



SUNWAY[®]

Sunway REIT

Financial Results **2nd Quarter Ended 31 December 2017** **(FYE 30 June 2018)**



Announcement Date:
6 February 2018

DISCLAIMER

This presentation is for information purposes only and does not constitute an offer, solicitation or advertisement with respect to the purchase or sale of any security of Sunway Real Estate Investment Trust (“Sunway REIT”) and no part of it shall form the basis of, or be relied on in connection with, any contract, commitment or investment decision whatsoever. The information contained in this presentation is strictly private and confidential and is being provided to you solely for your information. This presentation may not be distributed or disclosed to any other person and may not be reproduced in any form, whole or in part.

This presentation is not intended for distribution, publication or use in the United States. Neither this document nor any part or copy of it may be taken or transmitted into the United States or distributed, directly or indirectly, in the United States.

Sunway REIT has not registered and does not intend to register any securities under the U.S. Securities Act of 1933 (the “Securities Act”). Accordingly, any offer of securities of Sunway REIT is being made only outside the United States pursuant to Regulation S under the Securities Act. You represent and agree that you are located outside the United States and you are permitted under the laws of your jurisdiction to participate in any offering of securities of Sunway REIT.

This presentation may contain forward looking statements which are not subject to change due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and on the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training and property expenses; and regulatory and public policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on Management’s current view of future events. These forward looking statements speak only as at the date of which they are made and none of Sunway REIT, its trustee, any of its or their respective agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any forward looking statement contained herein to reflect any change in circumstances, conditions, events or expectations upon which any such forward looking statement is based. Past performance is not necessarily indicative of its future performance.

This presentation does not constitute an offering circular or a prospectus in whole or in part. The information contained in this presentation is provided as at the date of this presentation and is subject to change without notice. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the accuracy, completeness or correctness of any information, including any projections, estimates, targets and opinions, contained herein. Accordingly, none of Sunway REIT, its trustee, officers or employees accept any liability, in negligence or otherwise, whatsoever arising directly or indirectly from the use of this presentation.

Table of Contents

1. Financial Highlights
2. 2Q 2018 Financial Results
3. 2Q 2018 Portfolio Performance
4. 2Q 2018 Property Performance
5. Market Outlook
6. Investor Relations

1. Financial Highlights

Distribution Details

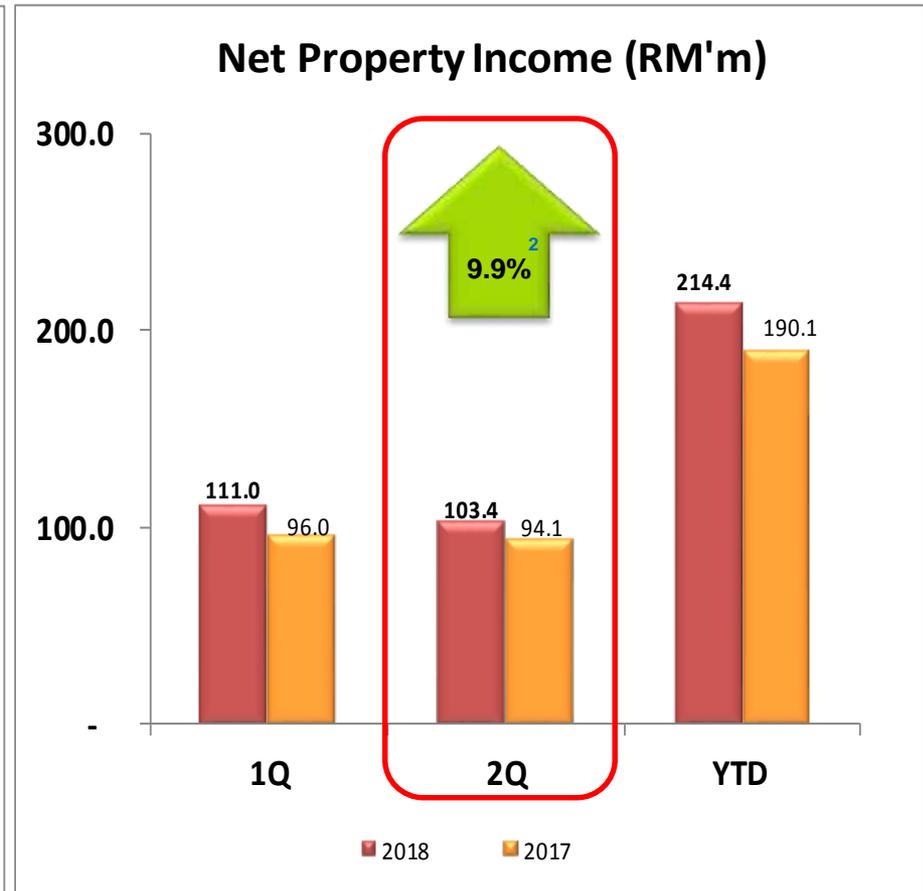
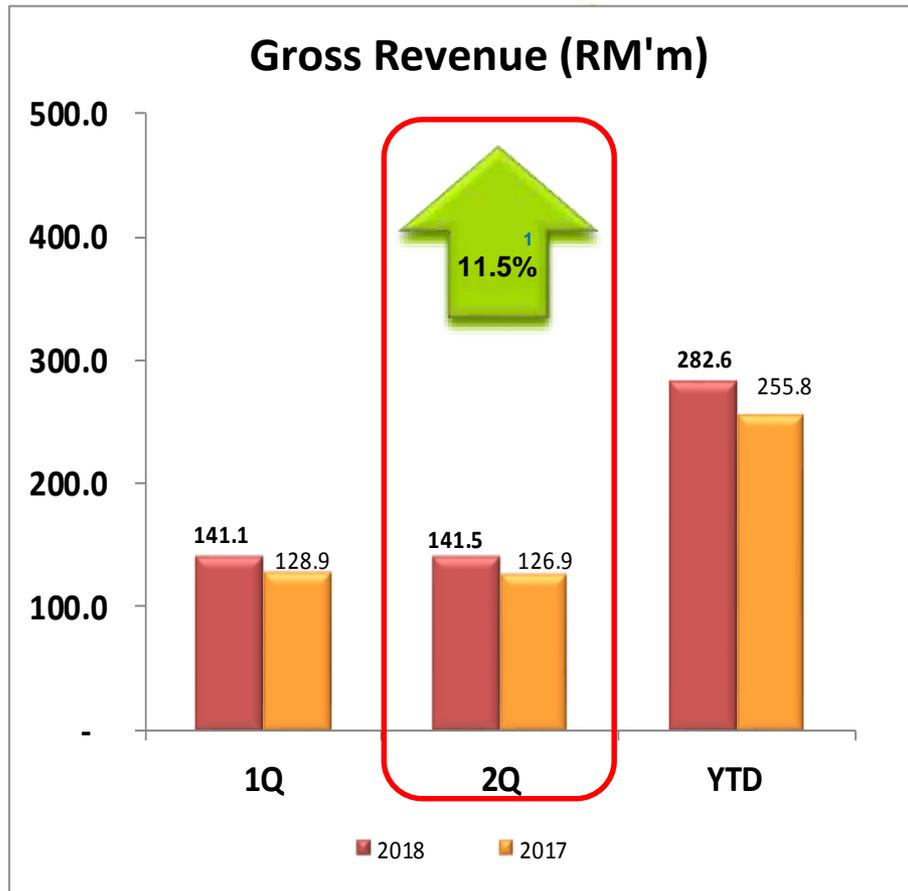
Dividend Distribution Details	
Distribution Period	1 October 2017 - 31 December 2017
Distribution Per Unit (DPU) (sen)	2.38 ¹
Notice of Entitlement	6 February 2018
Ex-Dividend Date	20 February 2018
Book Closure Date	22 February 2018
Payment Date	8 March 2018

¹ Proposed income distribution for 2Q2018 of 2.38 sen per unit (comprising taxable amount and non-taxable/tax exempt amount of 1.94 sen per unit and 0.44 sen per unit respectively).

Financial Highlights

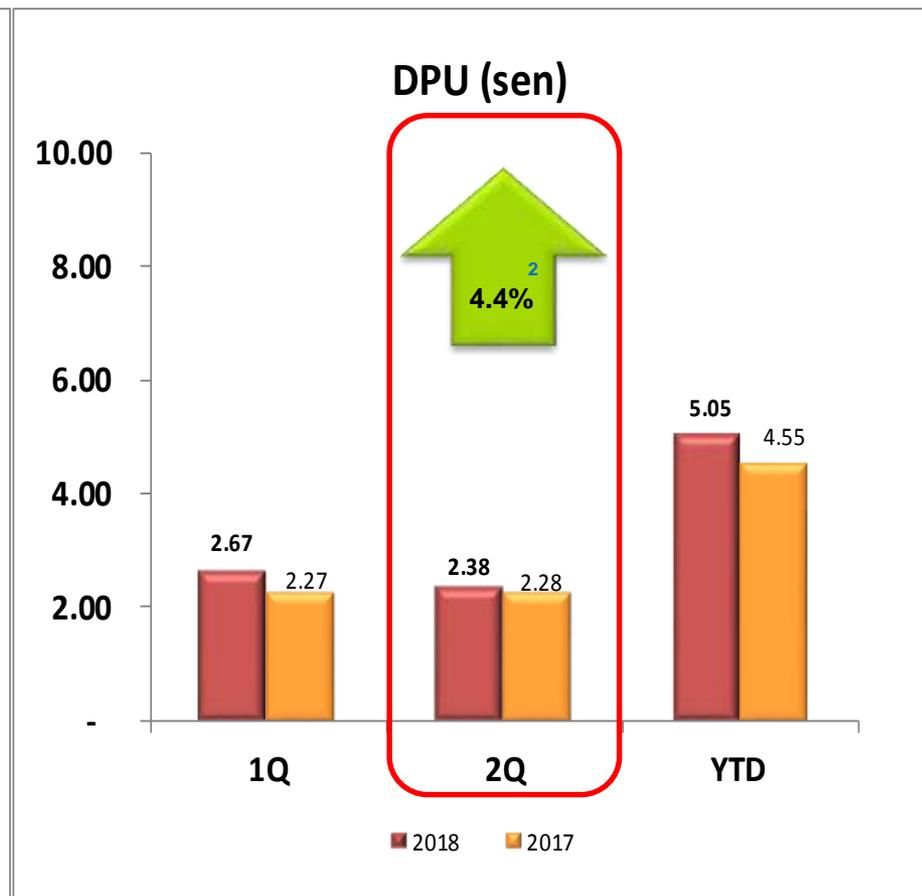
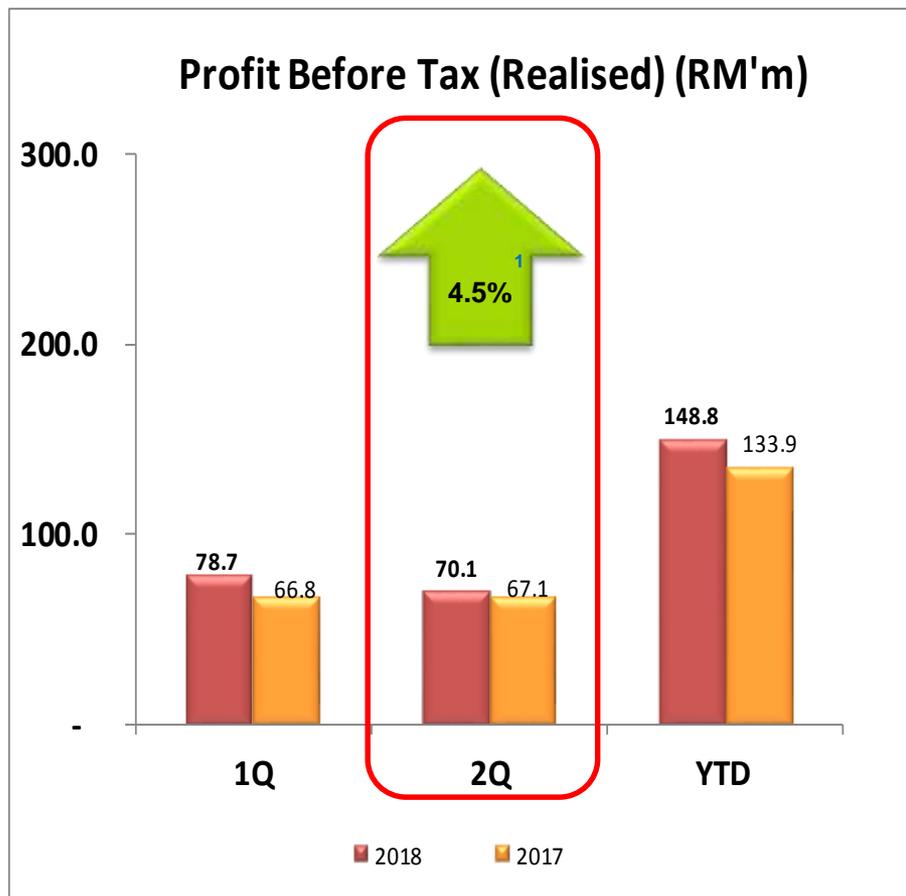
Highlights	2Q 2018	2Q 2017
No. of Properties	15	14
Property Value (RM' billion)	6.796	6.503
No. of Units in Circulation	2,945,078,000	2,945,078,000
Unit Price as at 31 Dec (RM)	1.90	1.72
Market Capitalisation (RM' billion)	5.596	5.066
Net Asset Value (NAV) Per Unit (RM) (After income distribution)	1.4078	1.3553
Premium to NAV	35.0%	26.9%
Realised Earnings Per Unit (EPU) (sen)	2.37	2.31
Distribution Per Unit (DPU) (sen)	2.38	2.28
Annualised Distribution Yield (Based on market price as at 31 Dec)	5.3%	5.3%
Management Expense Ratio (After income distribution)	0.91%	0.85%
YTD Total Return	12.0%	8.9%
Gearing	38.3%	34.4%
% of Fixed Rate Borrowings	66.1%	92.4%

Financial Highlights (Cont'd)



- ¹ Gross Revenue for 2Q2018 increased by 11.5% or RM14.6 million compared to 2Q2017 mainly due to better performance by all segments.
- ² Net Property Income for 2Q2018 increased by 9.9% or RM9.3 million compared to 2Q2017 mainly attributable to higher Gross Revenue, partially offset by higher operating expenses from retail segment.

Financial Highlights (Cont'd)



¹ Profit Before Tax (Realised) for 2Q2018 increased by 4.5% or RM3.0 million compared to 2Q2017 mainly due to higher net property income, partially offset by lower other income and higher finance costs.

² DPU for 2Q2018 increased by 4.4% or 0.10 sen in line with the increase in Profit Before Tax (Realised).

Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

2. 2Q 2018 Financial Results

Statement of Comprehensive Income – Consolidated

	1Q 2018 RM'000	1Q 2017 RM'000	2Q 2018 RM'000	2Q 2017 RM'000	Change %	YTD 2018 RM'000	YTD 2017 RM'000	Change %
Gross revenue	141,169	128,879	141,470	126,880	11.5%	282,639	255,759	10.5%
Less : Property operating expenses	(30,183)	(32,814)	(38,103)	(32,825)	16.1%	(68,286)	(65,639)	4.0%
Net property income	110,986	96,065	103,367	94,055	9.9%	214,353	190,120	12.7%
Changes in fair value of investment properties	-	-	-	-		-	-	0.0%
Other income	1,626	921	2,569	5,191 ¹	-50.5%	4,195	6,112	-31.4%
Manager's fee	(8,644)	(7,845)	(8,634)	(7,805)	10.6%	(17,278)	(15,650)	10.4%
Trustee's fee	(321)	(307)	(321)	(308)	4.2%	(642)	(615)	4.4%
Other trust expenses	(265)	(2,934)	(892)	2,086 ²	-142.8%	(1,157)	(848)	36.4%
Finance costs	(24,153)	(21,757)	(25,092) ³	(22,076)	13.7%	(49,245)	(43,833)	12.3%
Profit before tax	79,229	64,143	70,997	71,143	-0.2%	150,226	135,286	11.0%
Income tax expense	-	-	-	-		-	-	0.0%
Profit for the period	79,229	64,143	70,997	71,143	-0.2%	150,226	135,286	11.0%
Profit for the period comprises the following:								
Realised	78,736	66,732	70,045	67,130	4.3%	148,781	133,862	11.1%
Unrealised	493	(2,589)	952	4,013	-76.3%	1,445	1,424	-1.5%
	79,229	64,143	70,997	71,143	-0.2%	150,226	135,286	11.0%
No. of units in circulation (million units)	2,945	2,945	2,945	2,945	0.0%	2,945	2,945	0.0%
EPU (sen)								
- Realised	2.67	2.24	2.37	2.31	2.6%	5.04	4.55	10.8%
- Unrealised	0.02	(0.09)	0.03	0.14	-78.6%	0.05	0.05	0.0%
	2.69	2.15	2.40	2.45	-2.0%	5.09	4.60	10.7%
Proposed/declared income distribution	78,634	66,853	70,093	67,148	4.4%	148,727	134,001	11.0%
Proposed/declared DPU (sen)	2.67	2.27	2.38	2.28	4.4%	5.05	4.55	11.0%

Please refer to next page for explanatory notes.

Statement of Comprehensive Income-Consolidated (Cont'd)

Explanation:

- ¹ Higher other income in 2Q2017 mainly attributable to recognition of Court award for Sunway Putra's case of RM3.2 million. Excluding the Court award, other income would amount to RM1.9 million.
- ² Included in other trust expenses for 2Q2017 was a reclassification of fair value loss on derivative financial instruments which arose in the previous quarter, amounting to RM2.6 million, to other income. The reclassification was done as the YTD 2Q2017 net fair value on derivative financial instruments was a net gain of RM1.4 million. Excluding this reclassification, other trust expenses for 2Q2018 would amount to RM0.5 million.
- ³ Higher finance costs for 2Q2018 due to higher principal loan amount drawdown for the acquisition of Sunway REIT Industrial - Shah Alam 1, the proposed acquisition of Sunway Clio Property as well as investment in money market instrument.

Statement of Financial Position – Consolidated

	31.12.17 RM'000	30.06.17 RM'000
ASSETS		
Non-current assets		
Investment properties	6,796,012 ¹	6,689,200
Plant and equipment	9,201	9,063
	6,805,213	6,698,263
Current assets		
Trade receivables	26,697	16,821
Other receivables	37,855 ²	16,153 ³
Derivatives	- ⁴	8,112
Short term investment	84,828	-
Cash and bank balances	361,209 ⁵	100,544
	510,589	141,630
	7,315,802	6,839,893
EQUITY AND LIABILITIES		
Unitholders' funds		
Unitholders' capital	2,727,829	2,727,829
Undistributed income	1,488,308	1,483,891
	4,216,137	4,211,720
Non-current liabilities		
Borrowings	300,000	-
Long term liabilities	65,483	65,724
Deferred tax liability	5,896	5,896
Derivatives	112 ⁶	529
	371,491	72,149
Current liabilities		
Borrowings	2,504,750 ⁷	2,343,759
Trade payables	2,230	3,366
Other payables	203,852	207,422
Derivatives	17,342 ⁶	1,477
	2,728,174	2,556,024
	7,315,802	6,839,893

1 Acquisition of Sunway REIT Industrial - Shah Alam 1 of RM92.5 million, including incidental costs related to the acquisition, was completed on 1 August 2017.

2 Includes a 10% deposit of RM34.0 million for the proposed acquisition of Sunway Clio Property.

3 Derivatives in relation to cross currency swap contracts as explained in Note B15 of Quarterly Reports in Bursa Announcement.

4 Investment in money market instrument comprising 1-month commercial papers with nominal value of RM85.0 million issued by Sunway Berhad, a substantial unitholder of Sunway REIT, as per Bursa Announcements on 13 December 2017 and 29 December 2017.

5 Drawdown of RM300.0 million borrowings for the expected completion of the proposed acquisition of Sunway Clio Property in 3QFY2018.

6 Derivatives in relation to interest rate swap contracts as explained in Note B15 of Quarterly Reports in Bursa Announcement.

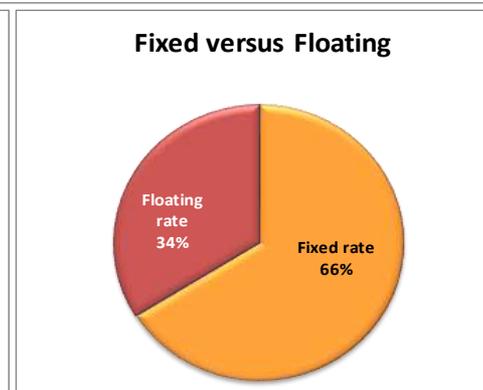
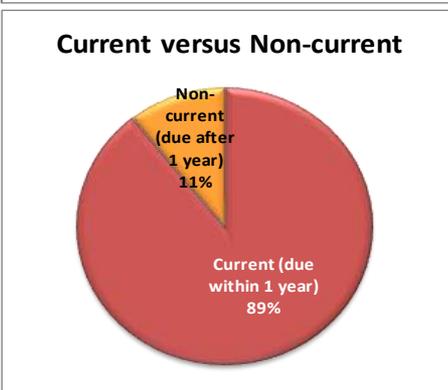
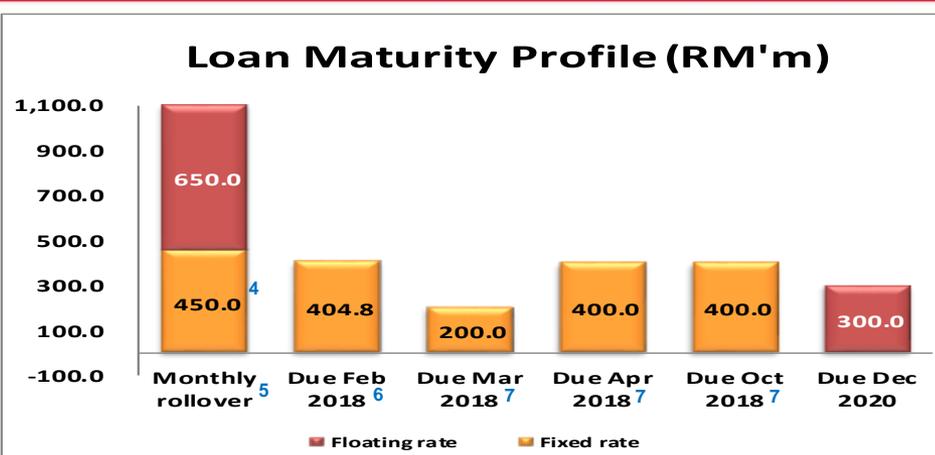
7 A commitment has been received from a financial institution for refinancing of RM1.0 billion for 5 years whilst RM1.1 billion represent amount outstanding under the Commercial Paper Programme which is fully underwritten. Additionally, USD100 million has been refinanced as per Note 6 on page 13.

Debt Profile

	Facility Limit RM'million	RM'million
Term Loan	422.0	404.8 ¹
Commercial Papers (CP) / Revolving Loan (RL)	1,100.0 ²	1,100.0 ³
Unrated MTNs	10,000.0	1,300.0
Total Gross Borrowings		2,804.8
Discount on CP		-
Total Borrowings at carrying amount		2,804.8

	RM'million
Classification of Borrowings:	
Current (due within 1 year)	2,504.8
Non-current (due after 1 year)	300.0
Total Gross Borrowings	2,804.8

Average Cost of Debt	3.93%
Average Maturity Period (Years)	0.5
Debt Service Cover Ratio (DSCR)	3.7
Gearing Ratio	38.3%



¹ Includes unrealised forex gain of RM17.2 million.

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 During the previous quarter, the balance of CP/RL has been fully drawdown to fund investing activities as explained in Note B1(c) of Quarterly Reports in Bursa Announcement.

⁴ In FY2016, Sunway REIT has converted RM450.0 million of floating rate CP/RL into fixed rate via interest rate swap contracts to manage its exposure to floating rate borrowings.

⁵ No refinancing risk as the CP Programme is fully underwritten by a local financial institution for the entire duration of the programme.

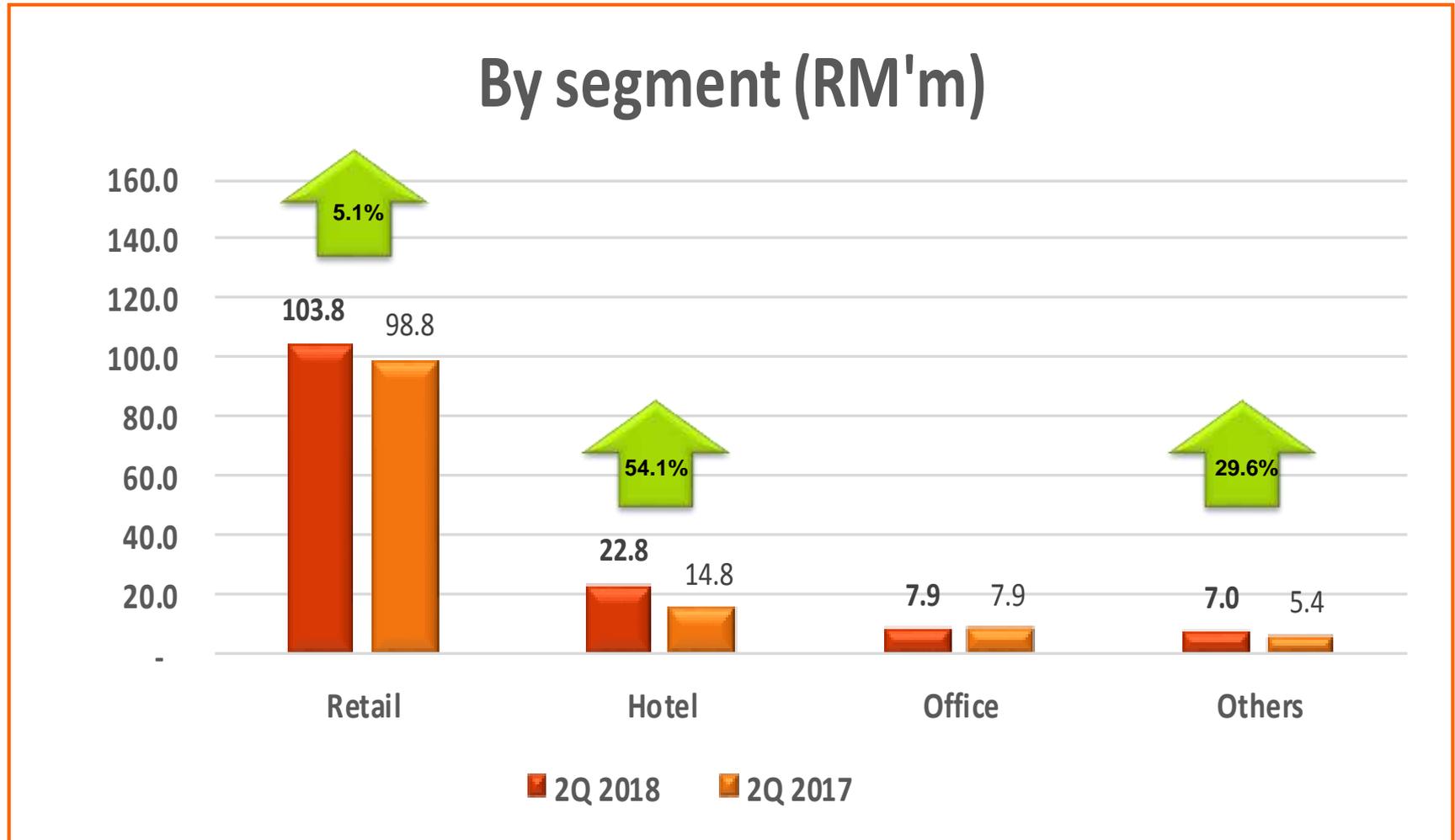
⁶ The USD100m term loan which has expired on 5 February 2018 has been refinanced with a 1-year USD100m revolving loan and is fully hedged with a 6-months cross currency swap contract.

⁷ A commitment has been received from a financial institution for refinancing for 5 years.

3. 2Q 2018 Portfolio Performance

2Q 2018 Revenue Contribution

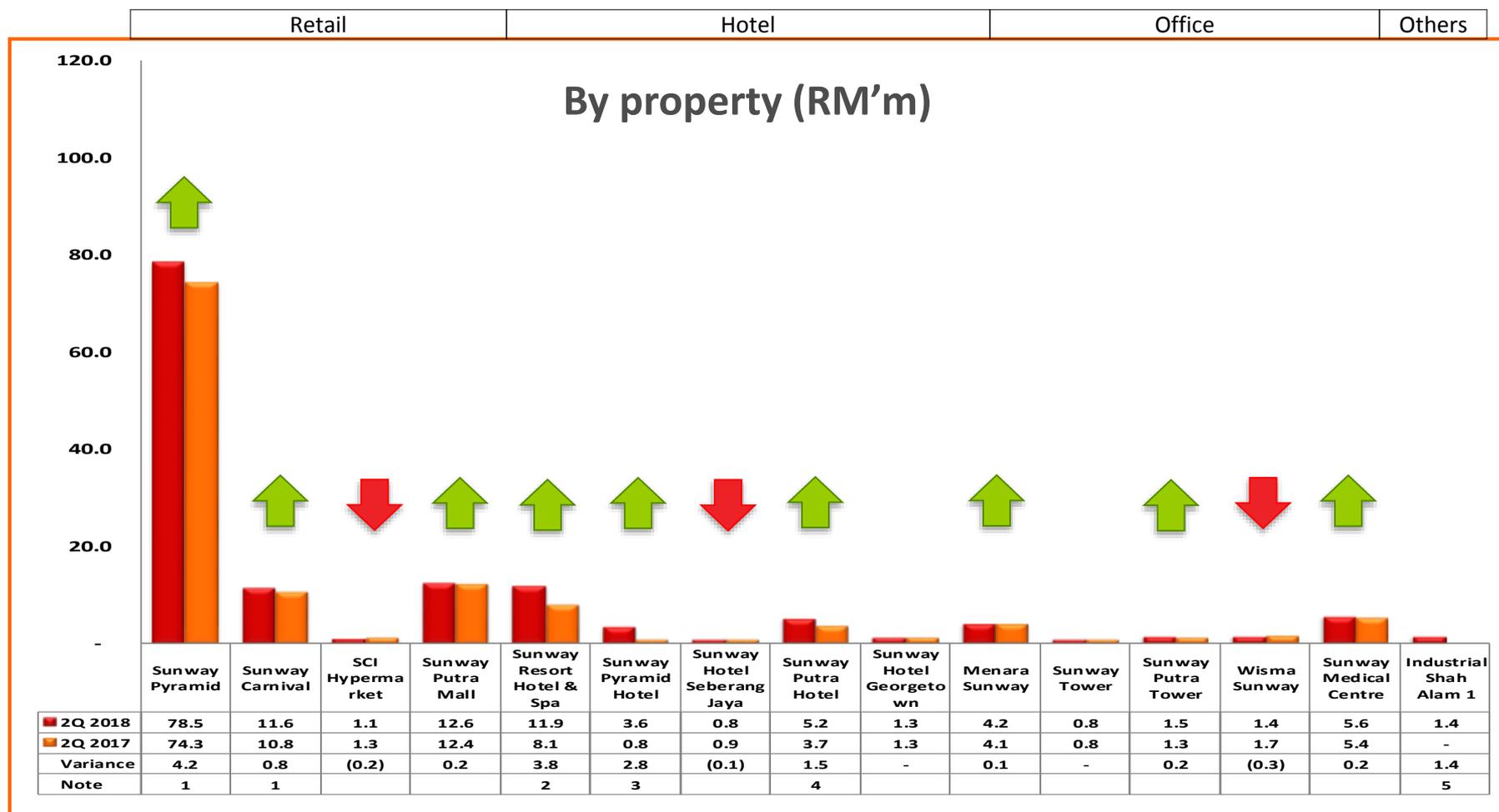
2Q 2018 (RM'million)	141.5
2Q 2017 (RM'million)	126.9



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

2Q 2018 Revenue Contribution (Cont'd)

2Q 2018 (RM'million)	141.5
2Q 2017 (RM'million)	126.9



Please refer to next page for explanatory notes.

2Q 2018 Revenue Contribution (Cont'd)

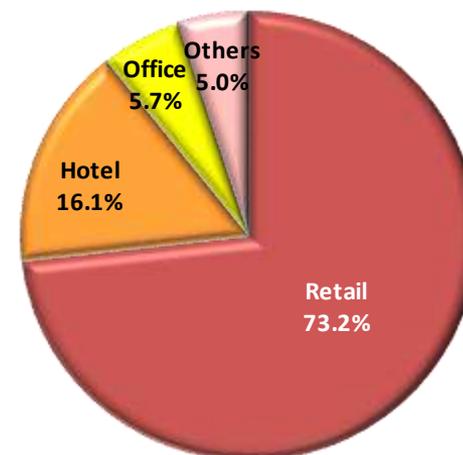
Explanation:

- 1 **Sunway Pyramid and Sunway Carnival** – Higher revenue mainly due to higher average gross rent per sq. ft..
- 2 **Sunway Resort Hotel & Spa** – Higher revenue contributed by higher F&B revenue (mainly from meetings and functions), but partially offset by lower average occupancy rate on the back of softer demand from the leisure segment and one-off large group events in the same period in the preceding year.
- 3 **Sunway Pyramid Hotel** – Registered gross revenue of RM3.6 million following the full completion of its refurbishment in June 2017.
- 4 **Sunway Putra Hotel** – Recorded higher gross revenue by RM1.5 million mainly attributable to higher average daily rate ("ADR") with stronger demand from the corporate segment.
- 5 **Sunway REIT Industrial – Shah Alam 1** – New contribution as acquisition was completed on 1 August 2017.

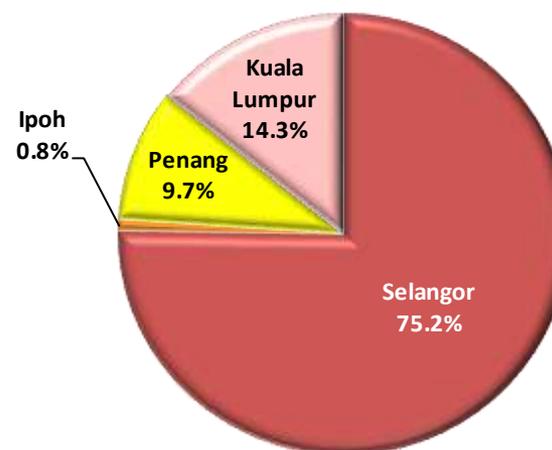
2Q 2018 Revenue Contribution (Cont'd)

By Property	2Q 2018 %
Sunway Pyramid	55.3%
Sunway Carnival	8.2%
SCI Hypermarket	0.8%
Sunway Putra Mall	8.9%
Total Retail	73.2%
Sunway Resort Hotel & Spa	8.4%
Sunway Pyramid Hotel	2.5%
Sunway Hotel Seberang Jaya	0.6%
Sunway Putra Hotel	3.7%
Sunway Hotel Georgetown	0.9%
Total Hotel	16.1%
Menara Sunway	3.0%
Sunway Tower	0.6%
Sunway Putra Tower	1.1%
Wisma Sunway	1.0%
Total Office	5.7%
Sunway Medical Centre	4.0%
Industrial Shah Alam 1	1.0%
Total Others	5.0%
	100.0%

By segment



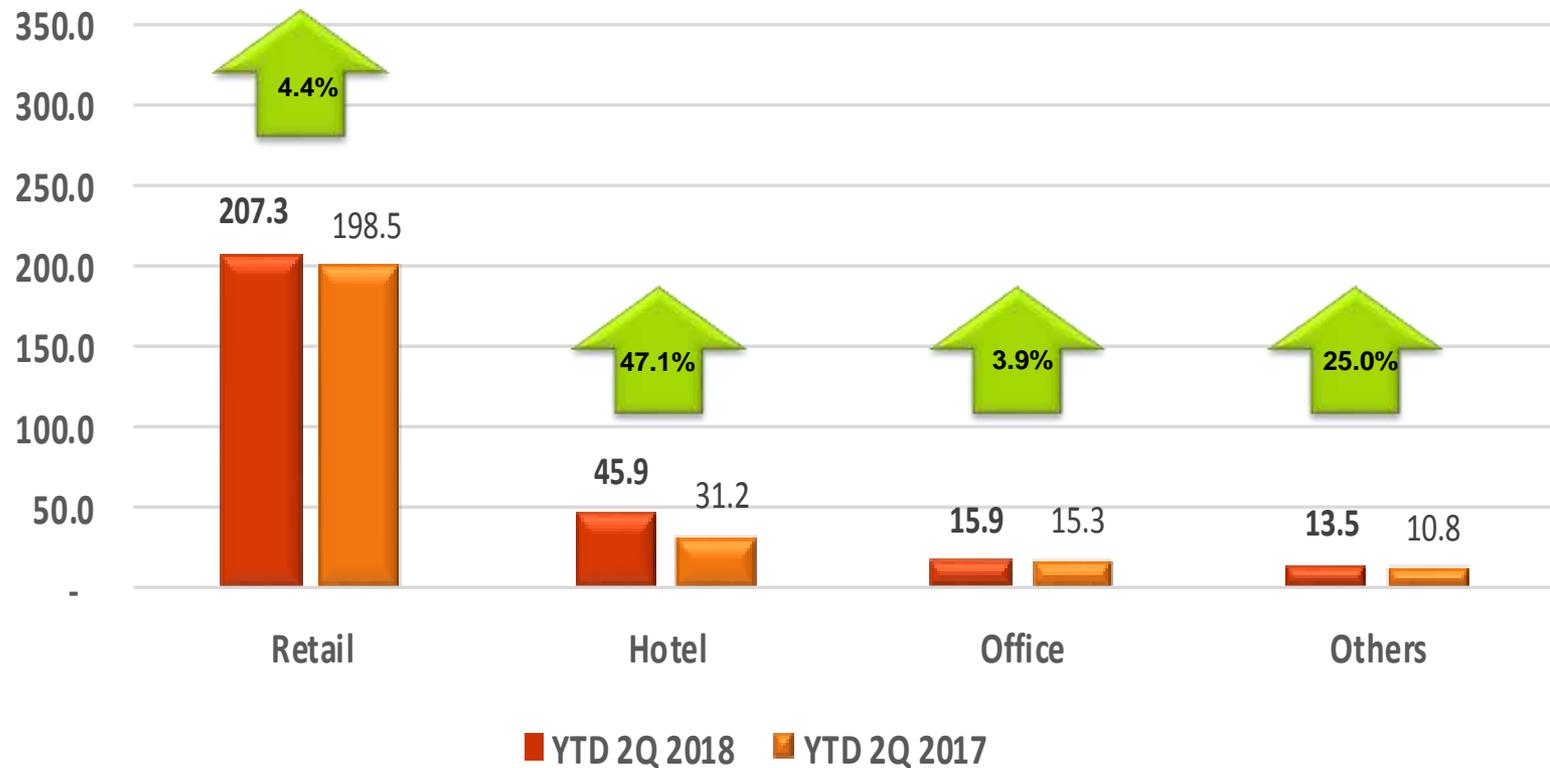
By location



YTD 2Q 2018 Revenue Contribution

YTD 2Q 2018 (RM'million)	282.6
YTD 2Q 2017 (RM'million)	255.8

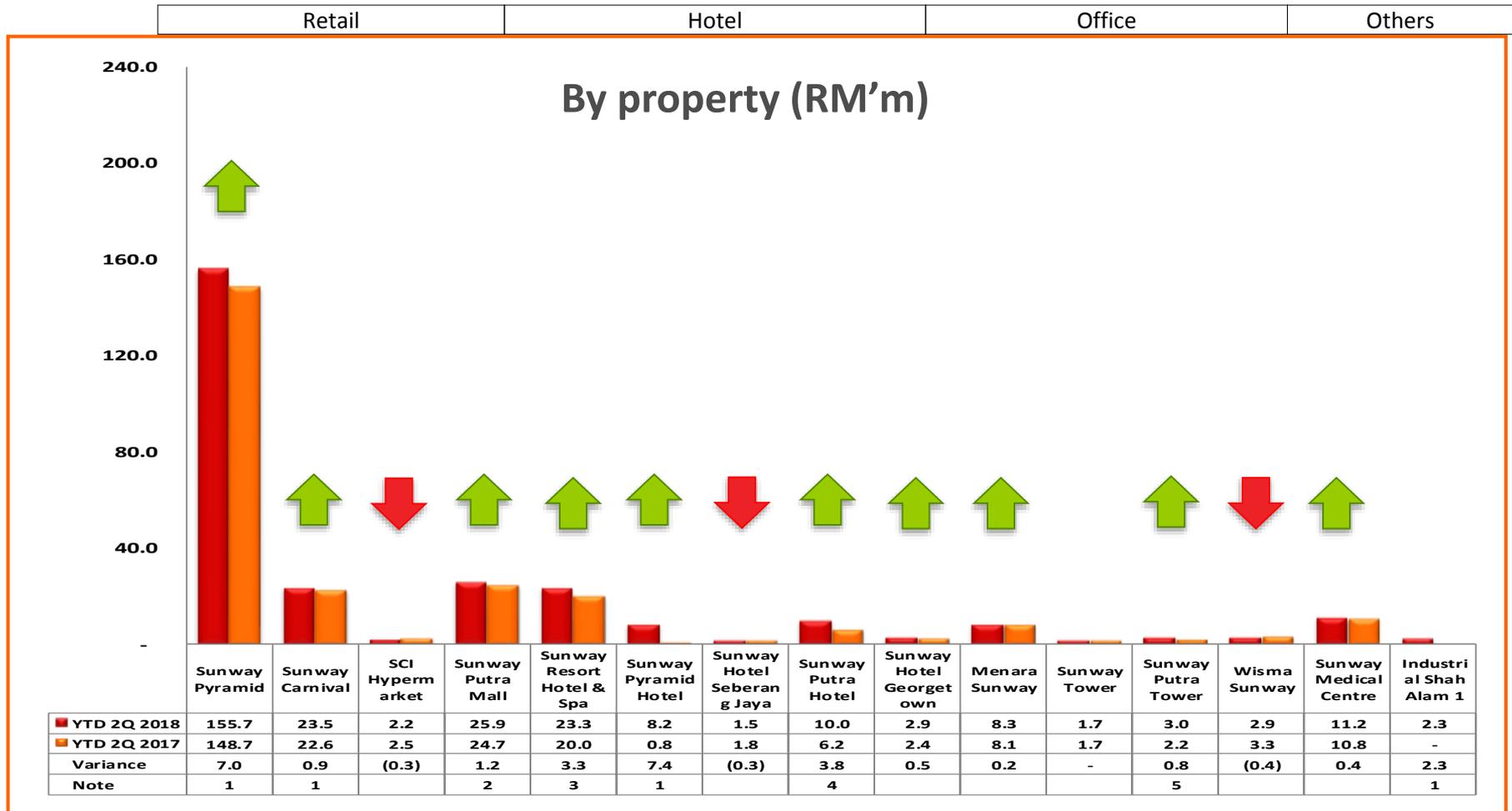
By segment (RM'm)



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

YTD 2Q 2018 Revenue Contribution (Cont'd)

YTD 2Q 2018 (RM'million)	282.6
YTD 2Q 2017 (RM'million)	255.8



Please refer to next page for explanatory notes.

YTD 2Q 2018 Revenue Contribution (Cont'd)

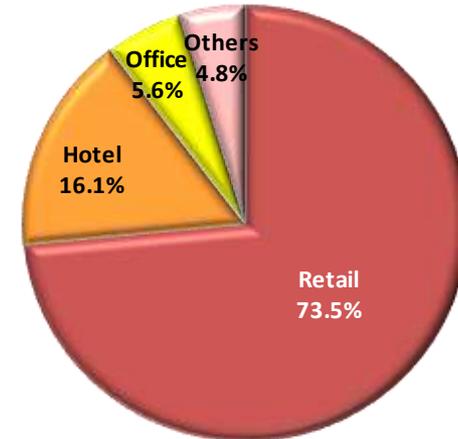
Explanation:

- 1 Sunway Pyramid, Sunway Carnival, Sunway Pyramid Hotel and Sunway REIT Industrial – Shah Alam 1** – Explanations as per page 17.
- 2 Sunway Putra Mall** – Higher revenue mainly due to lower rental rebates given.
- 3 Sunway Resort Hotel & Spa** – Higher revenue contributed by higher F&B revenue (mainly from meetings and functions), but partially offset by lower average occupancy rate on the back of softer demand from the leisure segment and one-off large group events in the same period in the preceding year.
- 4 Sunway Putra Hotel** – Registered higher gross revenue attributable to both higher average occupancy rate and ADR with one-off contribution from the SEA Games and ASEAN PARA Games in 1Q2018, coupled with stronger corporate demand in 2Q2018.
- 5 Sunway Putra Tower** – Higher revenue due to higher average occupancy rate.

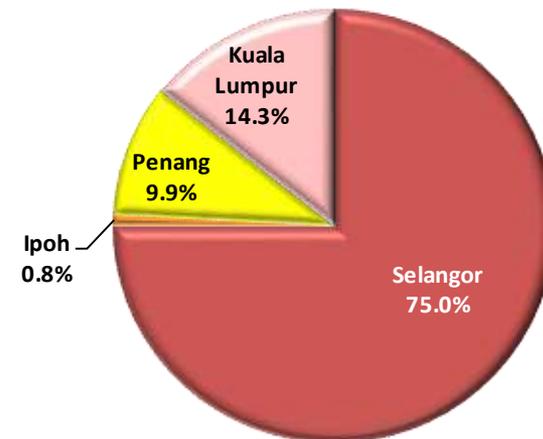
YTD 2Q 2018 Revenue Contribution (Cont'd)

By Property	YTD 2Q 2018 %
Sunway Pyramid	55.2%
Sunway Carnival	8.3%
SCI Hypermarket	0.8%
Sunway Putra Mall	9.2%
Total Retail	73.5%
Sunway Resort Hotel & Spa	8.2%
Sunway Pyramid Hotel	2.9%
Sunway Hotel Seberang Jaya	0.5%
Sunway Putra Hotel	3.5%
Sunway Hotel Georgetown	1.0%
Total Hotel	16.1%
Menara Sunway	2.9%
Sunway Tower	0.6%
Sunway Putra Tower	1.1%
Wisma Sunway	1.0%
Total Office	5.6%
Sunway Medical Centre	4.0%
Industrial Shah Alam 1	0.8%
Total Others	4.8%
	100.0%

By segment

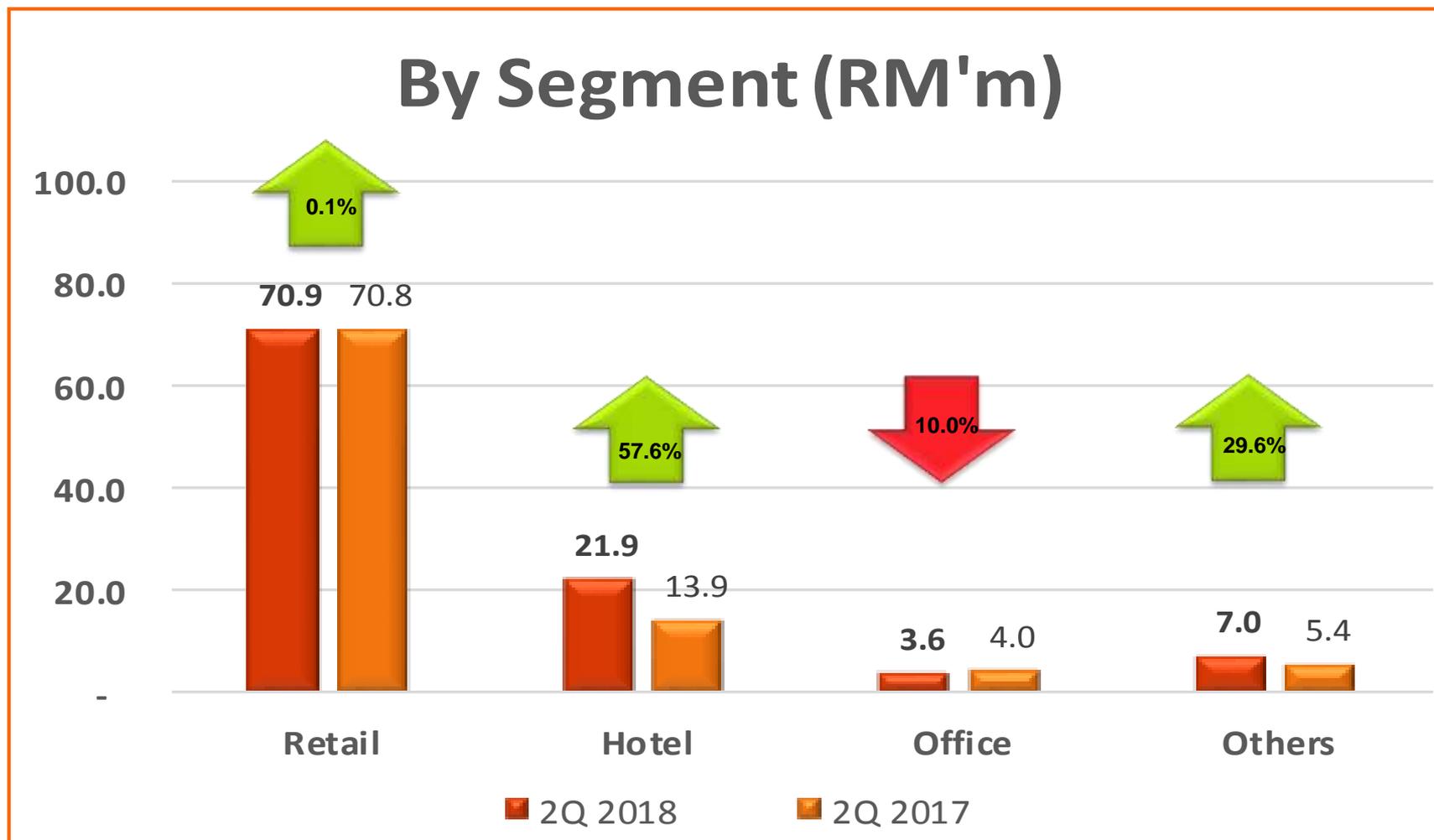


By location



2Q 2018 NPI Contribution

	<u>NPI</u>	<u>Margin</u>
2Q 2018 (RM'million)	103.4	73.1%
2Q 2017 (RM'million)	94.1	74.2%



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

2Q 2018 NPI Contribution (Cont'd)

	<u>NPI</u>	<u>Margin</u>
2Q 2018 (RM'million)	103.4	73.1%
2Q 2017 (RM'million)	94.1	74.2%



Please refer to next page for explanatory notes.

2Q 2018 NPI Contribution (Cont'd)

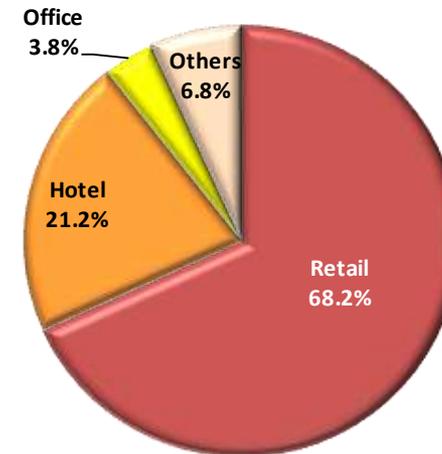
Explanation:

- Sunway Pyramid** – NPI increased by RM1.4 million despite higher revenue of RM4.2 million partially offset by higher maintenance cost of RM1.2 million and allowance for doubtful debts of RM0.5 million (as compared to a reversal of doubtful debts of RM0.6 million in 2Q2017).
- Sunway Putra Mall** – NPI fell RM1.0 million despite higher revenue of RM0.2 million mainly due to higher maintenance cost of RM0.4 million and higher allowance of doubtful debts (as compared to a reversal of allowance for doubtful debts in 2Q2017).
- Sunway Resort Hotel & Spa, Sunway Pyramid Hotel, Sunway Putra Hotel and Sunway REIT Industrial – Shah Alam 1** – Higher NPI due to higher revenue as explained on page 17.

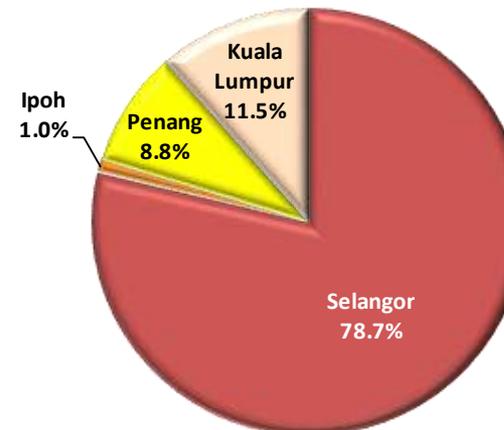
2Q 2018 NPI Contribution (Cont'd)

By Property	2Q 2018 %
Sunway Pyramid	54.3%
Sunway Carnival	6.8%
SCI Hypermarket	1.0%
Sunway Putra Mall	6.1%
Total Retail	68.2%
Sunway Resort Hotel & Spa	11.1%
Sunway Pyramid Hotel	3.4%
Sunway Hotel Seberang Jaya	0.7%
Sunway Putra Hotel	4.7%
Sunway Hotel Georgetown	1.3%
Total Hotel	21.2%
Menara Sunway	2.4%
Sunway Tower	0.0%
Sunway Putra Tower	0.7%
Wisma Sunway	0.7%
Total Office	3.8%
Sunway Medical Centre	5.4%
Industrial Shah Alam 1	1.4%
Total Others	6.8%
	100.0%

By segment



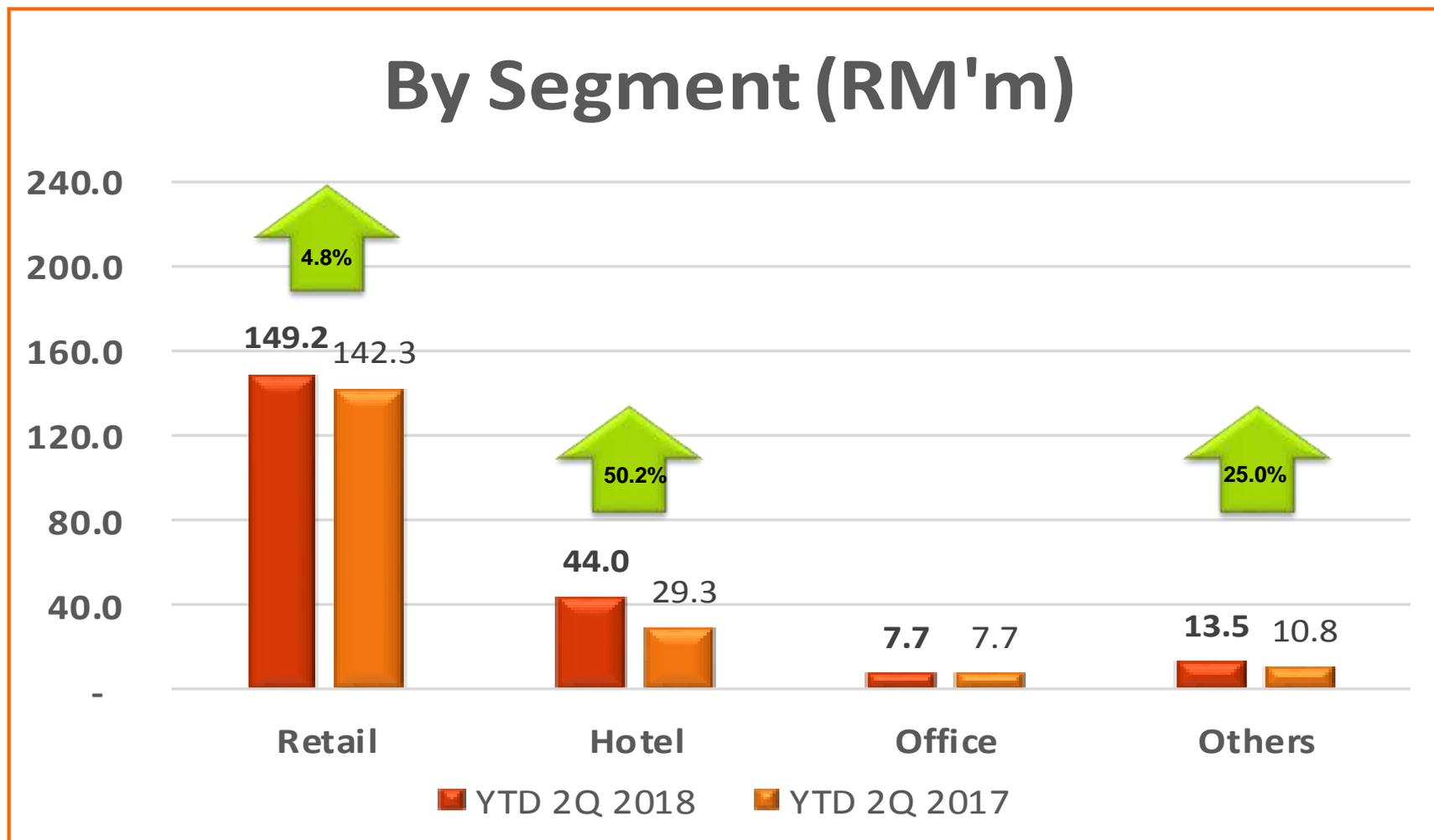
By location



YTD 2Q 2018 NPI Contribution

	<u>NPI</u>	<u>Margin</u>
YTD 2Q 2018 (RM'million)	214.4	75.9%
YTD 2Q 2017 (RM'million)	190.1	74.3%

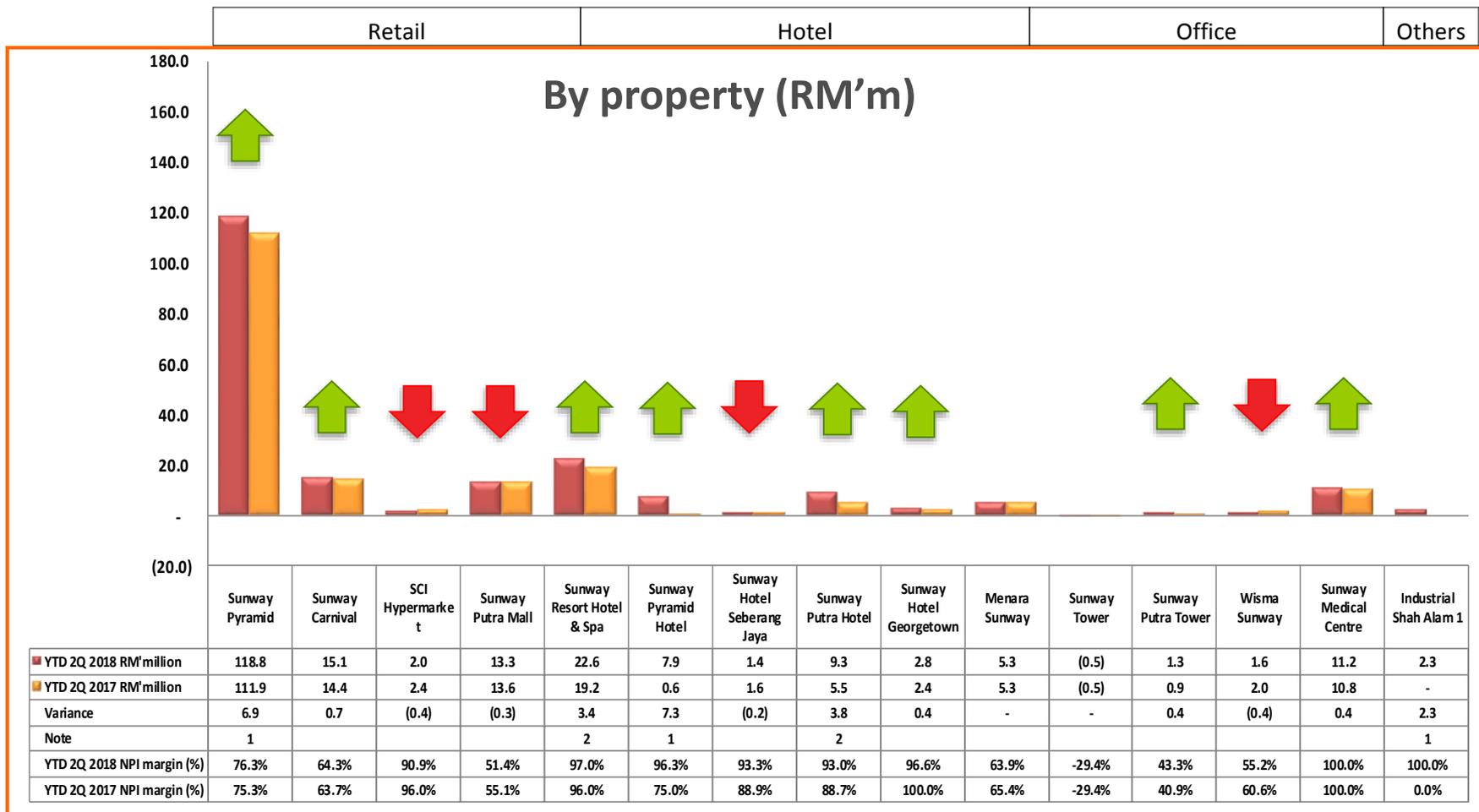
By Segment (RM'm)



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

YTD 2Q 2018 NPI Contribution (Cont'd)

	NPI	Margin
 YTD 2Q 2018 (RM'million)	214.4	75.9%
 YTD 2Q 2017 (RM'million)	190.1	74.3%



Please refer to next page for explanatory notes.

YTD 2Q 2018 NPI Contribution (Cont'd)

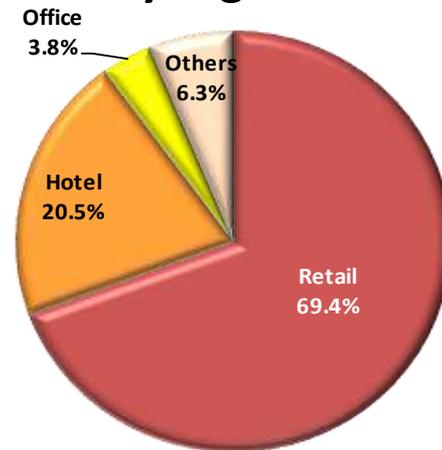
Explanation:

- 1 Sunway Pyramid, Sunway Pyramid Hotel and Sunway REIT Industrial – Shah Alam 1** – Higher NPI due to higher revenue as explained on page 17.
- 2 Sunway Resort Hotel & Spa and Sunway Putra Hotel** – Higher NPI due to higher revenue as explained on page 21.

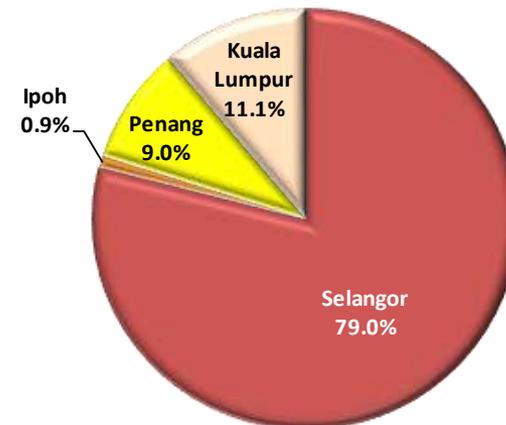
YTD 2Q 2018 NPI Contribution (Cont'd)

By Property	YTD 2Q 2018 %
Sunway Pyramid	55.3%
Sunway Carnival	7.0%
SCI Hypermarket	0.9%
Sunway Putra Mall	6.2%
Total Retail	69.4%
Sunway Resort Hotel & Spa	10.5%
Sunway Pyramid Hotel	3.7%
Sunway Hotel Seberang Jaya	0.7%
Sunway Putra Hotel	4.3%
Sunway Hotel Georgetown	1.3%
Total Hotel	20.5%
Menara Sunway	2.5%
Sunway Tower	0.0%
Sunway Putra Tower	0.6%
Wisma Sunway	0.7%
Total Office	3.8%
Sunway Medical Centre	5.2%
Industrial Shah Alam 1	1.1%
Total Others	6.3%
	100.0%

By segment



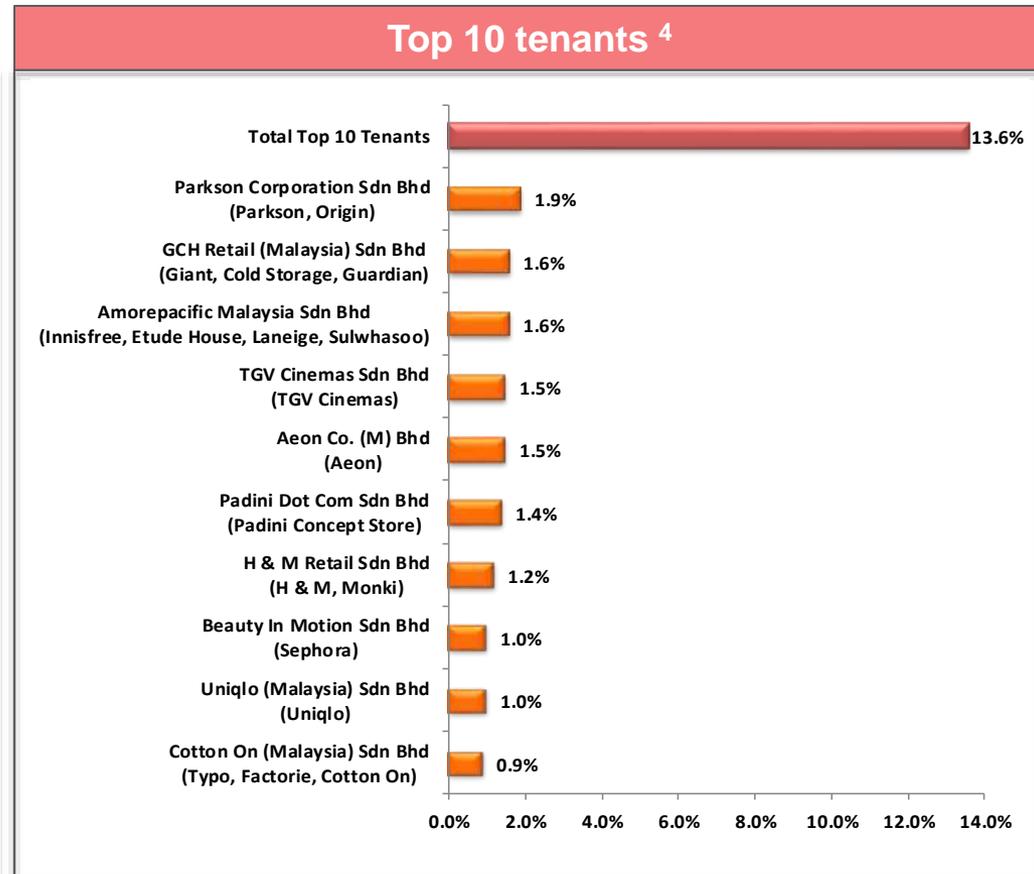
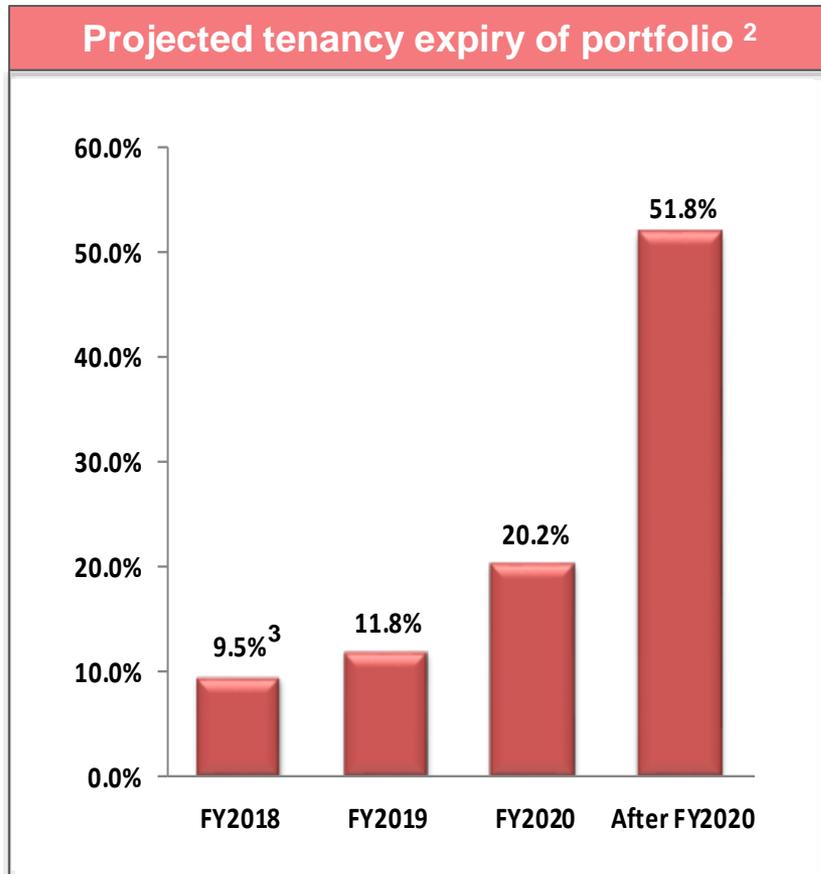
By location



Resilient Income Stream

WALE ¹ as at 31 December 2017 – 1.90 years

Top 10 tenants contribute approximately 13.6% of total revenue



¹ Calculated based on gross rental income.

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

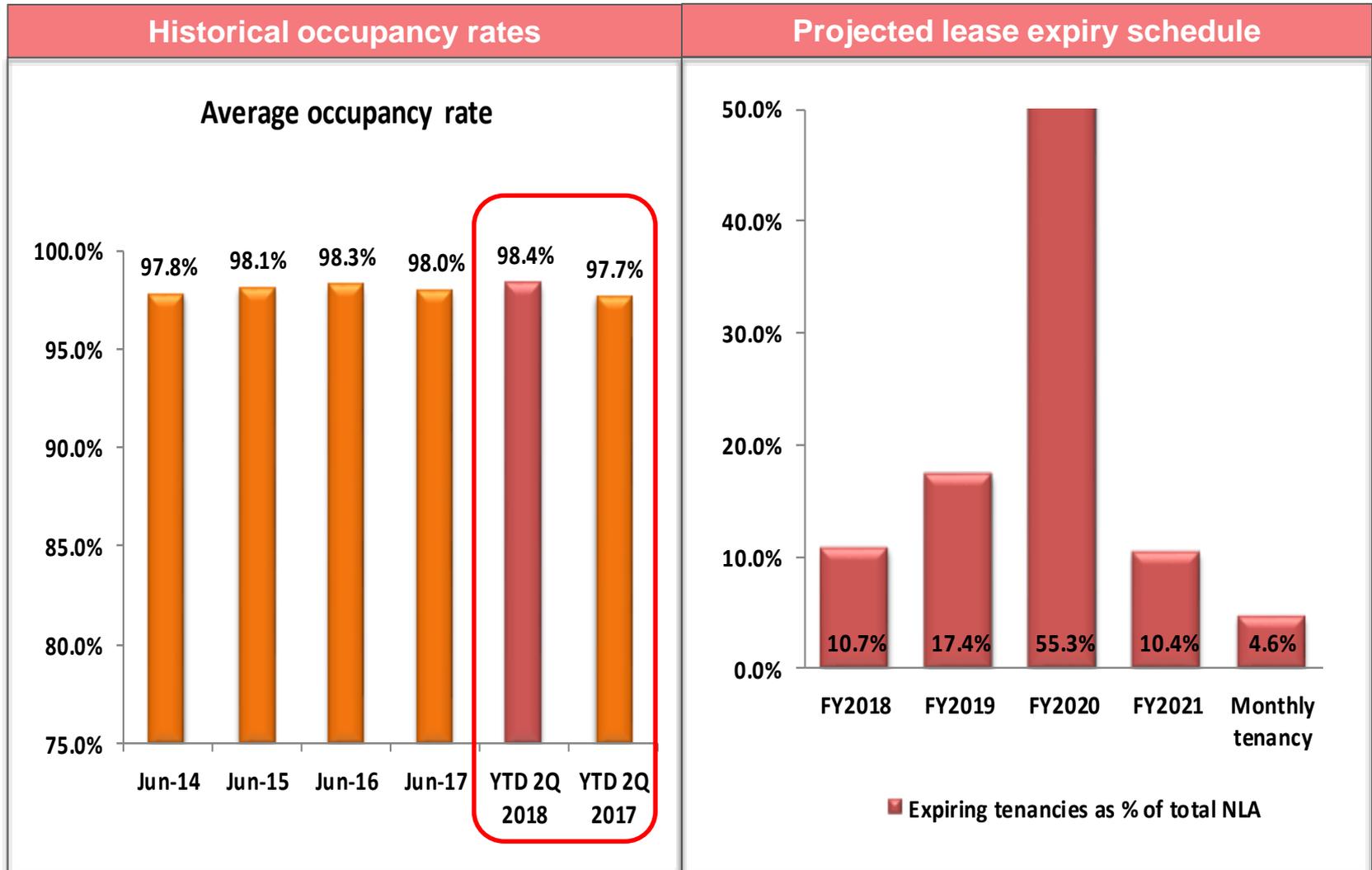
³ Include monthly tenancies occupying 1.1% of total space.

⁴ Based on gross rental income for the month of December 2017 (exclude Hotel Leases, Hospital Lease, Industrial Property Lease and car park tenancies).

4. 2Q 2018 Property Performance

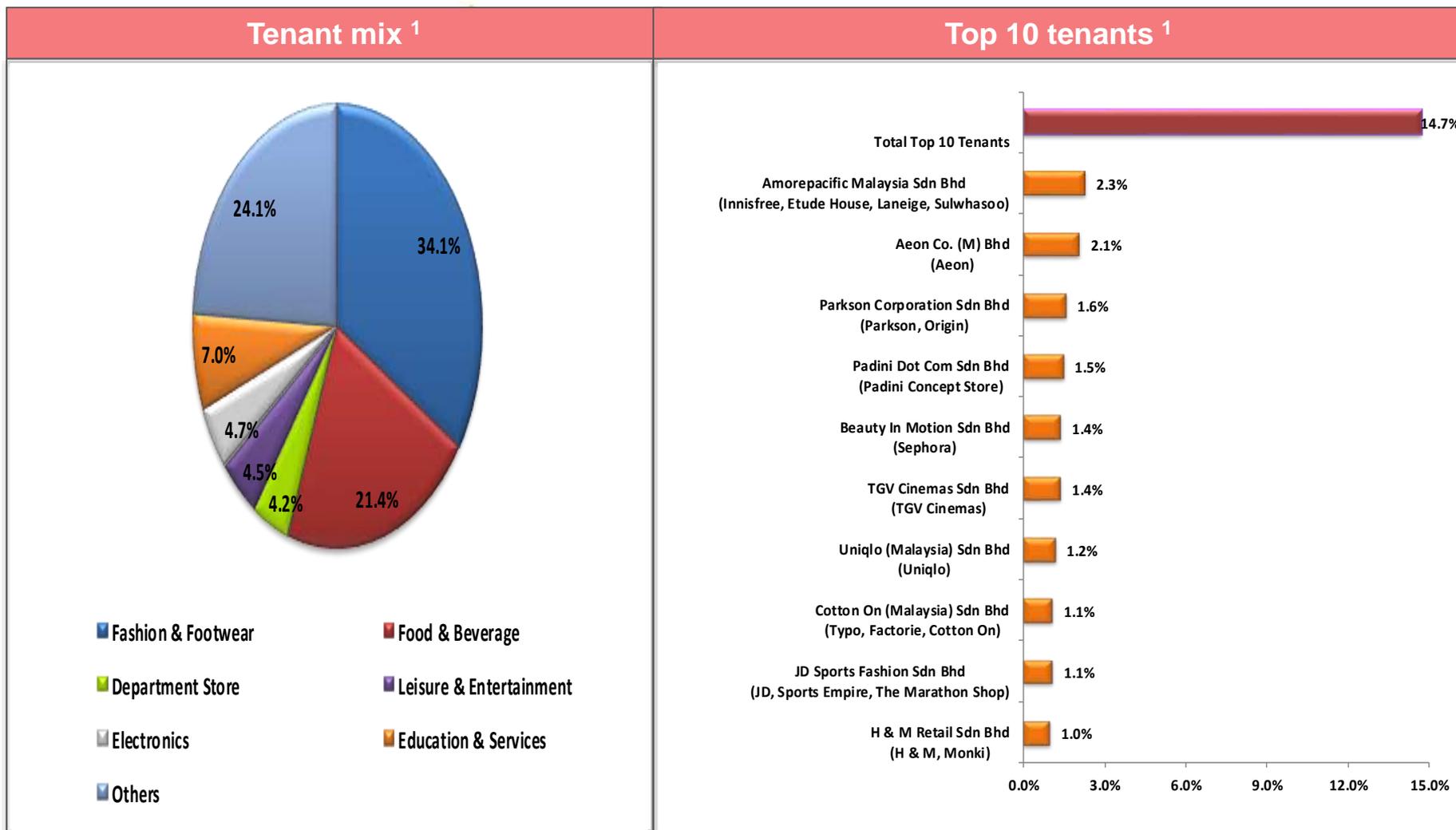
RETAIL PROPERTIES

SUNWAY PYRAMID SHOPPING MALL



RETAIL PROPERTIES

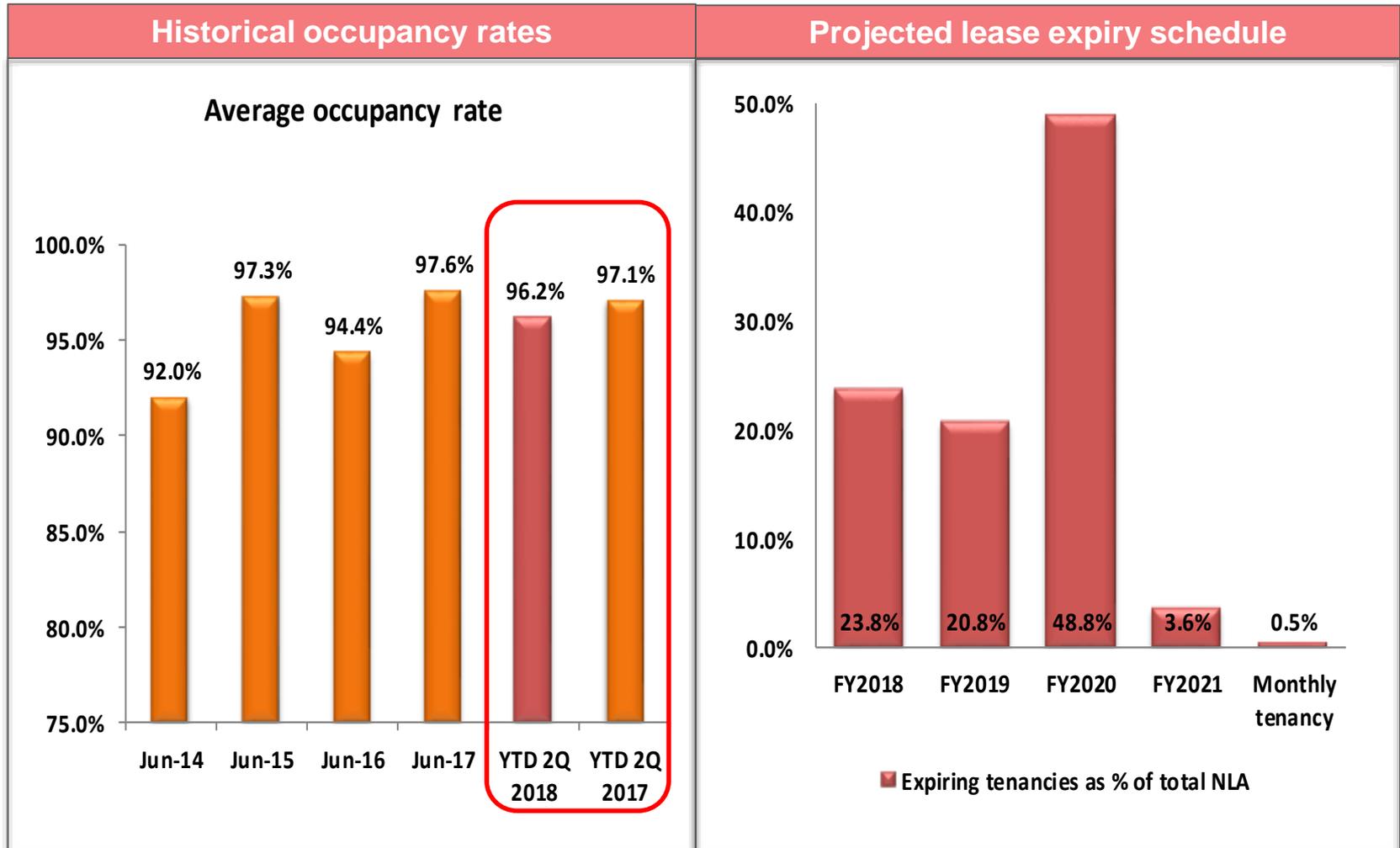
SUNWAY PYRAMID SHOPPING MALL (Cont'd)



¹ Based on gross rental income for the month of December 2017.

RETAIL PROPERTIES

SUNWAY CARNIVAL SHOPPING MALL

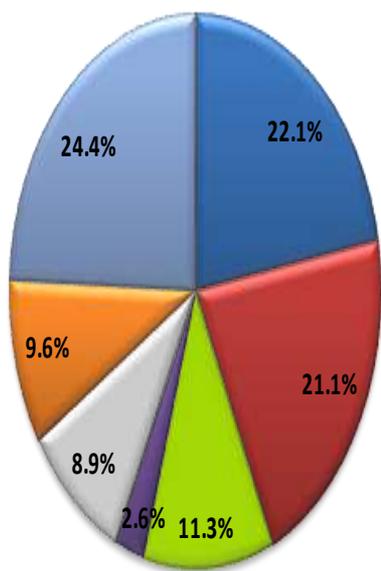


Average occupancy rate for YTD2Q2018 was lower compared to YTD2Q2017 due to a 1.5 months vacancy for the convention centre space. Sunway Hotel (Seberang Jaya) Sdn Bhd's tenancy for the convention centre expired on 30 June 2017 and the new tenant, PECC Sdn Bhd, commenced its operations in August 2017. The occupancy rate as at 31 December 2017 stood at 97.5%.

RETAIL PROPERTIES

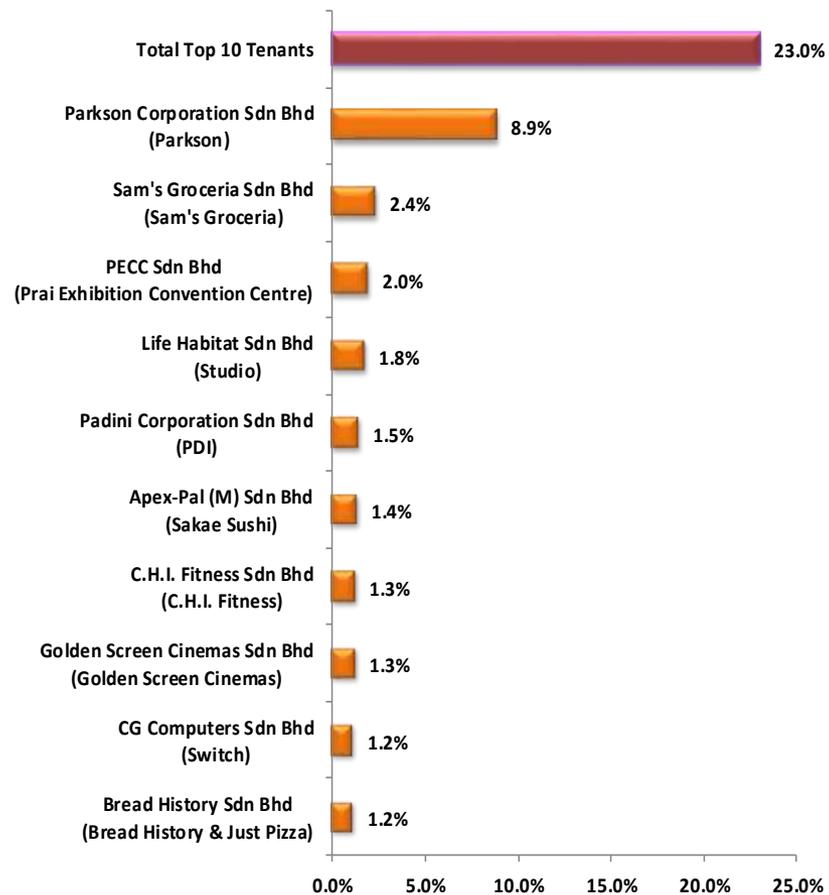
SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix ¹



- Fashion & Footwear
- Food & Beverage
- Departmental Store
- Leisure & Entertainment
- Electronics
- Education & Services
- Others

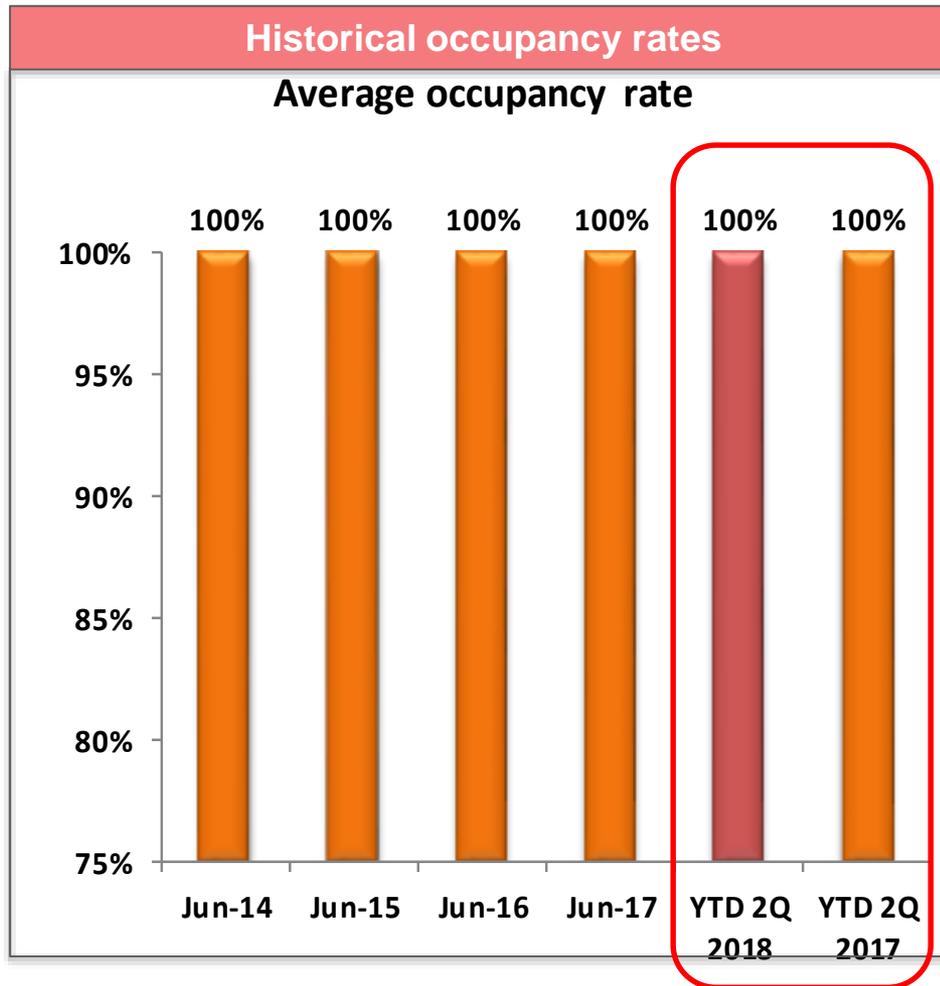
Top 10 tenants ¹



¹ Based on gross rental income for the month of December 2017.

RETAIL PROPERTIES

SUNCITY IPOH HYPERMARKET

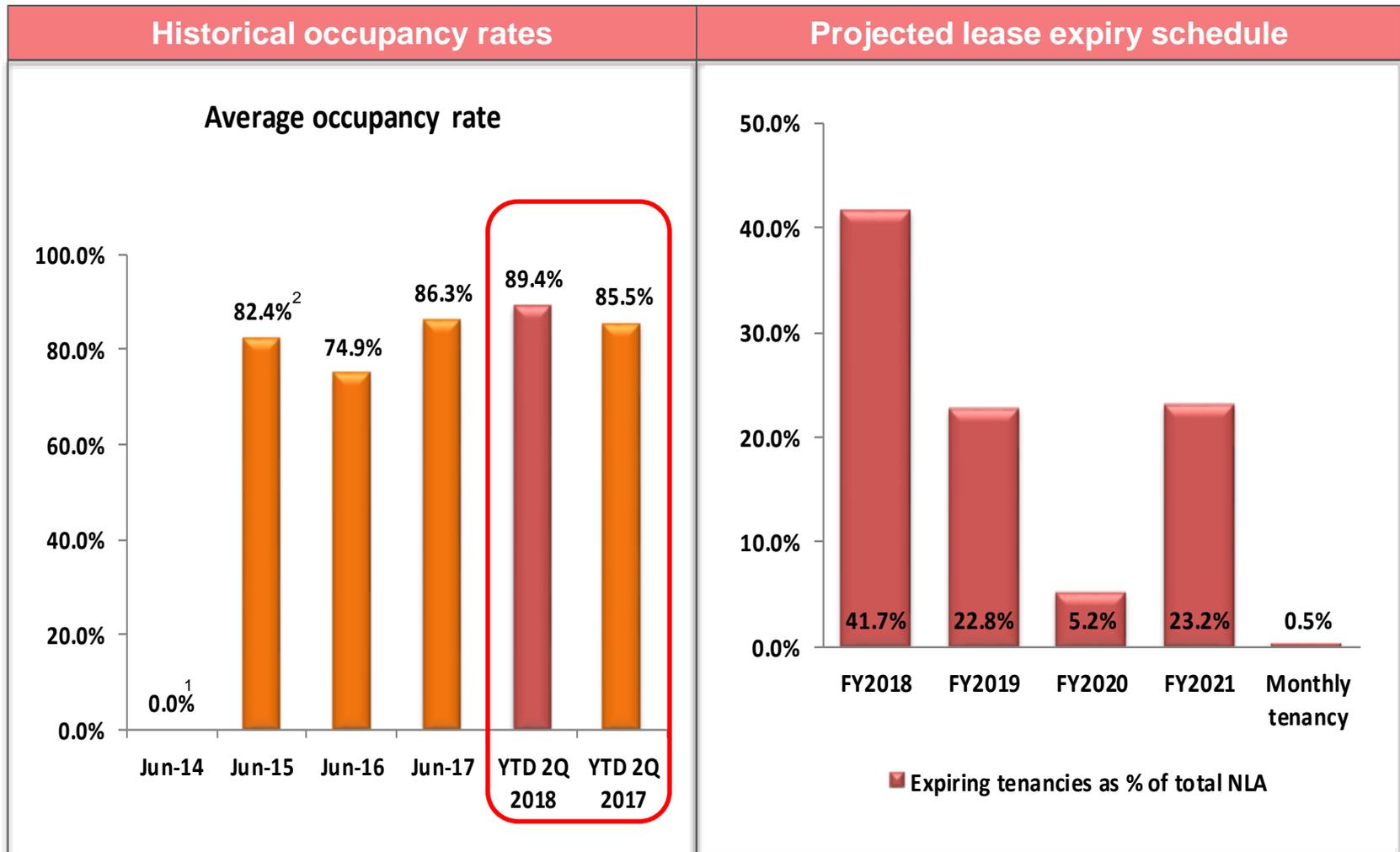


Suncity Ipoh Hypermarket is tenanted to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand.

The next renewal for the tenancy is in April 2020.

RETAIL PROPERTIES

SUNWAY PUTRA MALL



¹ Sunway Putra Mall was closed for refurbishment from May 2013 to May 2015 and re-opened on 28 May 2015.

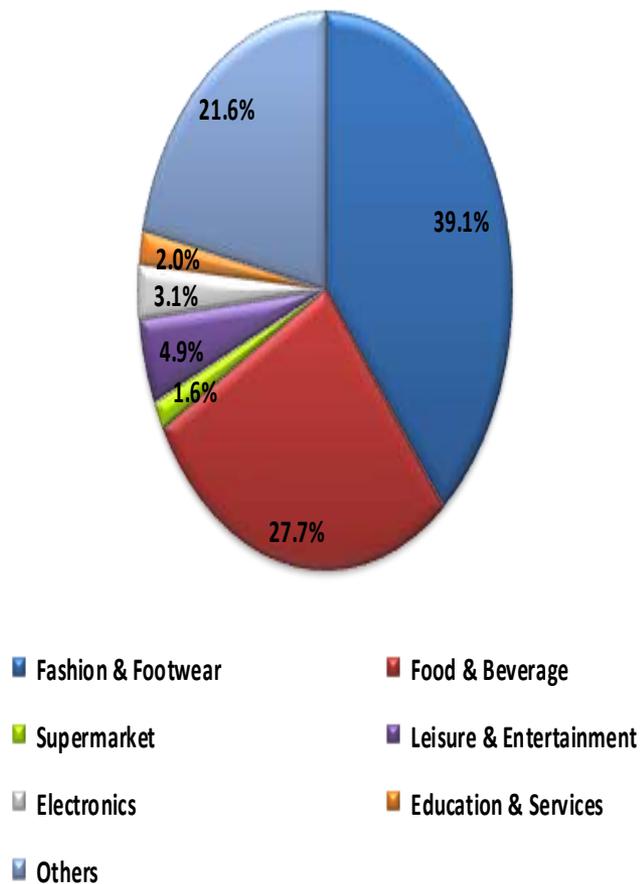
² Based on secured occupancy.

The occupancy rate as at 31 December 2017 stood at 93.4%.

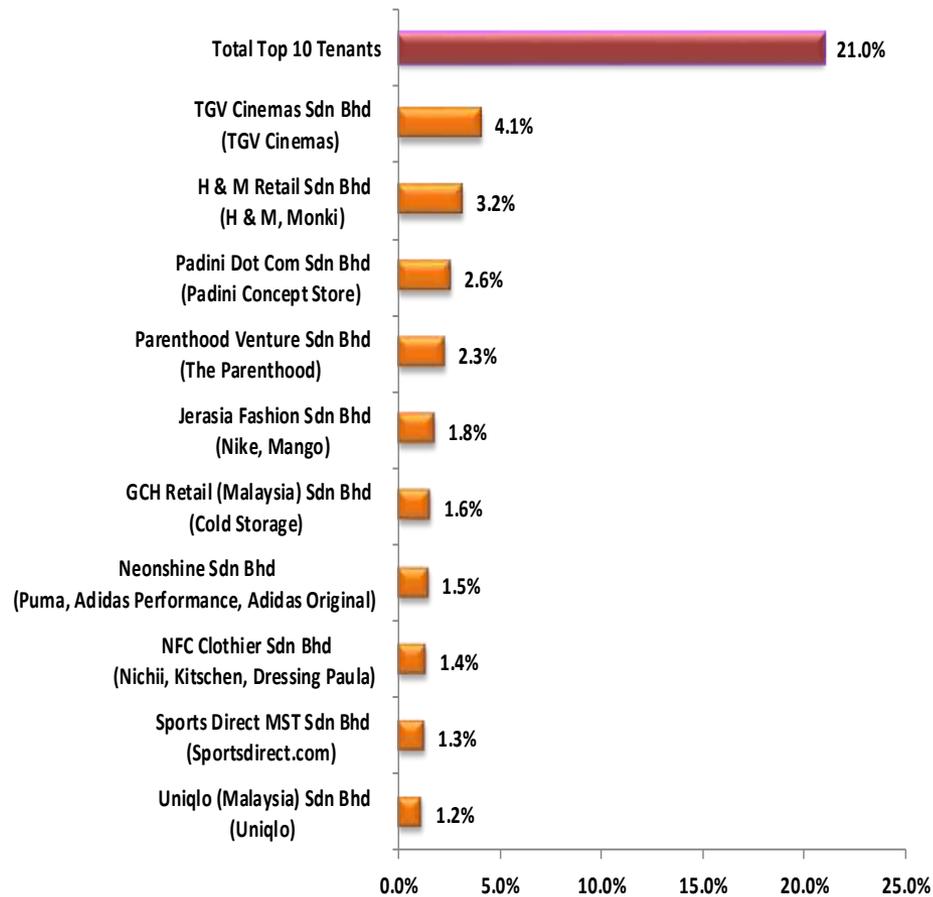
RETAIL PROPERTIES

SUNWAY PUTRA MALL (Cont'd)

Tenant mix ¹



Top 10 tenants ¹



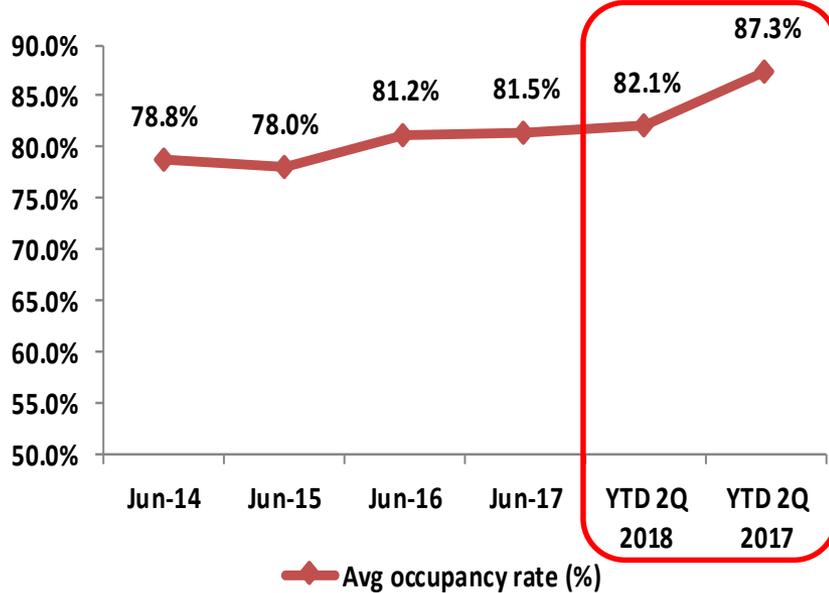
¹ Based on gross rental income for the month of December 2017.

HOSPITALITY PROPERTIES

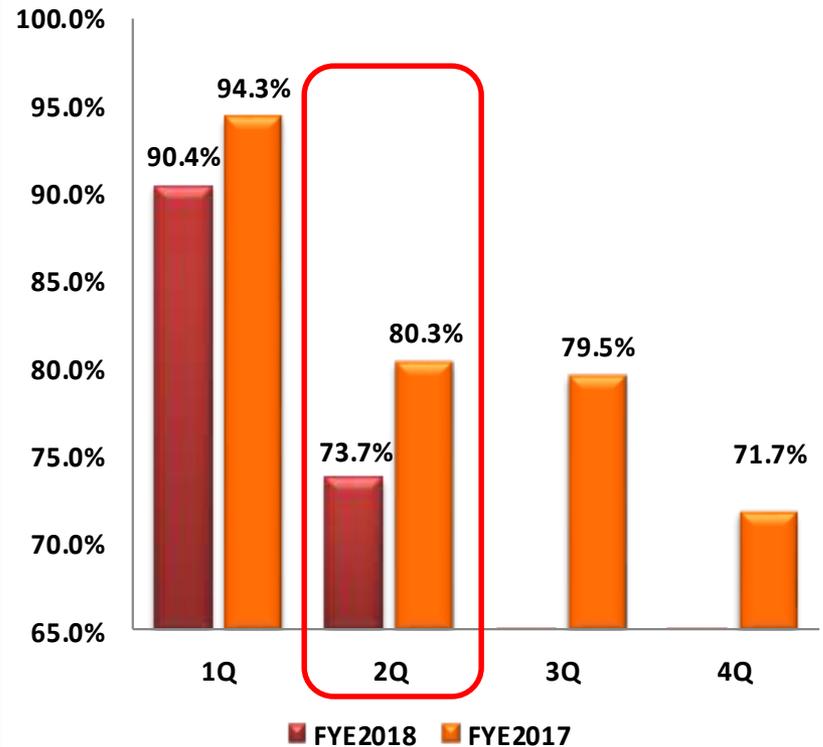
SUNWAY RESORT HOTEL & SPA

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	28.7%
Leisure	71.3%

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

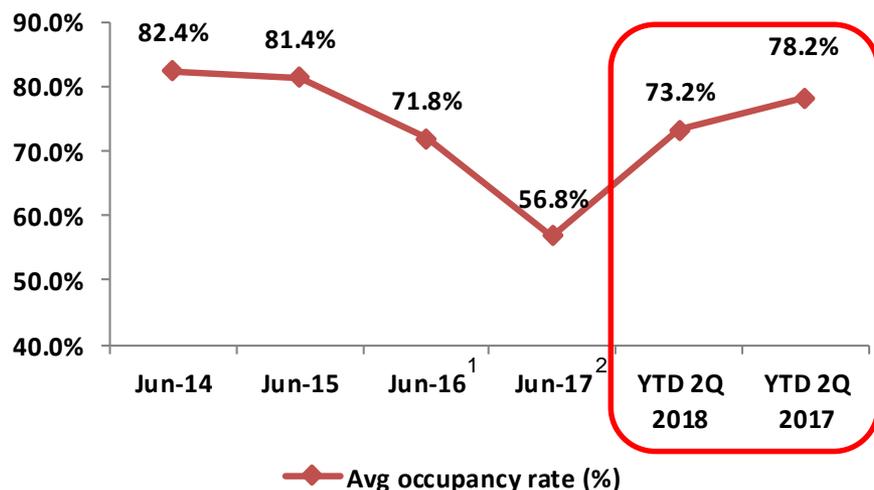
Note 2: Sunway Resort Hotel & Spa recorded a lower average occupancy rate for 2Q2018 on the back of softer demand from the leisure segment and one-off large group events in the same period in the preceding year

HOSPITALITY PROPERTIES

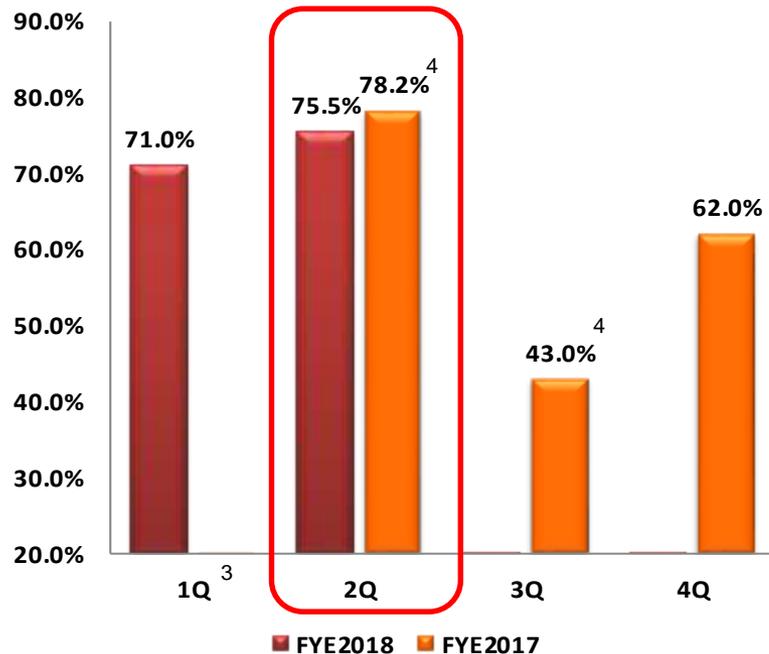
SUNWAY PYRAMID HOTEL

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	44.8%
Leisure	55.2%

¹ Jun-16 is computed up to March 2016 prior to full closure for refurbishment.

² Jun-17 is computed based on available rooms from November 2016 with the re-opening of the hotel on a progressive basis and the refurbishment was completed in June 2017.

³ There is no comparative figure for 1Q2017 as the hotel was fully closed for refurbishment.

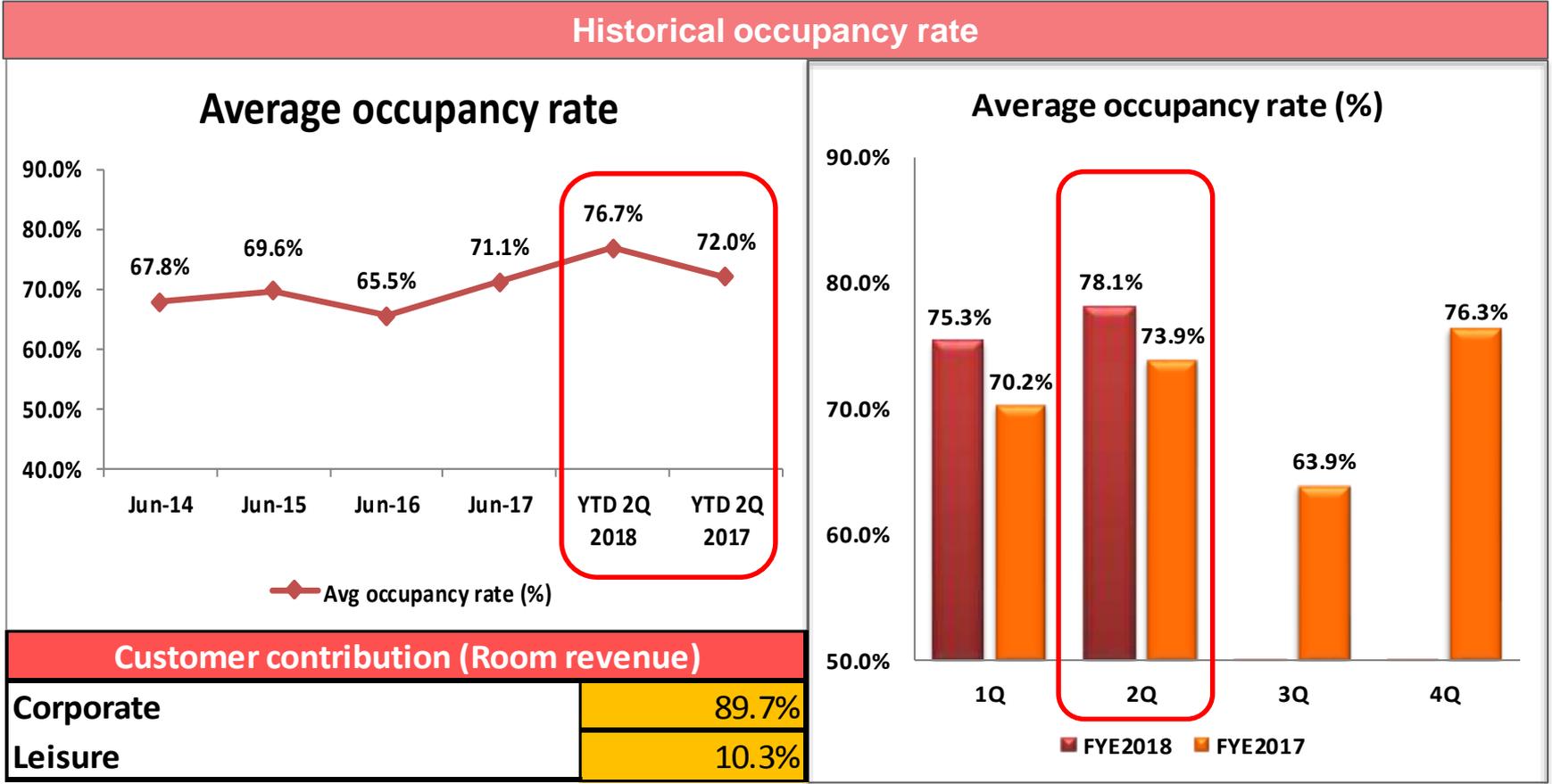
⁴ Average occupancy based on available rooms (as at 2Q2017 : 316 rooms and as at 3Q2017 : 395 rooms).

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

Note 2: Sunway Pyramid Hotel registered a lower average occupancy rate in 2Q2018 mainly attributable to softer leisure demand during the quarter.

HOSPITALITY PROPERTIES

SUNWAY HOTEL SEBERANG JAYA



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

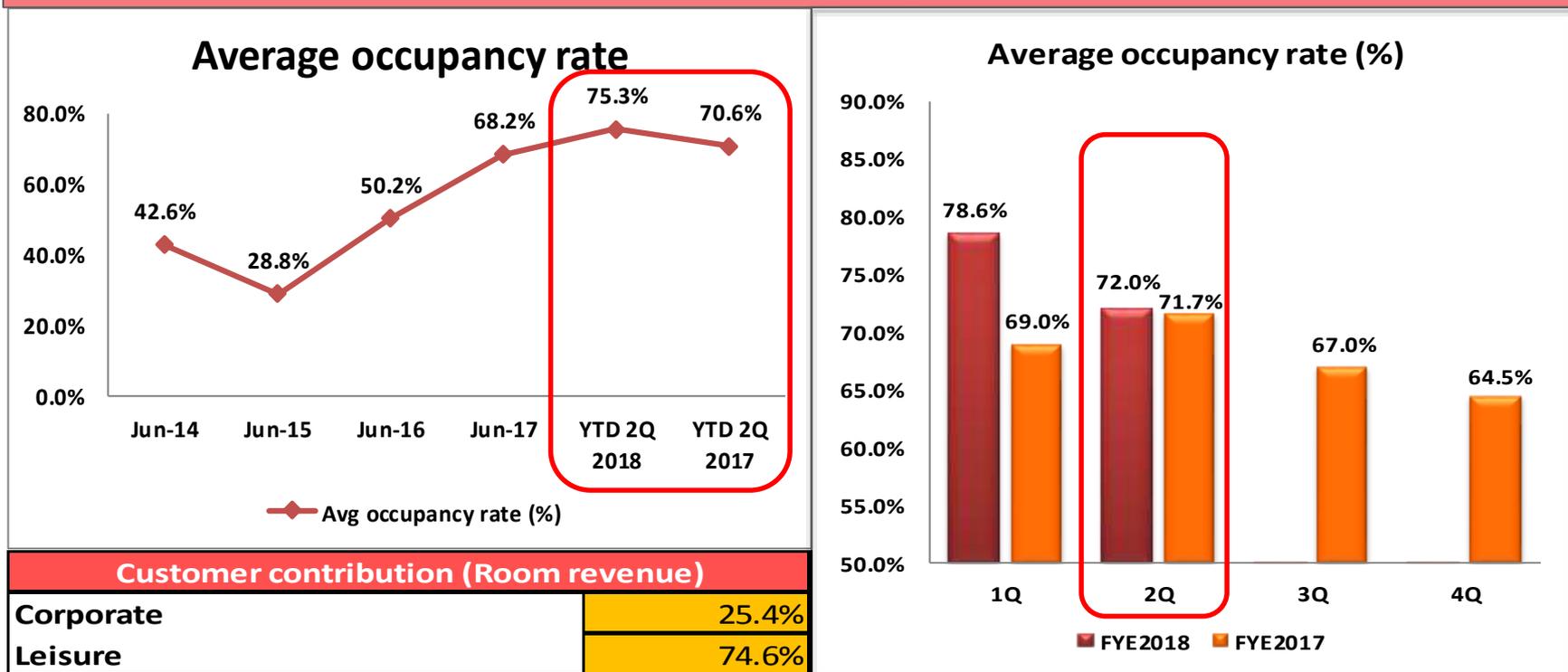
Note 2: Average occupancy rate for 2Q2018 was higher compared to 2Q2017 attributed to the tactical strategy employed to achieve better occupancy in view of softer demand from the corporate segment and increased competition from the other hotels in Penang.



HOSPITALITY PROPERTIES

SUNWAY PUTRA HOTEL

Historical occupancy rate



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.

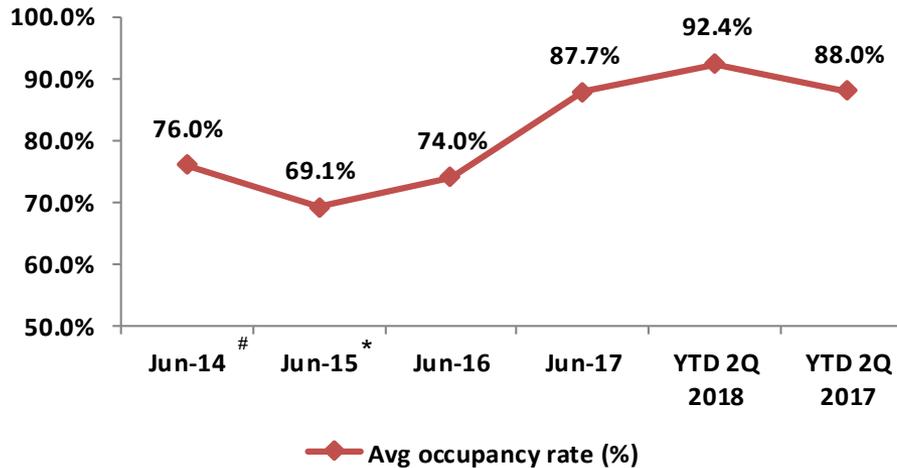
Note 3: Sunway Putra Hotel's average occupancy rate for 2Q2018 was largely unchanged compared to the preceding year corresponding quarter at 72%. Post completion of refurbishment in 2Q2016, the hotel has embarked on active marketing activities and promotional rates to regain market share across all customer segments.

HOSPITALITY PROPERTIES

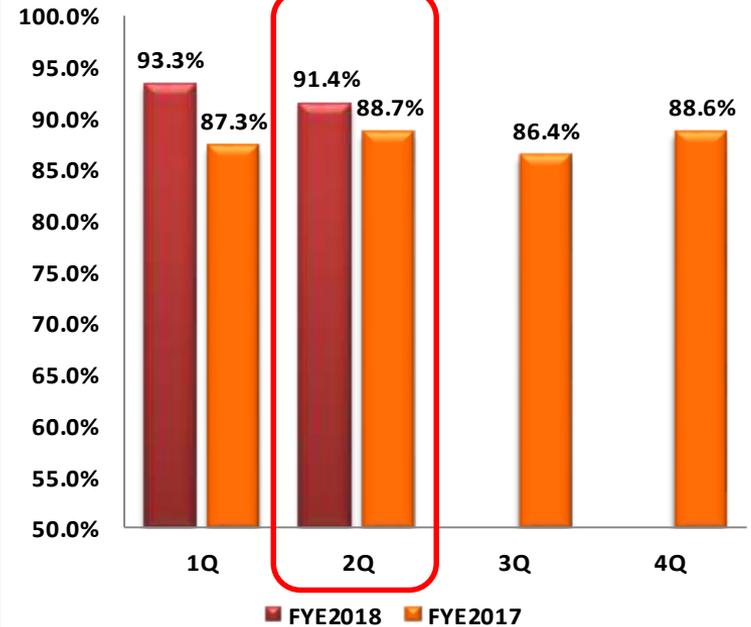
SUNWAY HOTEL GEORGETOWN

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	4.0%
Leisure	96.0%

* 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.

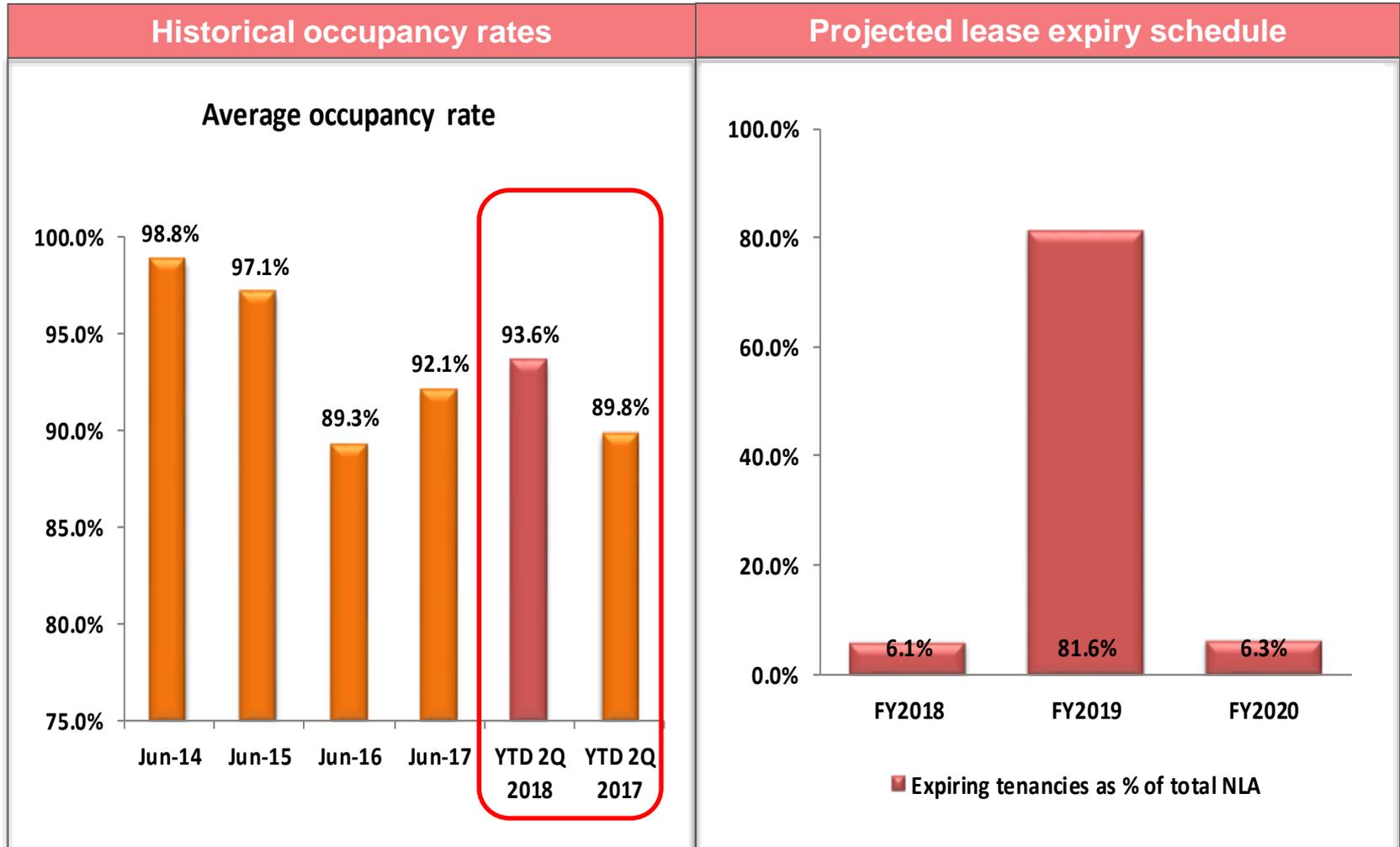
The historical information for Jun-14 was provided by the vendor, Sunway Berhad.

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 2Q2018 was higher compared to 2Q2017 as it continued to enjoy stronger demand from the leisure segment in the current quarter.

OFFICE PROPERTIES

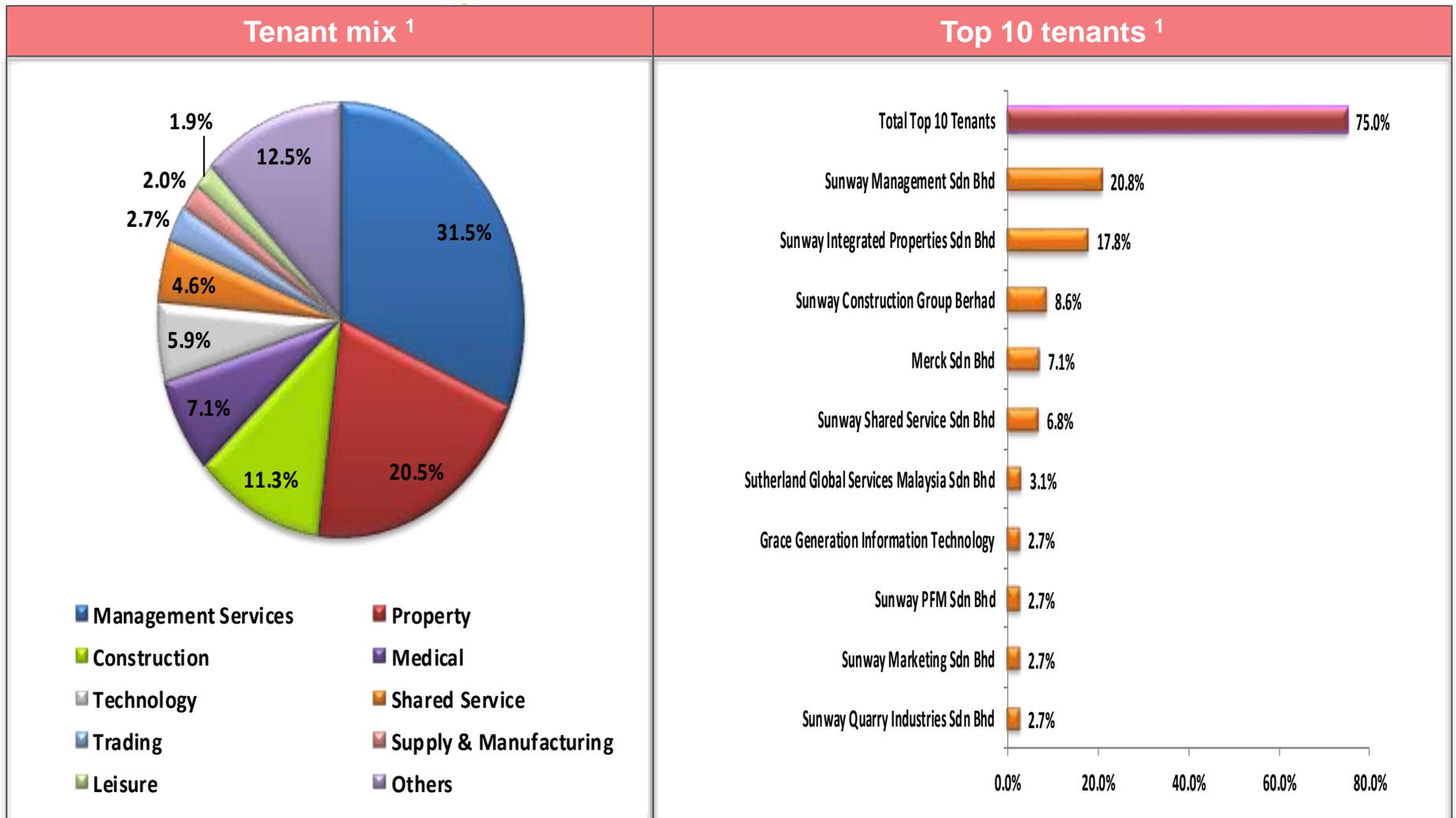
MENARA SUNWAY



Average occupancy rate for YTD2Q2018 was higher compared to YTD2Q2017 with the commencement of new tenancies.

OFFICE PROPERTIES

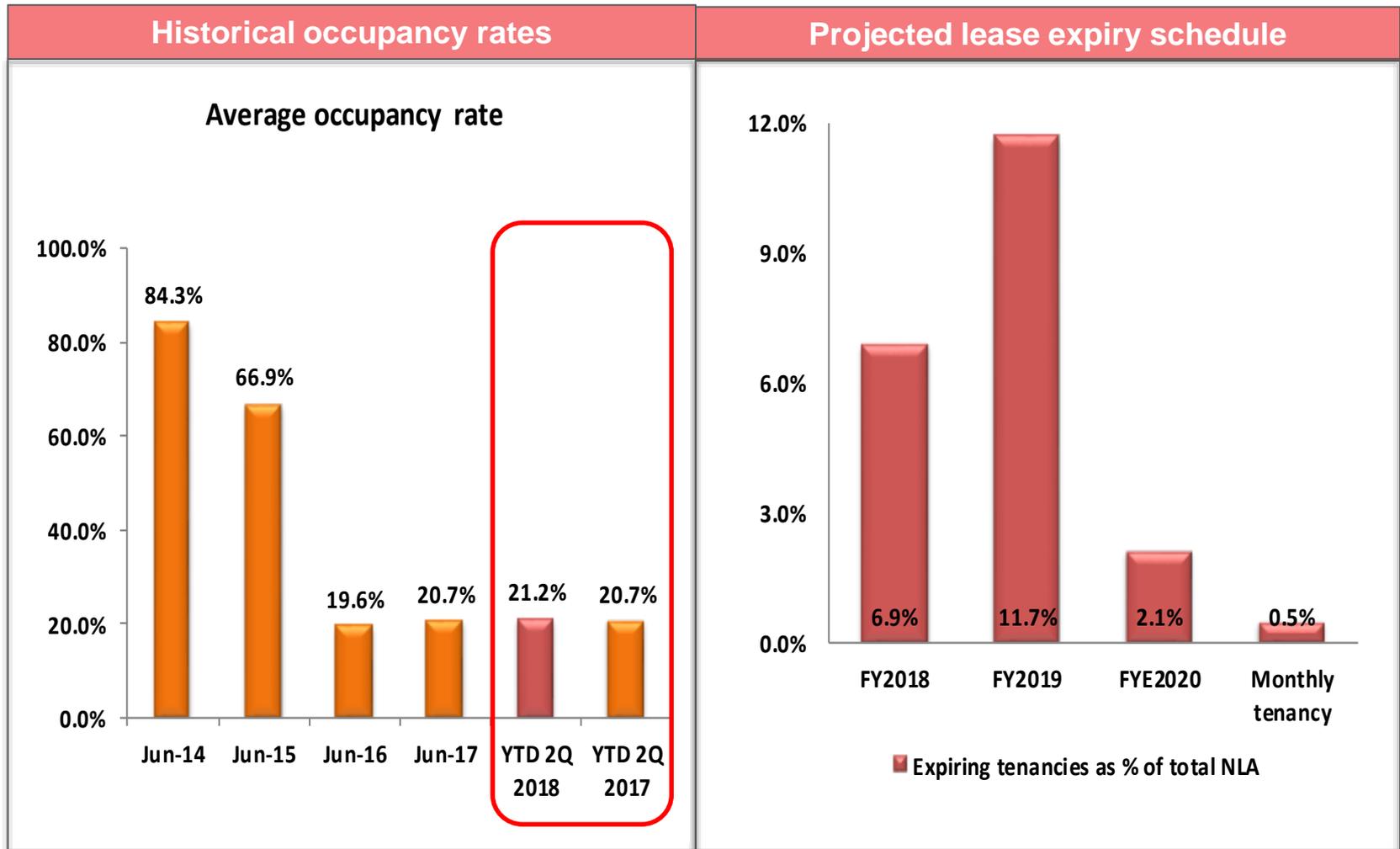
MENARA SUNWAY (Cont'd)



¹ Based on gross rental income for the month of December 2017.

OFFICE PROPERTIES

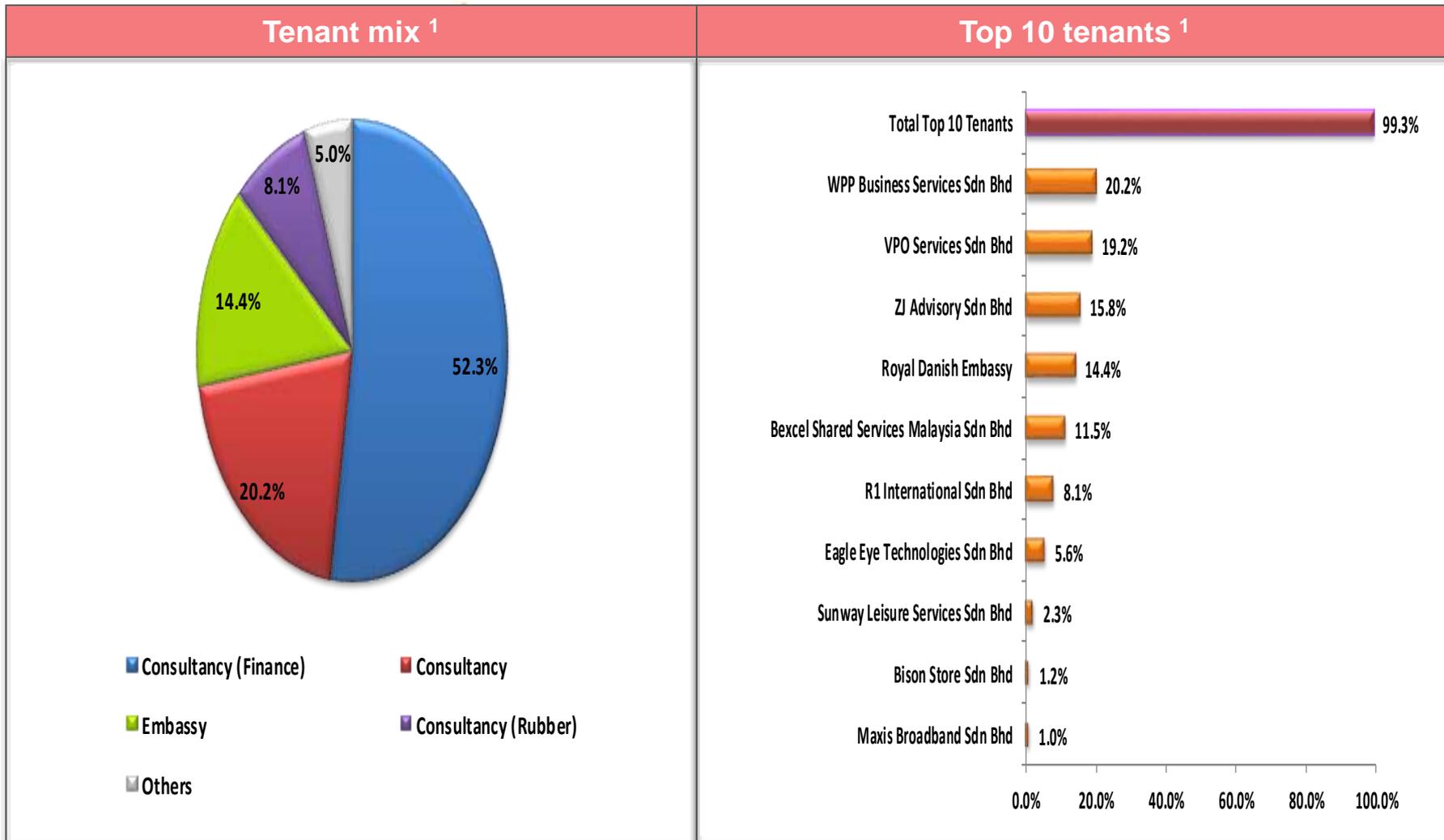
SUNWAY TOWER



Average occupancy rate for YTD2Q2018 was marginally higher compared to YTD2Q2017 with the commencement of a new tenancy. A new tenant has been secured for 3,800 sq. ft. (1.4% of total NLA) to commence in 4Q2018.

OFFICE PROPERTIES

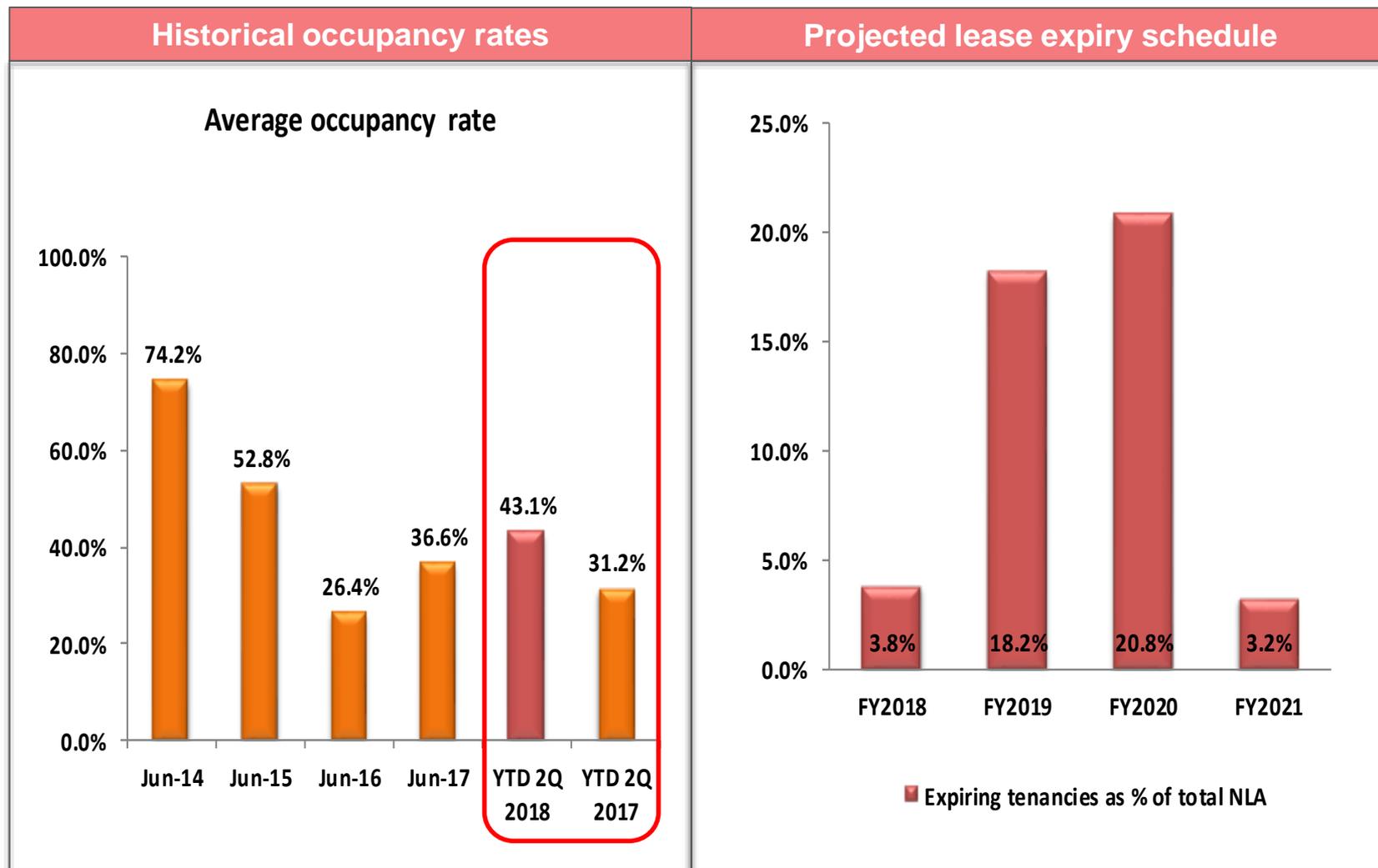
SUNWAY TOWER (Cont'd)



¹ Based on gross rental income for the month of December 2017.

OFFICE PROPERTIES

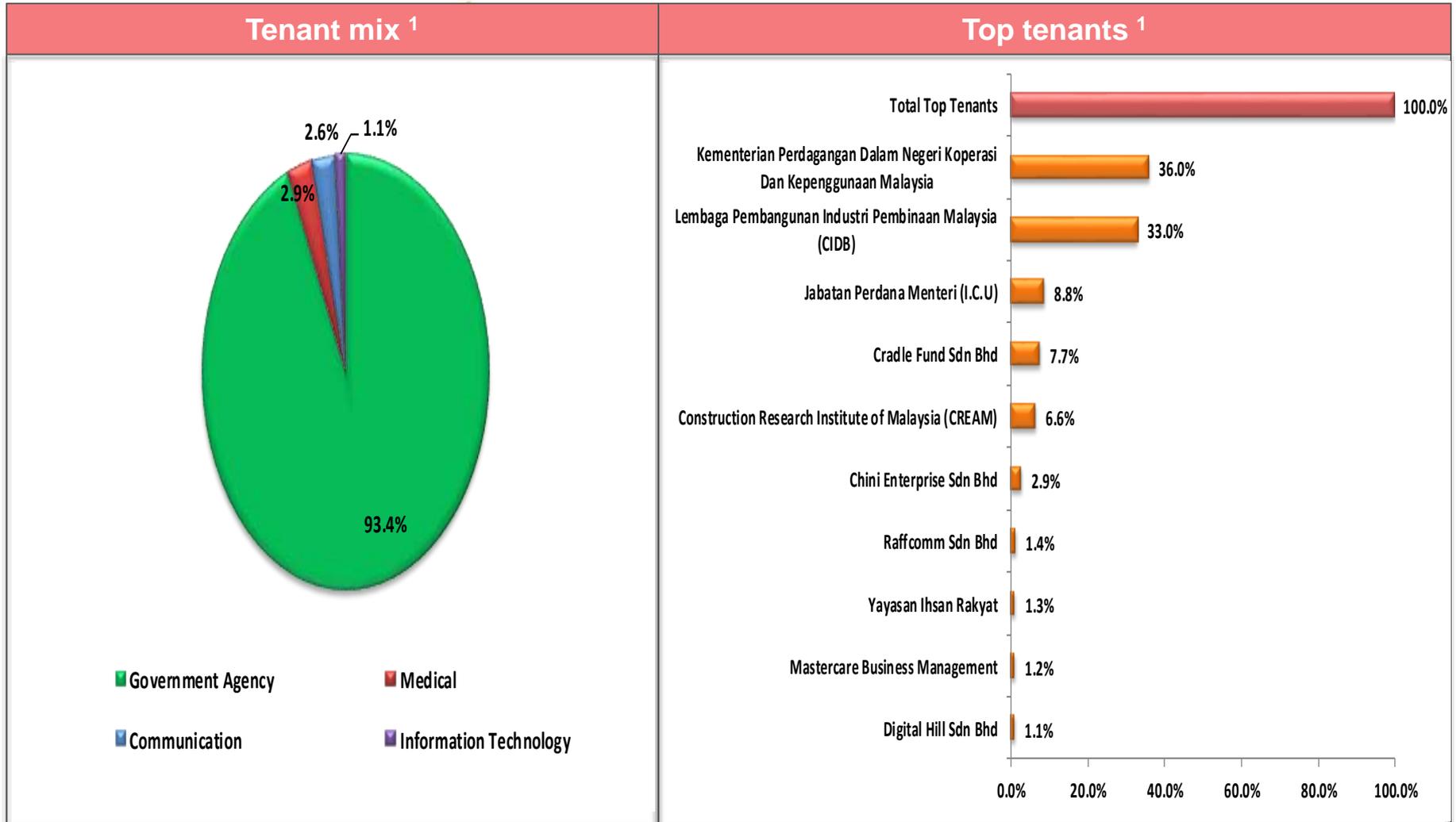
SUNWAY PUTRA TOWER



Average occupancy rate for YTD2Q2018 was higher compared to YTD2Q2017 due to the commencement of new tenancies. The occupancy rate as of 31 December 2017 stood at 46.0%. A new tenant has been secured for 11,800 sq. ft. (3.7% of total NLA) to commence in 3Q2018.

OFFICE PROPERTIES

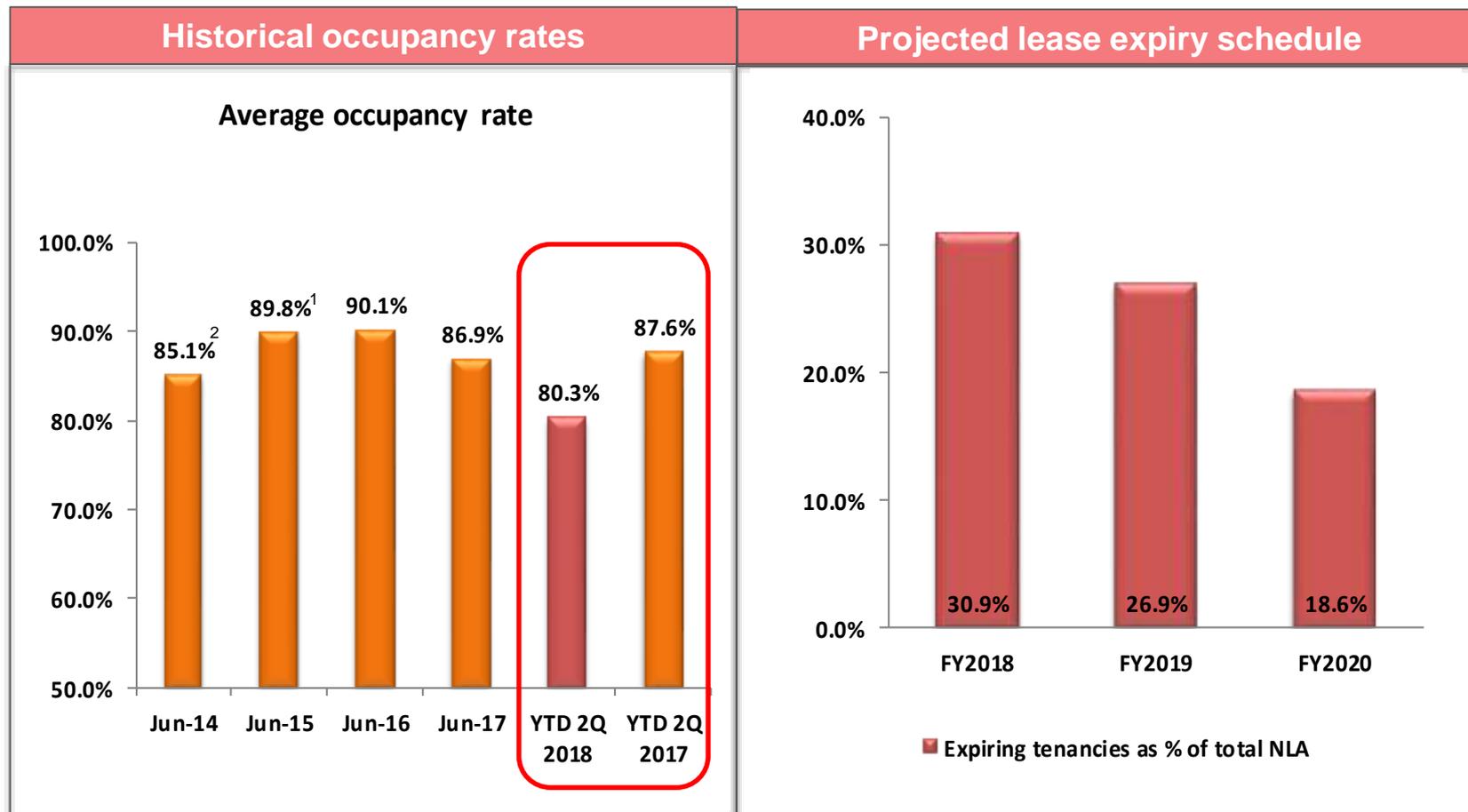
SUNWAY PUTRA TOWER (Cont'd)



¹ Based on gross rental income for the month of December 2017.

OFFICE PROPERTIES

WISMA SUNWAY



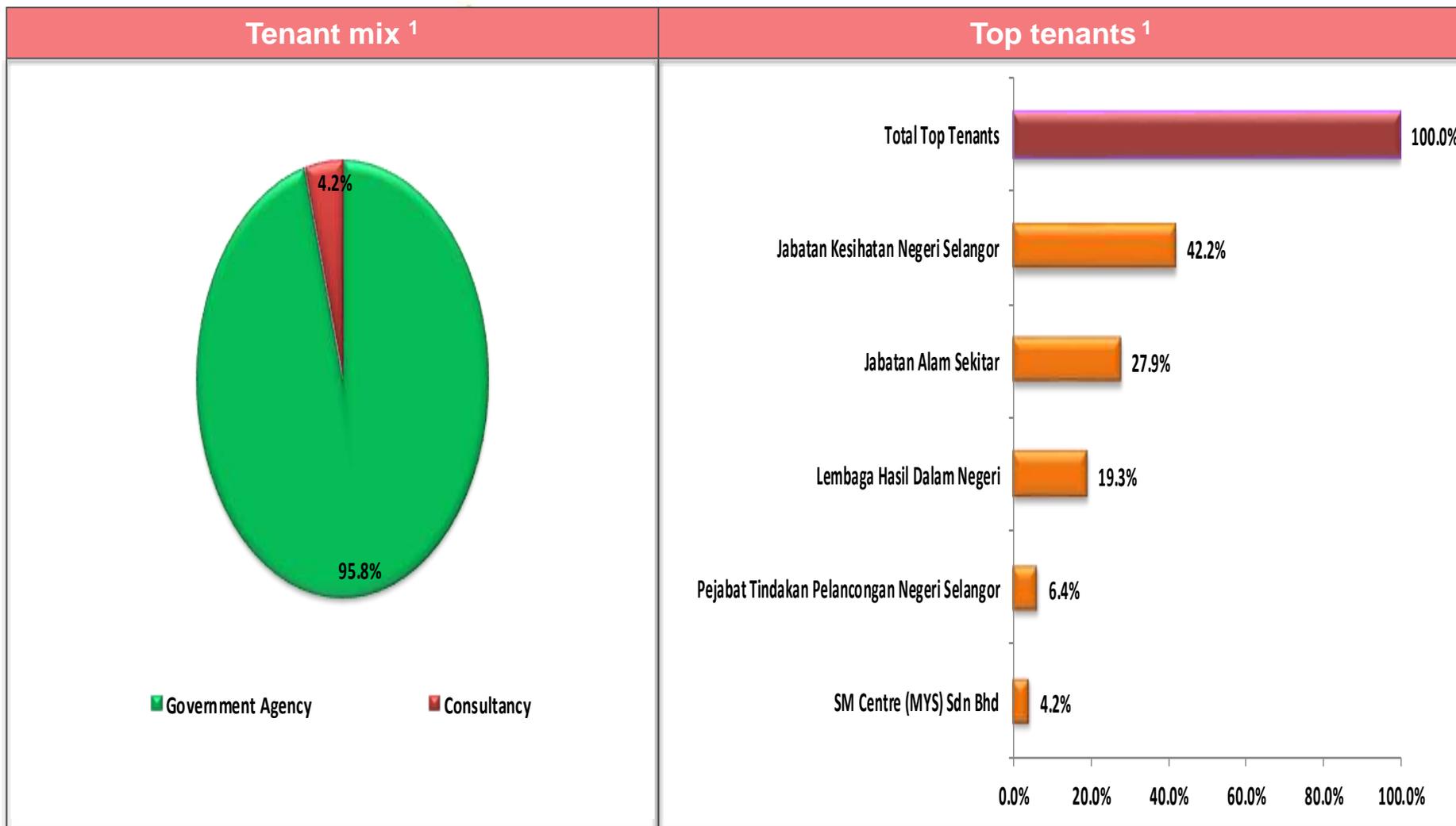
¹ The contribution from Wisma Sunway commenced on 23 March 2015. The information for Jun-15 shown above was for the period from March 2015 to June 2015, following the completion of its acquisition.

² The historical information for Jun-14 was provided by the vendor, Sunway Berhad.

Average occupancy rate for YTD2Q2018 was lower due to the downsizing and non-renewal of tenants. The occupancy rate as at 31 December 2017 stood at 76.4% and expected to increase to 99.9% by 4Q2018 with the expansion of an existing tenant.

OFFICE PROPERTIES

WISMA SUNWAY (Cont'd)



¹ Based on gross rental income for the month of December 2017.

5. Market Outlook

General Outlook

- The global economy saw sustained growth momentum in the third quarter of CY2017 (3Q CY2017), supported by private consumption and investment. Moving into CY2018, the International Monetary Fund (IMF) expects a more synchronized global growth anchored by consumption with additional impetus from investments. The IMF has revised upward the global growth projection by 0.2% to 3.9% for CY2018 and CY2019.
- Malaysia's economic growth in 3Q CY2017 was amongst the fastest in the Asian region. Malaysia registered a gross domestic demand (GDP) growth of 6.2% y-o-y in 3Q CY2017 (3Q CY2016: 1.8%), strongest quarterly GDP growth since 2Q CY2014. The stronger pace of growth was propelled by spillovers from the external sector to domestic economy as firms invest in productive capacity. Bank Negara Malaysia (BNM) has indicated that the economy is poised to register a strong growth that is close to the upper end of the official forecast range of 5.2% to 5.7% in CY2017. The Malaysian economy in CY2018 is projected to grow between 5.0% to 5.5%, driven by resilient domestic demand amid strengthening external sector.
- Headline inflation averaged at 3.7% in CY2017. Going forward, headline inflation is projected to moderate between 2.5% - 3.5% in CY2018 on expectations of a smaller effect from global cost factors and stronger Ringgit to mitigate import costs. However, any unprecedented spike in oil prices will pose inflationary risk in CY2018.

General Outlook

- On 25 January 2018, the Monetary Policy Committee (MPC) of BNM hiked the Overnight Policy Rate (OPR) by 25bps to 3.25%. The MPC has decided to normalise the degree of accommodation in view of the steady economic growth and recognises the need to pre-emptively ensure that the monetary policy stance is appropriate to prevent the build up of risks that potentially arise from prolonged low interest rate regime. Most economists expect only one interest rate hike in CY2018 however some expect up to 2 interest rate hike to 3.50%.

- The Manager expects the prospect for FY2018 to improve with a moderate growth in DPU despite the expected higher average cost of debt affecting the floating rate borrowings. The growth in DPU is supported by:
 - i) Sunway Pyramid Hotel operating with full rooms inventory following the full completion of its refurbishment in June 2017
 - ii) Moderate growth in the retail segment underpinned by Sunway Pyramid Shopping Mall
 - iii) New income contribution from the acquisition of Sunway REIT Industrial – Shah Alam 1 and Sunway Clio Property which is expected to complete in 3Q FY2018.
 - iv) Gradual improvement in the overall occupancy of the office segment due to low base effect.

- The Manager is committed to distribute 100% of its distributable net income for FY2018.

Retail Segment

- After recording an encouraging growth of 4.9% in 2Q CY2017, the Retail Group Malaysia (RGM) reported that Malaysia's retail sale contracted by 1.1% y-o-y in the 3Q CY2017. The softer growth was in line with the softening of the consumer sentiment index (CSI) in 3Q CY2017. The CSI was showing signs of recovery in 1H CY2017, however, the trend reversed in 3Q CY2017 whereby 3Q traditionally was a weak quarter for consumer sentiment.
- Taking into consideration of the weaker than expected YTD 9M CY2017 retail sale of 1.9%, RGM has revised its annual growth forecast downwards for the third time from 3.7% to 2.2% for CY2017. RGM projected a 6.0% growth in retail sale for CY2018 however cautioned that the recovery is highly dependent on the state of domestic economy, external demand and the strength of domestic currency (MYR).
- That said, the Manager is of the opinion that the slower than expected recovery in consumer sentiment may be a reflection of rising cost of living resulting in lower disposable income.
- The average occupancy rate for Sunway Pyramid Shopping Mall was stable for YTD 2Q FY2018 at 98.4% (1Q FY2018: 98.8%). Based on the total net lettable area (NLA) of 651,428 sq.ft. which was due for renewal in FY2018, a total of 382,501 sq.ft. equivalent to 58.7% of total space due for renewal, was renewed or replaced at a single-digit rental reversion rate.

Retail Segment (Cont'd)

- The average occupancy rate for Sunway Carnival Shopping Mall inched higher from 95.1% in 1Q FY2018 to 96.2% for YTD 2Q FY2018 following the commencement of new tenancy at the convention centre in August 2017. Based on the total NLA of 149,787 sq.ft. which was due for renewal in FY2018, a total of 38,852 sq.ft. equivalent to 25.9% of total space due for renewal, was renewed or replaced at a flattish reversionary rate to enhance tenancy mix as part of the strategy for the expansion of the new phase.
- Sunway Putra Mall's average occupancy rate improved to 89.4% for YTD 2Q FY2018 compared to 86.9% in 1Q FY2018. As at 31 December 2017, the occupancy stood at 93.4% due to commencement of new tenants such as SSF, Dolly Dimsum, Max Fashion, Burger King amongst others. Based on the total NLA of 323,383 sq.ft. which was due for renewal in FY2018, a total of 93,976 sq.ft. equivalent to 29.1% of total space due for renewal, was renewed or replaced at negative rental reversion rate as a strategy to maintain high occupancy rate.
- The Manager expects the retail segment to register a moderate growth for FY2018, underpinned by Sunway Pyramid Shopping Mall.

Hotel Segment

- Tourism activities in the country remained subdued despite the ambitious target of 31.8 million tourist arrivals and tourist receipts of RM118 billion in CY2017. For the 8M CY2017, Malaysia has received 15.0 million tourists versus 17.6 million for the same period in the preceding year. The Tourism and Culture Ministry has set an ambitious tourist arrivals target of 33.1 million tourists in CY2018 where the Manager believes that this is a stretched target.
- That said, Malaysia is likely to continuously attract more tourists over the medium-term on the back of Government's ongoing effort in promoting Malaysia's key attractions such as eco-tourism, heritage tourism, medical tourism amongst others.
- Sunway Resort Hotel & Spa's average occupancy rate eased to 73.7% in 2Q FY2018 compared to 80.3% in 2Q FY2017 on the back of softer demand from the leisure segment and one-off large group events in the same period in the preceding year.
- The average occupancy rate for Sunway Pyramid Hotel has picked up to 75.5% in 2Q FY2018, from 71.0% in 1Q FY2018. The performance in the preceding year was not comparable because the hotel was not operating with full room inventory in 2Q FY2017.

Hotel Segment (Cont'd)

- The average occupancy rates for Sunway Putra Hotel remained resilient in 2Q FY2018. For the quarter ended 31 December 2017, Sunway Putra Hotel recorded a marginally higher average occupancy rate of 72.0% (2Q FY2017: 71.7%) benefitting from higher corporate demand due to ongoing active marketing and promotional activities to regain market share across all customer segments.
- The hotels in Penang have enjoyed stronger leisure demand during the year-end holiday season. The average occupancy rate for Sunway Hotel Seberang Jaya rose to 78.1% in 2Q FY2018 versus 2Q FY2017 of 73.9%. Meanwhile, Sunway Hotel Georgetown's average occupancy rate improved further from 88.7% in 2Q FY2017 to 91.4% in 2Q FY2018.
- The acquisition of Sunway Clio Property is expected to complete in 3Q FY2018. The Manager expects a modest growth from the hotel segment, largely contributed by resumption of full rooms inventory at Sunway Pyramid Hotel and new income contribution from Sunway Clio Hotel.

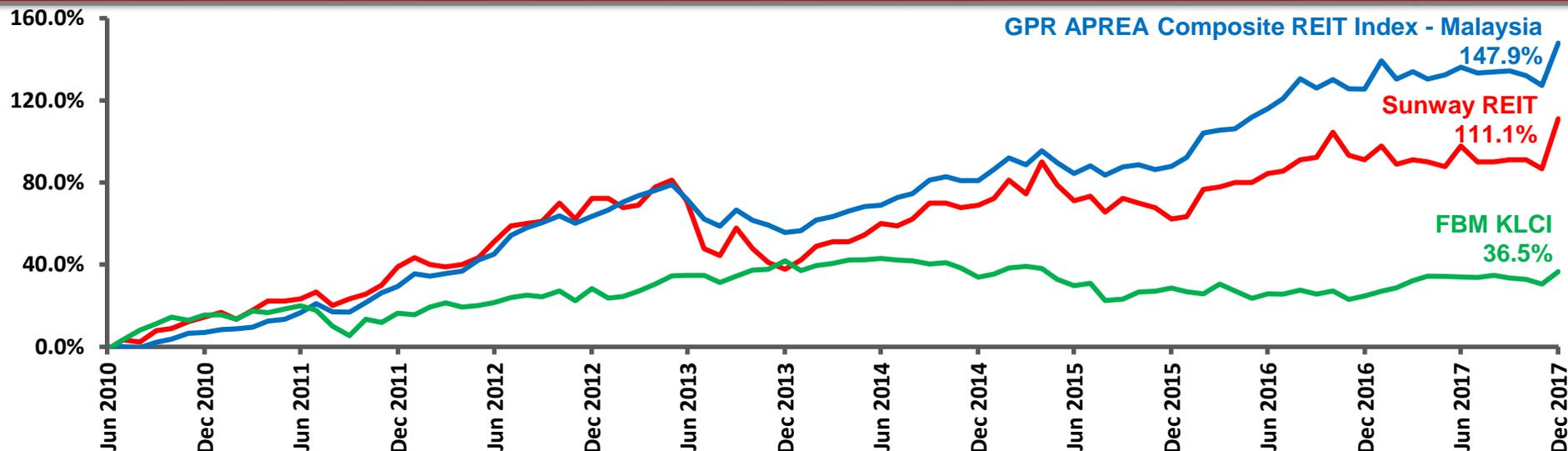
Office Segment

- The outlook for the office sub-sector in Klang Valley remained challenging on the back of supply glut and to be worsened by expected incoming supply of 11.9 million sq.ft. over the next 2 to 3 years.
- Menara Sunway reported a marginally lower average occupancy rate of 93.6% for YTD 2Q FY2018 compared to 95.1% in 1Q FY2018 due to downsizing of an existing tenant. Meanwhile, the average occupancy for Sunway Tower was largely unchanged at 21.2% for YTD 2Q FY2018.
- The average occupancy rate for Sunway Putra Tower inched higher to 43.1% for YTD 2Q FY2018 from 42.4% in 1Q FY2018 due to commencement of new tenancies. The occupancy for the office tower stood at 46.0% as at 31 December 2017. A new tenant has been secured to occupy 11,800 sq.ft. equivalent to 3.7% of total NLA which will commence in 3Q FY2018.
- The Manager expects the performance of Sunway REIT's office segment to improve marginally in FY2018 due to low base effect.

6. Investor Relations

Unit Price Performance from IPO to YTD 2QFY2018

Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 31 December 2017)



Performance Statistics (8 July 2010 – 31 December 2017)

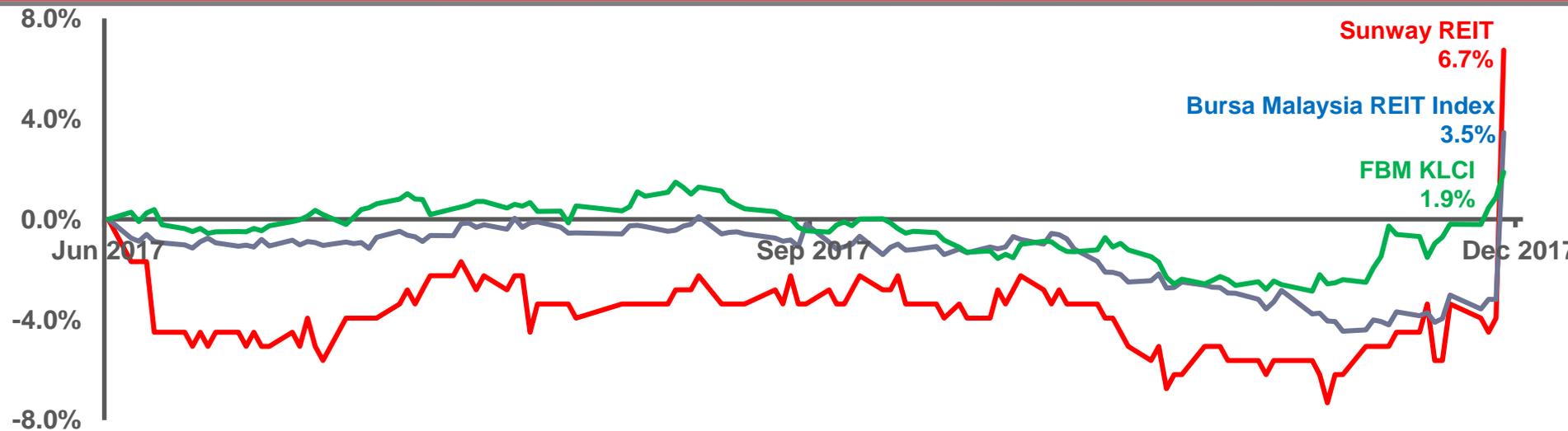
Price (as at 8 July 2010)	: RM0.90
Closing Price (as at 31 December 2017)	: RM1.90
Highest Price	: RM1.90
Lowest Price	: RM0.88
Daily Average Volume	: 1.99 million units
% Change in Unit Price	: 111.1%
% Change in FBM KLCI	: 36.5%
% Change in GPR APREA Composite REIT Index - Malaysia	: 147.9%

Source: Bloomberg

SUNWAY[®]

Unit Price Performance for YTD 2QFY2018

Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2017 – 31 December 2017)



Performance Statistics (30 June 2017 – 31 December 2017)

Price (as at 30 June 2017)	: RM1.78
Closing Price (as at 31 December 2017)	: RM1.90
Highest Price	: RM1.90
Lowest Price	: RM1.64
Daily Average Volume	: 1.81 million units
% Change in Unit Price	: 6.7%
% Change in FBM KLCI	: 1.9%
% Change in Bursa Malaysia REIT Index	: 3.5%

Source: Bloomberg

SUNWAY[®]

Indices Representation (as at 31 December 2017)



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



FTSE4Good

- FTSE4Good Bursa Malaysia Index



- 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

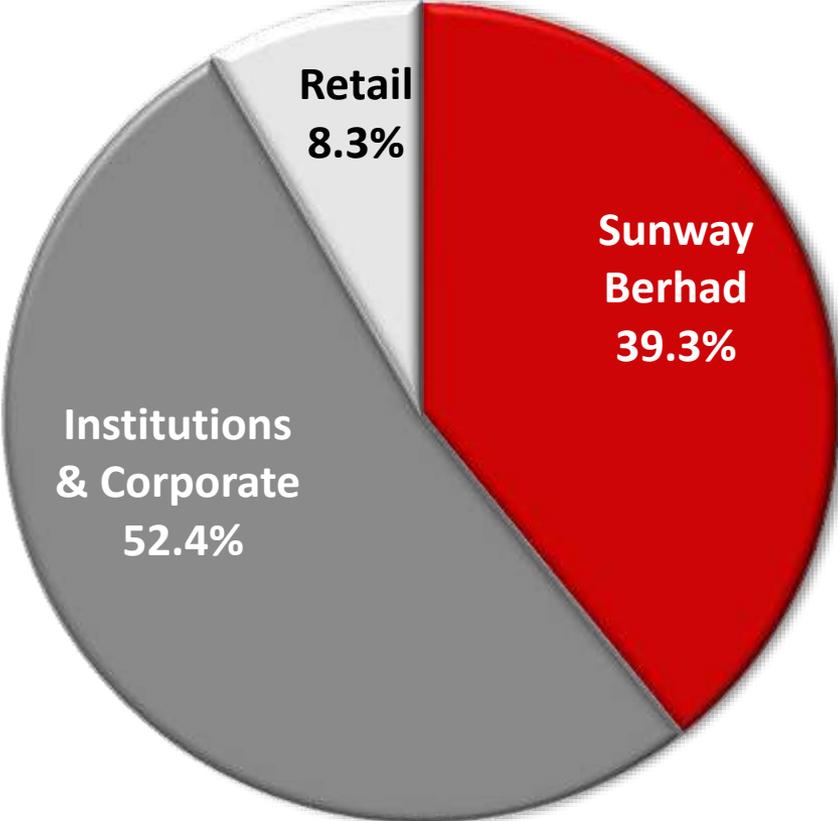
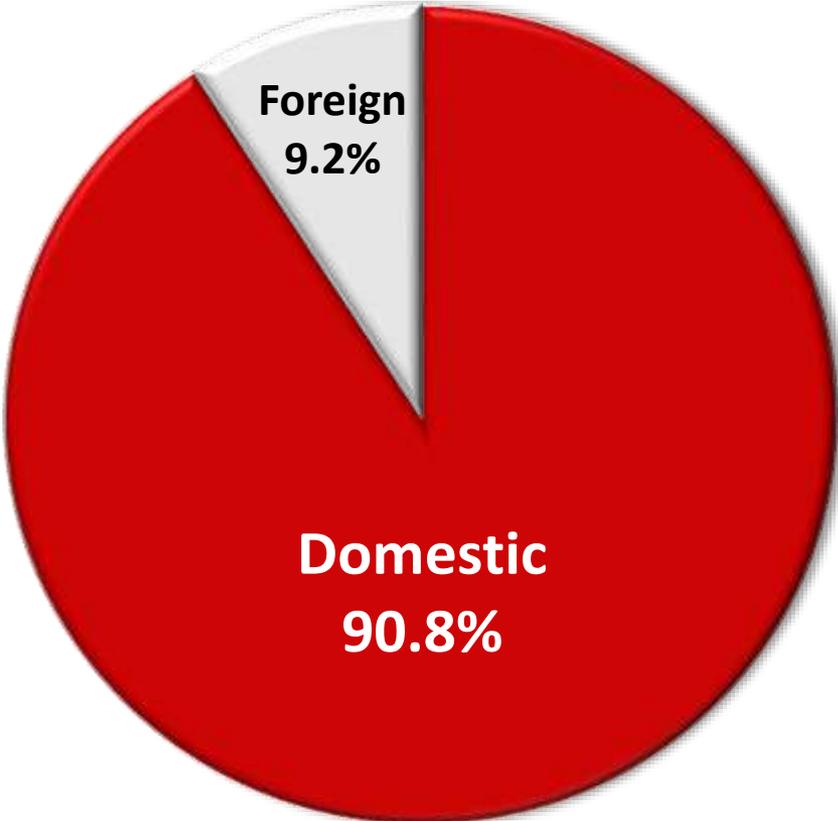


- MSCI Malaysia Small Cap Index

- In the recent semi-annual index series rebalancing, Sunway REIT was excluded from the GPR APREA Composite REIT Index – Malaysia due to low liquidity.

¹The index went live on 2 October 2017 and officially launched on 26 October 2017

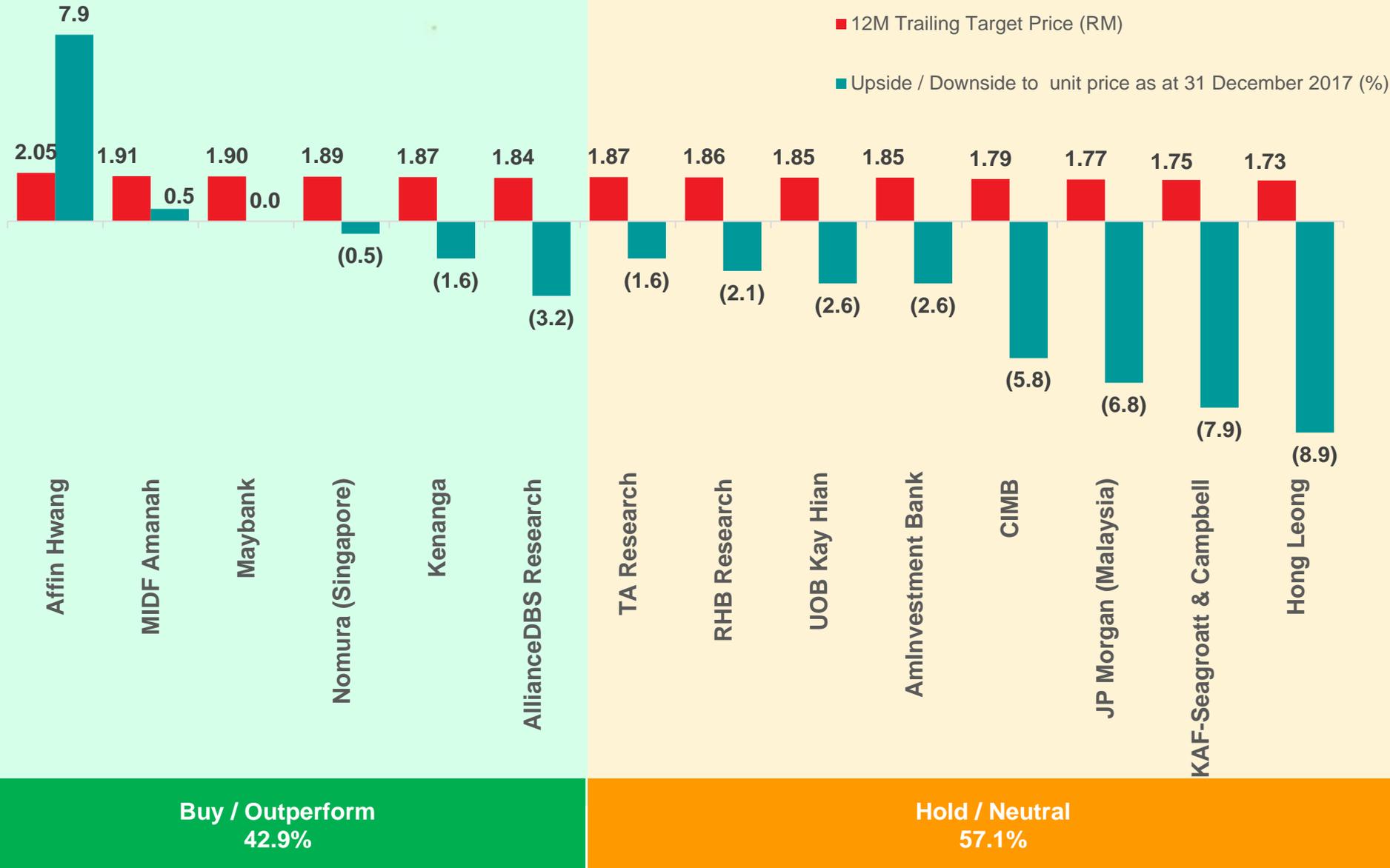
Unitholders' Composition (as at 31 December 2017)



	December 2017	September 2017	Q-o-Q Change
No of unitholders	11,133	10,608	525 (+4.9%)
Retail unitholders	8.3%	10.0%	-1.7%
Foreign unitholders	9.2%	9.2%	Unchanged
Sunway Berhad	39.3%	37.3%	2.0%

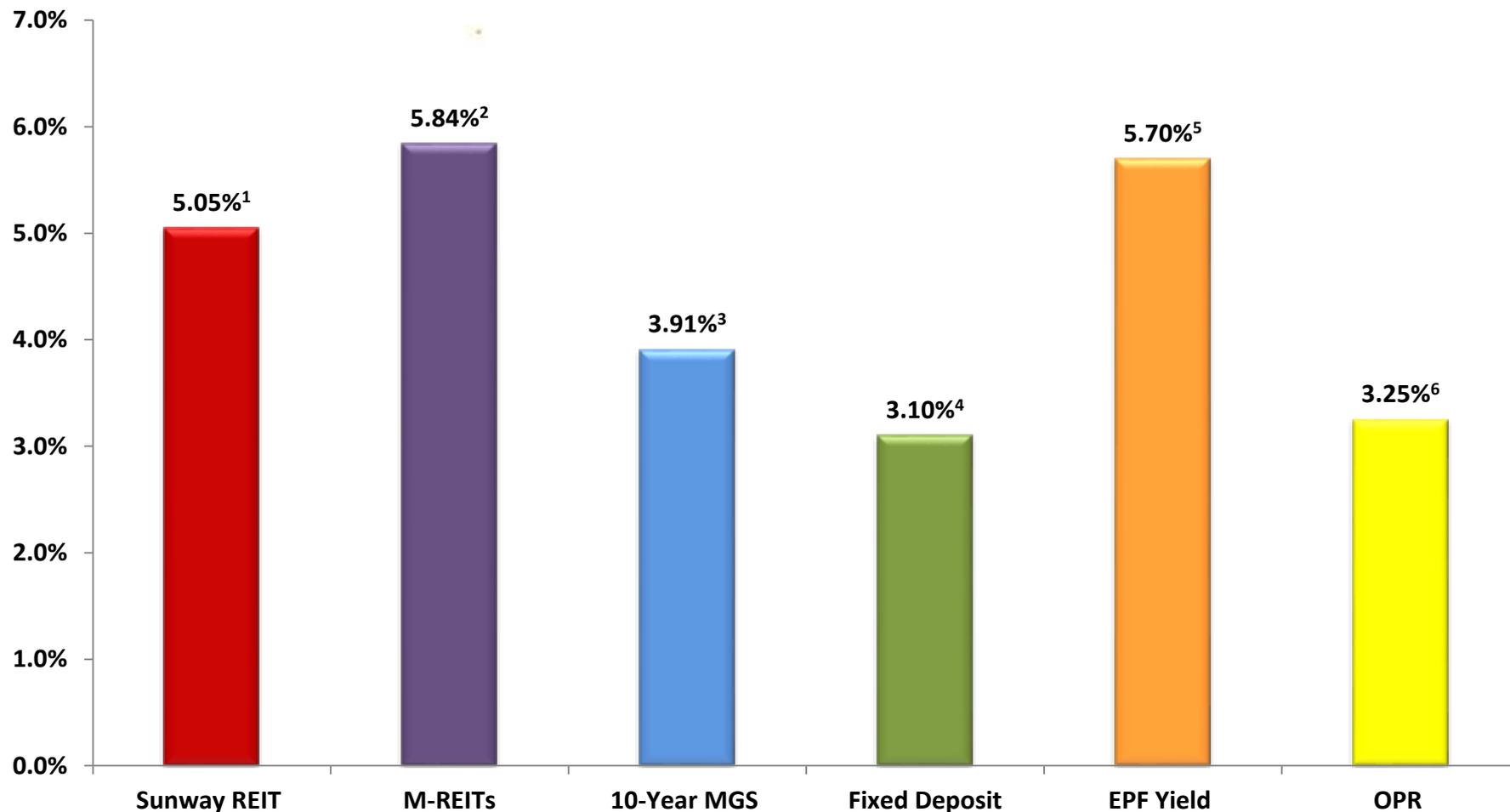
Source: Sunway REIT

Analysts Recommendation (as at 31 December 2017)



- Source: Bloomberg

Comparative Yields for Various Assets



Note:

¹ Distribution yield is computed based on consensus FY2018 proposed DPU of 9.60 sen and unit price as at 31 December 2017 (Source: Bloomberg)

² Information based on consensus FY2017 DPU forecast and unit price as at 31 December 2017 (Source: Bloomberg)

³ Information as at 31 December 2017 (Source: Bloomberg)

⁴ 12-Month Fixed Deposit rates offered by commercial banks as at 30 November 2017 (Source: Bank Negara Malaysia)

⁵ Dividend yield declared by Employees Provident Funds for the year 2016 (Source: Employees Provident Fund)

⁶ Overnight Policy Rate as at 25 January 2018 (Source: Bank Negara Malaysia)

THANK YOU