September 2016)



Source: Bloomberg



Comparative Yields for Various Assets



Note:

¹ Distribution yield based on actual FY2017 proposed DPU of 9.2 sen and unit price as at 30 September 2016 (Source: Bloomberg)

² Information based on consensus FY2016 DPU forecast and unit price as at 30 September 2016 (Source: Bloomberg)

³ Information as at 30 September 2016 (Source: Bloomberg)

⁴ 12-Month Fixed Deposit rates offered by commercial banks as at 31 August 2016 (Source: Bank Negara Malaysia)

⁵ Dividend yield declared by Employees Provident Funds for the year 2015 (Source: Employees Provident Fund)

⁶ Overnight Policy Rate as at 30 September 2016 (Source: Bank Negara Malaysia)

THANK YOU