



**SUNWAY**®

**Sunway REIT**

**Financial Results**  
**1<sup>st</sup> Quarter Ended 30 September 2018**  
**(FYE 30 June 2019)**

**Announcement Date : 1 November 2018**

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# Table of Contents

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1. Financial Highlights
2. 1Q 2019 Financial Results
3. 1Q 2019 Portfolio Performance
4. 1Q 2019 Property Performance
5. Property Development Activities
6. Market Outlook
7. Investor Relations

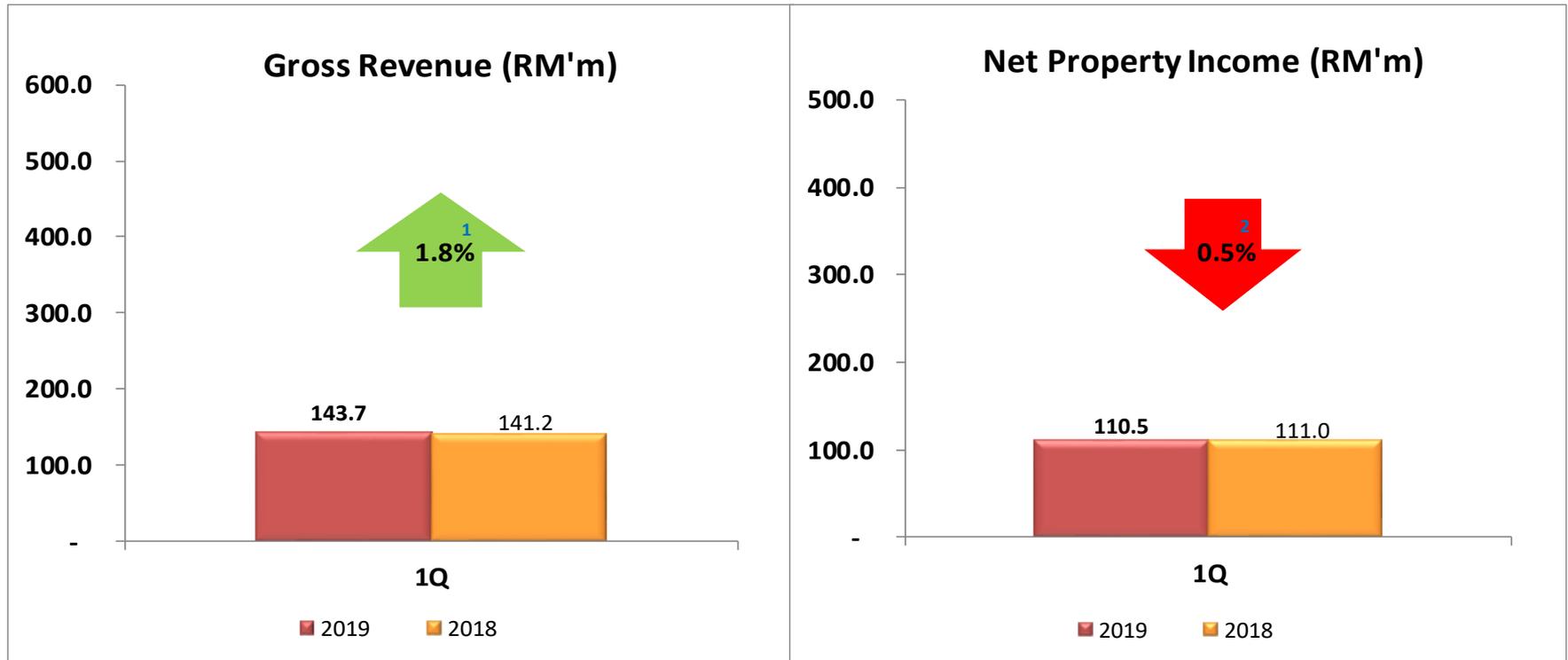
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# 1. Financial Highlights

# Financial Highlights

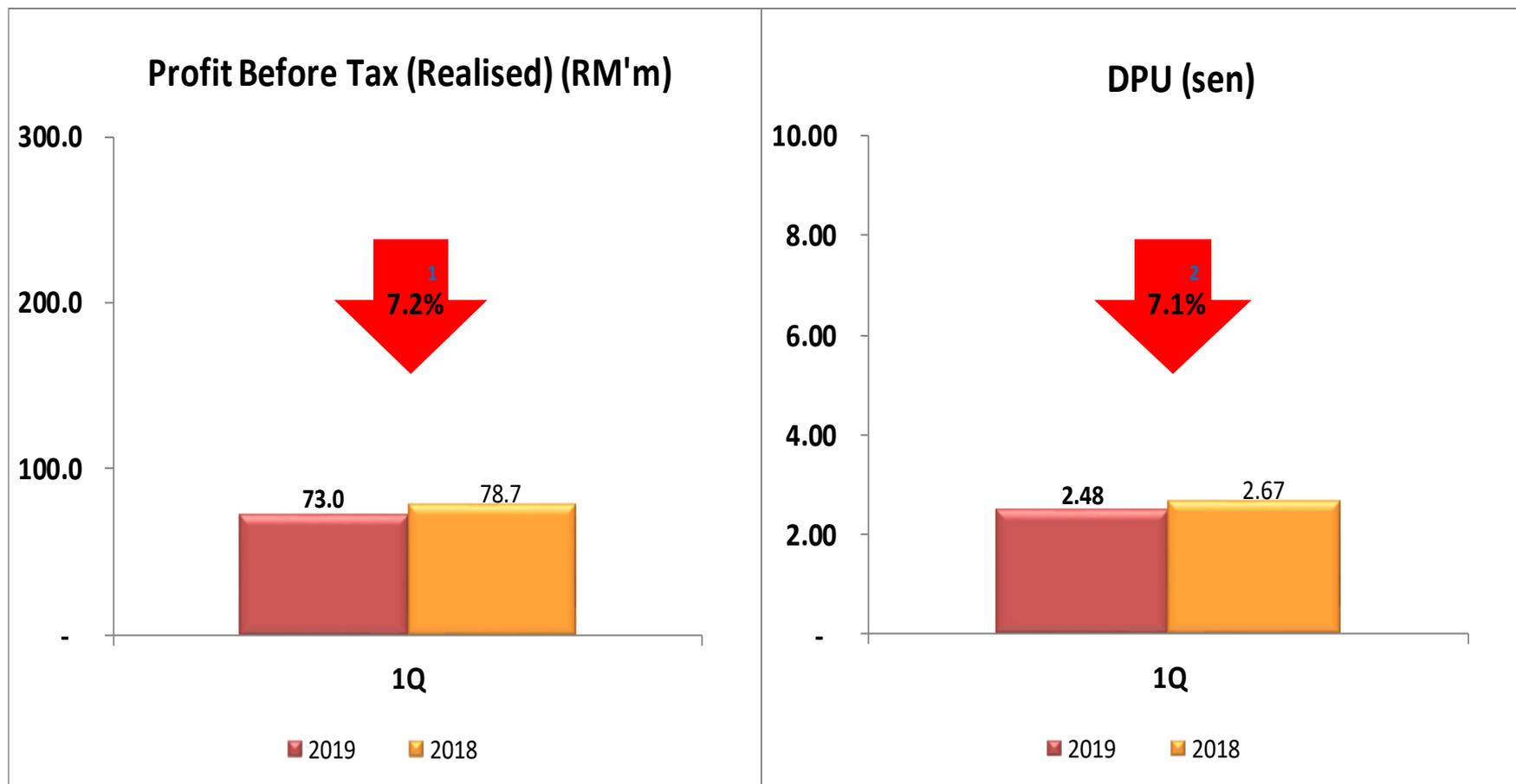
Highlights	1Q 2019	1Q 2018
No. of Properties	16	15
Property Value (RM' billion)	7.300	6.786
No. of Units in Circulation	2,945,078,000	2,945,078,000
Unit Price as at 30 Sep (RM)	1.69	1.72
Market Capitalisation (RM' billion)	4.977	5.066
Net Asset Value (NAV) Per Unit (RM) (After income distribution)	1.4567	1.4074
Premium to NAV	16.0%	22.2%
Realised Earnings Per Unit (EPU) (sen)	2.48	2.67
Distribution Per Unit (DPU) (sen)	2.48	2.67
Annualised Distribution Yield (Based on market price as at 30 Sep)	5.8%	6.2%
Management Expense Ratio (After income distribution)	0.93%	0.88%
YTD Total Return	1.3%	2.8%
Gearing	38.6%	35.9%
% of Fixed Rate Borrowings	54%	82%

# Financial Highlights (Cont'd)



- Gross Revenue** for 1Q2019 was higher by 1.8% or RM2.5 million compared to 1Q2018 due to better performance from Retail segment (Sunway Pyramid Mall) and Office segment (Sunway Putra Tower), partially offset against weaker performance from Hotel segment, including income disruption from the ongoing refurbishment works of Sunway Resort Hotel & Spa's grand ballroom, meeting and function rooms.
- Net Property Income** for 1Q2019 was lower by 0.5% or RM0.5 million compared to 1Q2018 despite higher Gross Revenue, mainly attributable to higher fit-out cost and maintenance expenses for Retail segment.

# Financial Highlights (Cont'd)



<sup>1</sup> **Profit Before Tax (Realised)** for 1Q2019 was lower by 7.2% or RM5.7 million compared to 1Q2018 mainly due higher finance costs by RM5.5 million.

<sup>2</sup> **DPU** for 1Q2019 was lower by 7.1% or 0.19 sen in line with the lower Profit Before Tax (Realised).

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## 2. 1Q 2019 Financial Results

# Statement of Comprehensive Income – Consolidated

	1Q 2019 RM'000	1Q 2018 RM'000	Change %
Gross revenue	143,741	141,169	1.8%
Property operating expenses	(33,227)	(30,183)	10.1%
<b>Net property income</b>	<b>110,514</b>	<b>110,986</b>	<b>-0.4%</b>
Interest income	2,194 <sup>1</sup>	1,135	93.3%
Other income	25	491	-94.9%
Manager's fee	(9,020)	(8,644)	4.3%
Trustee's fees	(166)	(321)	-48.3%
Other trust expenses	(909) <sup>2</sup>	(265)	>100%
Finance costs	(29,629) <sup>3</sup>	(24,153)	22.7%
<b>Profit before tax</b>	<b>73,009</b>	<b>79,229</b>	<b>-7.9%</b>
Income tax expense	-	-	0.0%
<b>Profit for the period</b>	<b>73,009</b>	<b>79,229</b>	<b>-7.9%</b>
<b>Profit for the period comprises the following:</b>			
Realised	72,984	78,736	-7.3%
Unrealised	25	493	-94.9%
	<b>73,009</b>	<b>79,229</b>	<b>-7.9%</b>
No. of units in circulation (million units)	2,945	2,945	0.0%
<b>Basic EPU (sen):</b>			
Realised	<b>2.48</b>	<b>2.67</b>	-7.1%
Unrealised	-	<b>0.02</b>	-100.0%
	<b>2.48</b>	<b>2.69</b>	<b>-7.8%</b>
Proposed/declared income distribution	<b>73,038</b>	<b>78,634</b>	<b>-7.1%</b>
<b>Proposed/declared DPU (sen)</b>	<b>2.48</b>	<b>2.67</b>	<b>-7.1%</b>

**1 Interest income** for 1Q2019 was higher by RM1.0 million mainly contributed by higher investment in money market instrument compared to the preceding year same quarter.

**2 Other trust expenses** was higher by RM0.6 million in 1Q2019 mainly due to allocation of legal fees for Sunway Putra's litigation cases and for debt facilities.

**3 Finance costs** was higher by RM5.5 million in 1Q2019 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

	30.09.18 RM'000	30.06.18 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	7,300,440 <sup>1</sup>	7,280,225
Plant and equipment	13,606	13,591
	7,314,046	7,293,816
<b>Current assets</b>		
Trade receivables	20,197	21,423
Other receivables	18,044 <sup>2</sup>	10,669
Derivatives	9,138 <sup>3</sup>	10,766
Short term investment	119,667 <sup>4</sup>	129,625
Cash and bank balances	61,447	57,559
	228,493	230,042
	7,542,539	7,523,858
<b>FINANCED BY:</b>		
<b>Unitholders' funds</b>		
Unitholders' capital	2,727,829	2,727,829
Undistributed income	1,635,168	1,625,407
Total Unitholders' funds	4,362,997	4,353,236
<b>Non-current liabilities</b>		
Borrowings	- <sup>5</sup>	299,750
Long term liabilities	68,726	77,519
Deferred tax liability	6,896	6,896
	75,622	384,165
<b>Current liabilities</b>		
Borrowings	2,913,650 <sup>5</sup>	2,602,750
Trade payables	2,497	2,096
Other payables	187,750	181,583
Derivatives	23 <sup>3</sup>	28
	3,103,920	2,786,457
	7,542,539	7,523,858

	30.09.18 RM'000	30.06.18 RM'000
Number of units in circulation ('000 units)	2,945,078	2,945,078
<b>Net Asset Value (NAV)</b>		
Before income distribution	4,362,997	4,353,236
After income distribution	4,289,959	4,289,917
<b>NAV Per Unit (RM)</b>		
Before income distribution	1.4815	1.4781
After income distribution	1.4567	1.4566

# Statement of Financial Position - Consolidated (Cont'd)

## Explanation:

- 1 Investment properties** increased by RM20.2 million largely attributed to ongoing works for refurbishment of Sunway Resort Hotel & Spa's grand ballroom, meeting and function rooms and for expansion of Sunway Carnival Shopping Mall.
- 2 Other receivables** was higher by RM7.4 million mainly due to a provision for partial Income Support (as defined below) of Sunway Clio Property amounting to RM4.4 million and goods and service tax ("GST") refundable of RM2.6 million.
- 3 Derivatives** are in relation to cross currency swap and interest rate swap contracts as explained in Note B15 of 1Q2019 Quarterly Reports in Bursa Announcement.
- 4 Short term investment** relates to investment in money market instrument comprising 1-month commercial paper issued by Sunway Berhad with nominal value of RM120.0 million.
- 5 Total borrowings** was higher by RM11.1 million mainly due to refinancing of the 6-month cross currency swap ("CCS") contract of RM392.9 million, in relation to the USD100 million revolving loan, with a new 6-month CCS contract of RM404.5 million upon its maturity in July 2018. For refinancing of the current borrowings amounting to RM2.9 billion, a commitment has been received from a financial institution to subscribe unrated MTNs of up to RM1.0 billion for 5 years until April 2023 and the Commercial Paper Programme of up to RM1.6 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	
	30.09.2018	30.09.2017
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	149,722	151,767
Refundable security deposits from customers	1,596	318
Cash paid for operating expenses	(63,046)	(67,974)
Net cash from operating activities	88,272 <sup>1</sup>	84,111
<b>INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(374)	(153)
Deposit for acquisition of investment property	-	(34,000)
Acquisition of investment properties	-	(82,350)
Incidental costs on acquisition of investment properties	-	(1,140)
Subsequent expenditure of investment properties	(14,214)	(6,309)
Expenditure of investment property under construction	(6,795)	-
Investment in short term money market instrument	(345,000)	(112,000)
Redemption of short term money market instrument	355,000	-
Interest received	1,880	1,457
Net cash used in investing activities	(9,503) <sup>2</sup>	(234,495)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of commercial papers	301,000	185,600
Drawdown of revolving loans	4,302,500	2,939,200
Repayment of commercial papers	(301,000)	(149,000)
Repayment of unrated medium term notes	(300,000)	-
Repayment of revolving loans	(3,989,900)	(2,790,200)
Interest paid	(24,162)	(23,227)
Distribution paid	(63,319)	(66,853)
Net cash (used in)/from financing activities	(74,881) <sup>3</sup>	95,520
Net increase/(decrease) in cash and bank balances	3,888	(54,864)
Cash and bank balances at beginning of year	57,559	100,544
Cash and bank balances at end of period	61,447	45,680
Cash and bank balances at end of period comprise:		
Cash on hand and at banks	26,147	40,680
Deposits placed with licensed financial institutions	35,300	5,000
Cash and bank balances	61,447 <sup>4</sup>	45,680

**1 Net cash from operating activities** RM88.3 million, higher by RM4.2 million compared to 1Q2018, mainly due to timing of payment of operating expenses.

**2 Net cash used in investing activities** of RM9.5 million mainly related to the refurbishment of Sunway Resort Hotel & Spa's grand ballroom, meeting and function rooms and the expansion of Sunway Carnival Shopping Mall, partially offset by net redemption in money market instrument. In the preceding year, net cash used for investing activities was RM234.5 million mainly related to the acquisitions 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 RM74.9 million was attributed to income distribution and interest paid of RM63.3 million and RM24.2 million respectively, partially offset by net drawdown of debts amounting to RM12.6 million.

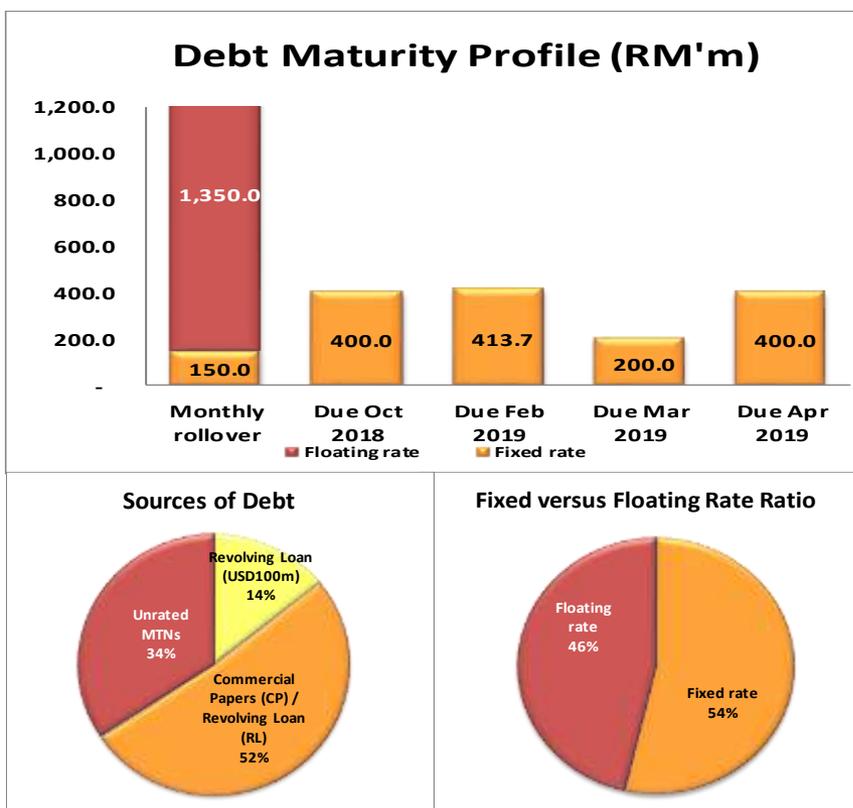
**4 Cash and bank balances stood at 61.4 million**, higher by RM15.4 million mainly derived from the excess of cash from operating activities over investing and financing activities as explained above.

# Debt Profile as of 30 September 2018

	Facility Limit RM'million	Amount RM'million
Revolving Loan (USD100m)	404.5	413.7 <sup>1</sup>
Commercial Papers (CP) / Revolving Loan (RL)	1,500.0	1,500.0 <sup>2</sup>
Unrated MTNs	10,000.0	1,000.0 <sup>3</sup>
<b>Total Gross Borrowings</b>		<b>2,913.7</b>
Unamortised transaction costs		-
<b>Total Borrowings at carrying amount</b>		<b>2,913.7</b>

	RM'million
<b>Classification of Borrowings:</b>	
Current (due within 1 year)	2,913.7
Non-current (due after 1 year)	-
<b>Total Gross Borrowings</b>	<b>2,913.7</b>

<b>Average Cost of Debt</b>	<b>4.03%</b>
<b>Average Maturity Period (Year)</b>	<b>0.2</b>
<b>Debt Service Cover Ratio (DSCR)</b>	<b>3.4</b>
<b>Gearing Ratio</b>	<b>38.6%</b>



- The USD loan has been hedged with a 6-month cross currency swap contract until 23 December 2018. The outstanding amount includes unrealised foreign exchange loss of RM9.2 million.
- 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.

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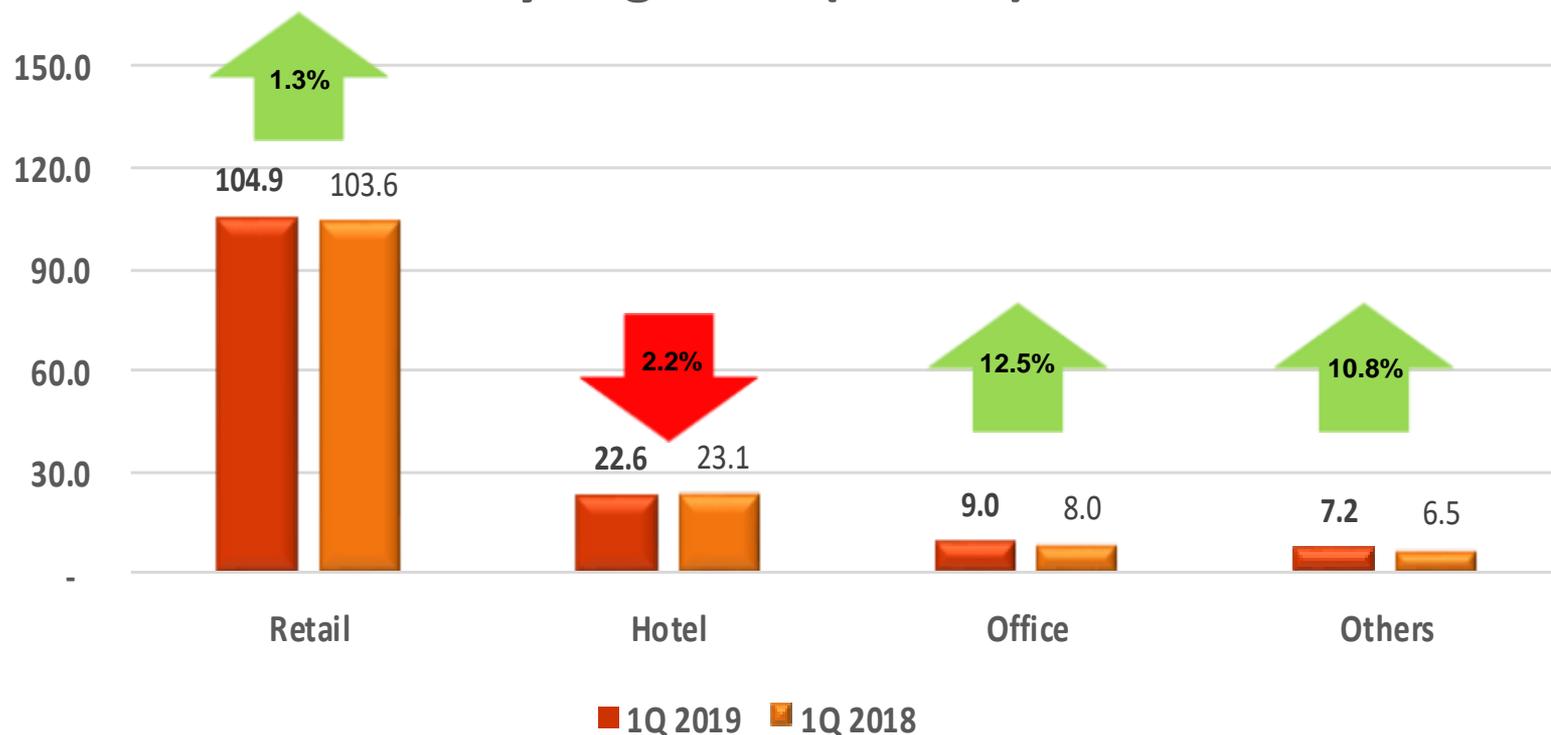
## 3. 1Q 2019 Portfolio Performance

# 1Q 2019 Revenue Contribution



1Q 2019 (RM'million)	143.7
1Q 2018 (RM'million)	141.2

## By segment (RM'm)



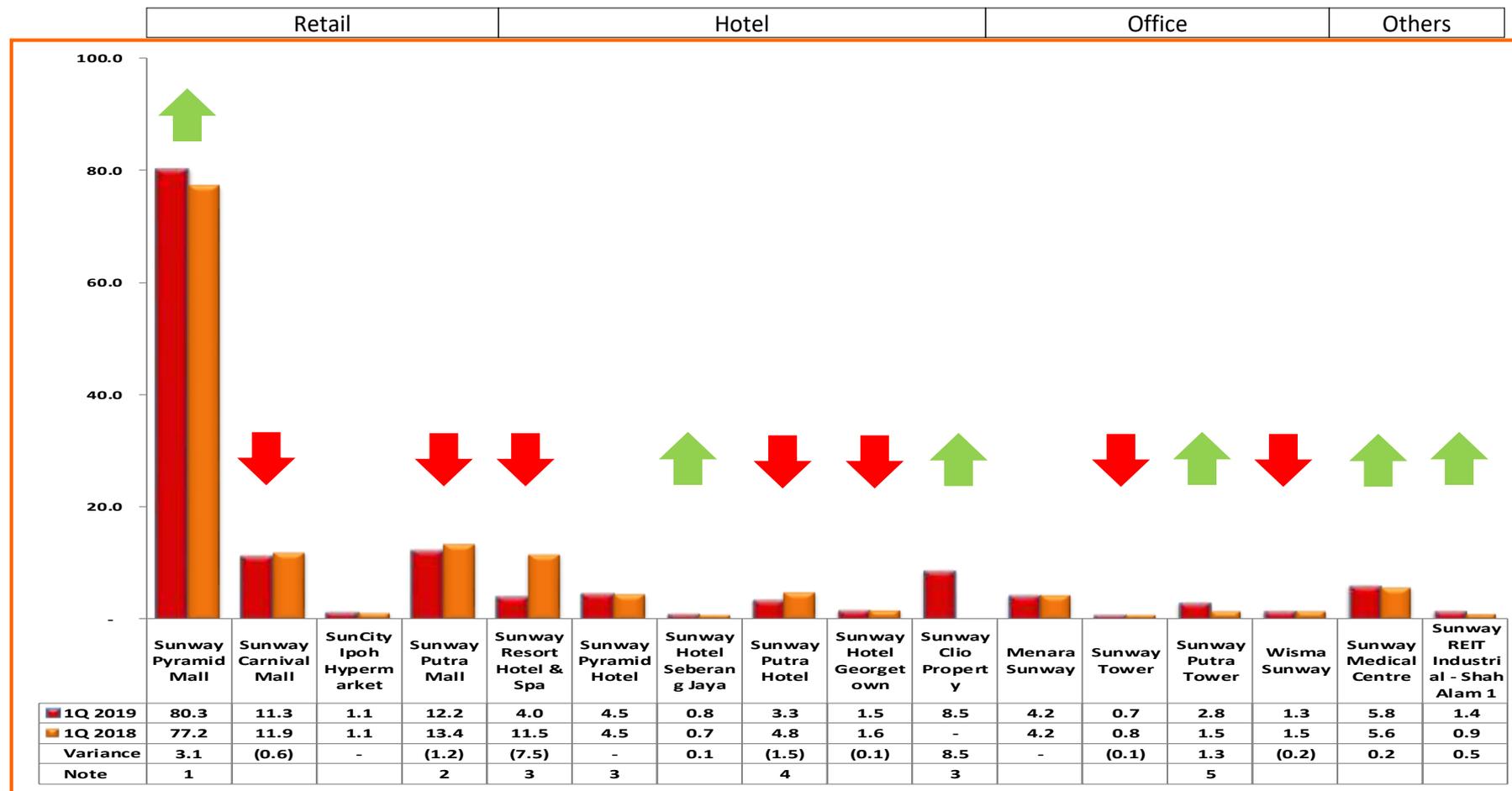
Note: Calculation of % of increase/decrease above varies marginally compared to 1Q2019 Quarterly Reports in Bursa Announcement due to rounding difference.

# 1Q 2019 Revenue Contribution (Cont'd)



1.8%

1Q 2019 (RM'million)	143.7
1Q 2018 (RM'million)	141.2



Note: Calculation of variance above varies marginally compared to 1Q2019 Quarterly Announcement in Bursa Announcement due to rounding difference.

# 1Q 2019 Revenue Contribution (Cont'd)

## Explanation:

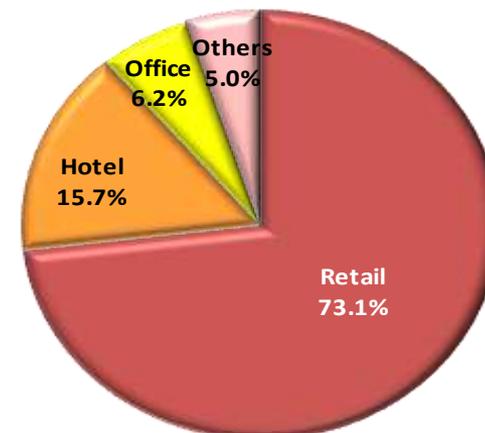
- 1 Sunway Pyramid Shopping Mall** – Higher by RM3.1 million due to higher average gross rent per sq. ft. mainly contributed by better turnover rent in the current quarter.
- 2 Sunway Putra Mall** – Lower by RM1.2 million mainly due to lower average gross rent per sq. ft. attributable to attractive rental packages offered to tenants on selective basis as a strategy to maintain vibrancy of the mall.
- 3 Cluster hotels in Sunway City (Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Property\*)** – Contributed revenue of RM17.0 million in the current quarter, higher by RM1.0 million compared to the same quarter last year. The new contribution from Sunway Clio Property was largely offset by lower contribution from Sunway Resort Hotel & Spa due to disruption in income from the closure of the grand ballroom, meeting and function rooms for refurbishment, whilst Sunway Pyramid Hotel maintained its gross revenue of RM4.5 million.
- 4 Sunway Putra Hotel** – Lower by RM1.5 million primarily due to lower average occupancy rate as the same quarter last year was supported by one-off contribution from the SEA Games and ASEAN Para Games held in August 2017 and September 2017 respectively.
- 5 Sunway Putra Tower** – Higher by RM1.3 million mainly attributable to higher average occupancy rate following the commencement of new tenancies.

\* The gross revenue and net property income of Sunway Clio Property include a provision for partial Income Support in addition to the actual contribution from the hotel and retail components.

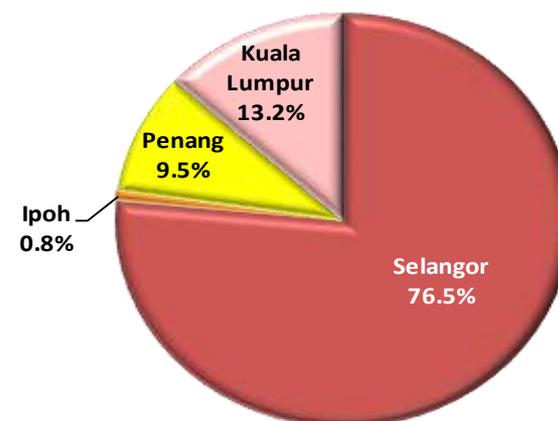
# 1Q 2019 Revenue Contribution (Cont'd)

By Property	1Q 2019 %
Sunway Pyramid Mall	55.9%
Sunway Carnival Mall	7.9%
SunCity Ipoh Hypermarket	0.8%
Sunway Putra Mall	8.5%
<b>Total Retail</b>	<b>73.1%</b>
Sunway Resort Hotel & Spa	2.8%
Sunway Pyramid Hotel	3.1%
Sunway Hotel Seberang Jaya	0.6%
Sunway Putra Hotel	2.3%
Sunway Hotel Georgetown	1.0%
Sunway Clio Property	5.9%
<b>Total Hotel</b>	<b>15.7%</b>
Menara Sunway	2.9%
Sunway Tower	0.5%
Sunway Putra Tower	1.9%
Wisma Sunway	0.9%
<b>Total Office</b>	<b>6.2%</b>
Sunway Medical Centre	4.0%
Sunway REIT Industrial - Shah Alam 1	1.0%
<b>Total Others</b>	<b>5.0%</b>
	<b>100.0%</b>

## By Segment (1Q)



## By Location (1Q)



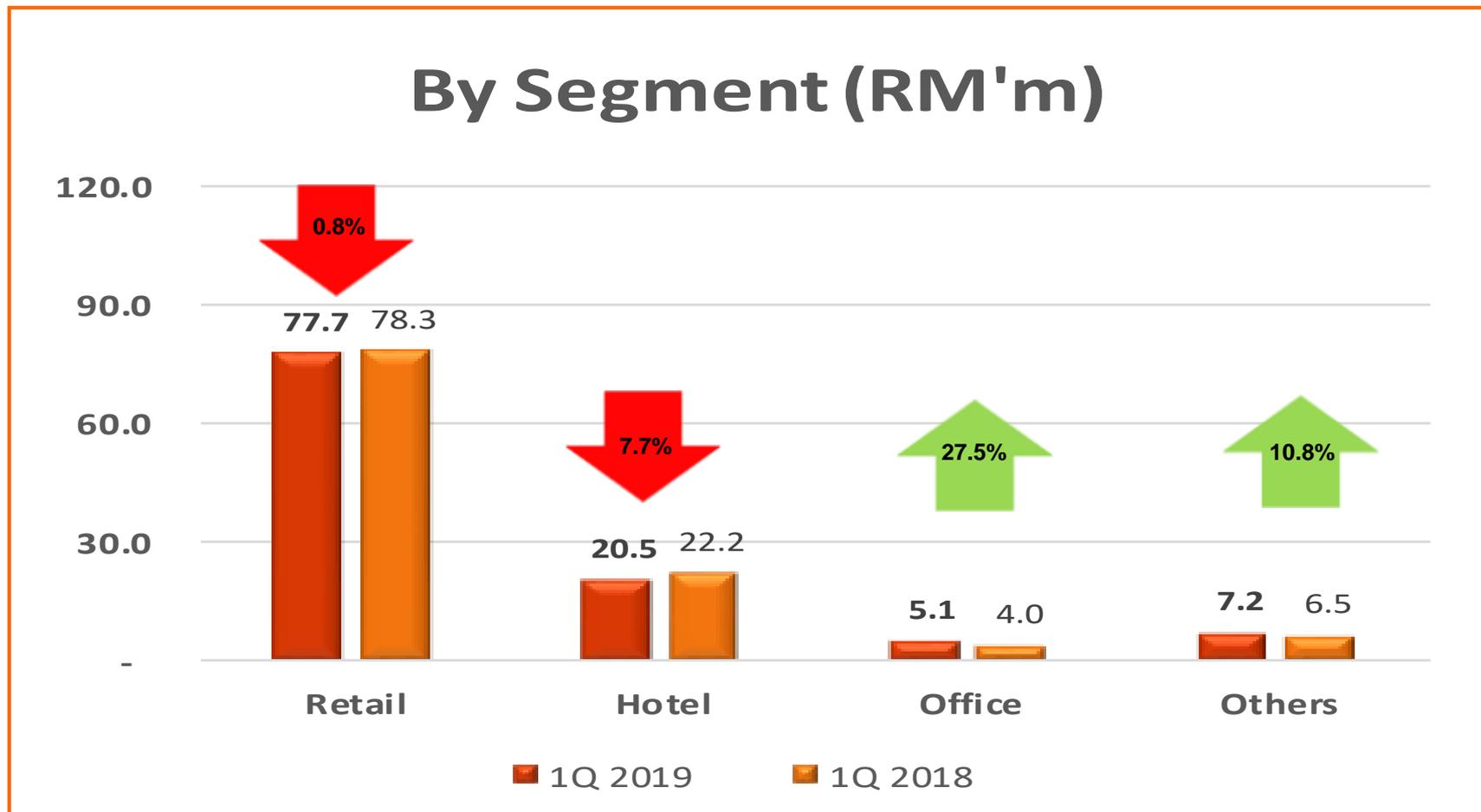
# 1Q 2019 NPI Contribution



1Q 2019 (RM'million)  
1Q 2018 (RM'million)

<u>NPI</u>	<u>Margin</u>
110.5	76.9%
111.0	78.6%

## By Segment (RM'm)



Note: Calculation of % of increase/decrease above varies marginally compared to 1Q2019 Quarterly Reports in Bursa Announcement due to rounding difference.

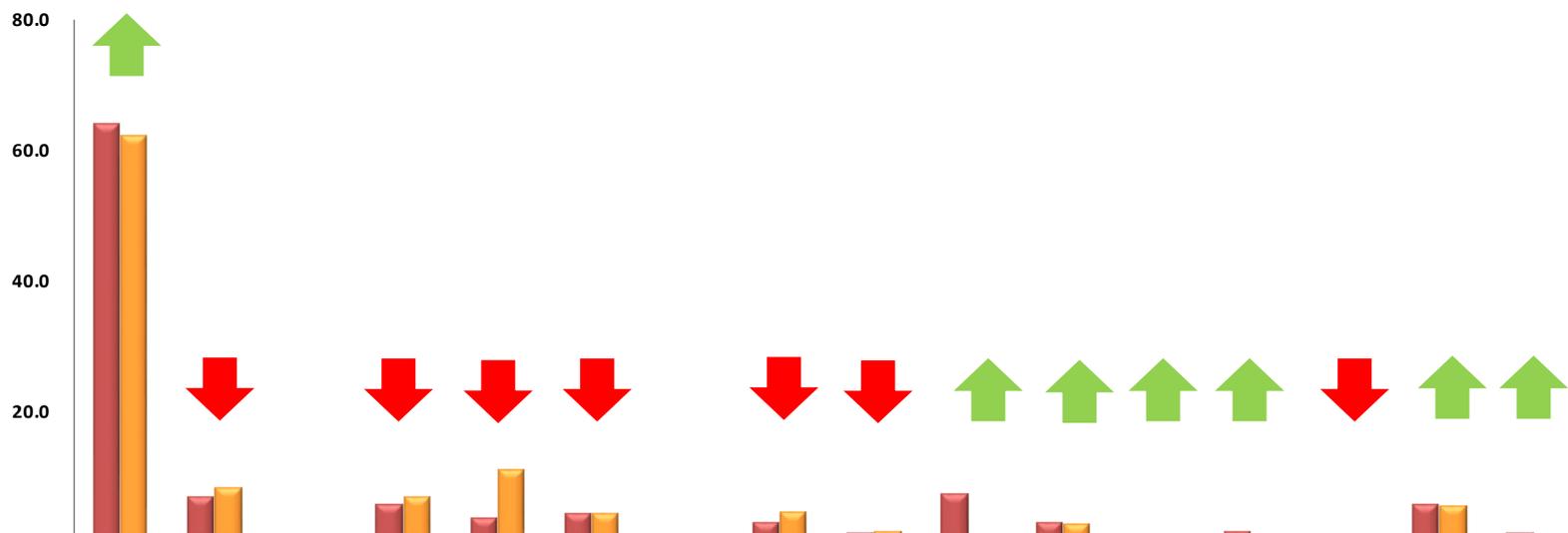
# 1Q 2019 NPI Contribution (Cont'd)



1Q 2019 (RM'million)  
 1Q 2018 (RM'million)

NPI	Margin
110.5	76.9%
111.0	78.6%

Retail	Hotel	Office	Others
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	Sunway Pyramid Mall	Sunway Carnival Mall	SunCity Ipoh Hypermarket	Sunway Putra Mall	Sunway Resort Hotel & Spa	Sunway Pyramid Hotel	Sunway Hotel Seberang Jaya	Sunway Putra Hotel	Sunway Hotel Georgetown	Sunway Clio Property	Menara Sunway	Sunway Tower	Sunway Putra Tower	Wisma Sunway	Sunway Medical Centre	Sunway REIT Industrial - Shah Alam 1
■ 1Q 2019	64.1	6.8	1.1	5.7	3.7	4.3	0.7	3.0	1.4	7.4	2.9	0.1	1.6	0.5	5.8	1.4
■ 1Q 2018	62.1	8.2	1.1	6.9	11.1	4.4	0.7	4.5	1.5	-	2.8	(0.2)	0.6	0.8	5.6	0.9
Variance	2.0	(1.4)	-	(1.2)	(7.4)	(0.1)	-	(1.5)	(0.1)	7.4	0.1	0.3	1.0	(0.3)	0.2	0.5
Note	1	2		3	3	3		3		3			3			
1Q 2019 NPI margin %	79.8%	60.2%	100.0%	46.7%	92.5%	95.6%	87.5%	90.9%	93.3%	87.1%	69.0%	14.3%	57.1%	38.5%	100.0%	100.0%
1Q 2018 NPI margin %	80.4%	68.9%	100.0%	51.5%	96.5%	97.8%	100.0%	93.8%	93.8%	0.0%	66.7%	-25.0%	40.0%	53.3%	100.0%	100.0%

Note: Calculation of variance above varies marginally compared to 1Q2019 Quarterly Announcement in Bursa Announcement due to rounding difference.

# 1Q 2019 NPI Contribution (Cont'd)

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## Explanation:

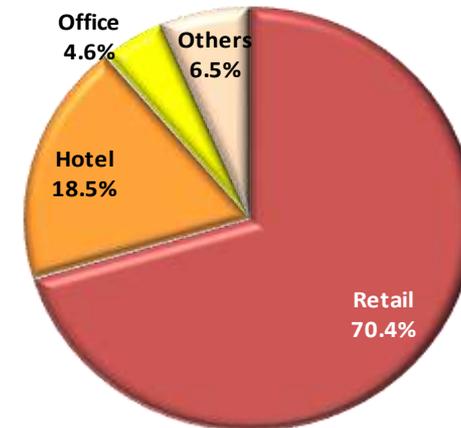
- 1 **Sunway Pyramid Shopping Mall** – NPI increased by RM2.0 million although revenue was higher by RM3.1 million mainly due to higher fit-out expenses.
- 2 **Sunway Carnival Shopping Mall** – NPI was lower by RM1.4 million although revenue was lower by RM0.6 million mainly due to higher maintenance cost.
- 3 **Sunway Putra Mall, Cluster hotels in Sunway City (Sunway Resort Hotel & Spa, Sunway Pyramid Hotel and Sunway Clio Property\*), Sunway Putra Hotel and Sunway Putra Tower** – In line with the explanation for 1Q 2019 Revenue Contribution in page 18.

\* The gross revenue and net property income of Sunway Clio Property include a provision for partial Income Support in addition to the actual contribution from the hotel and retail components.

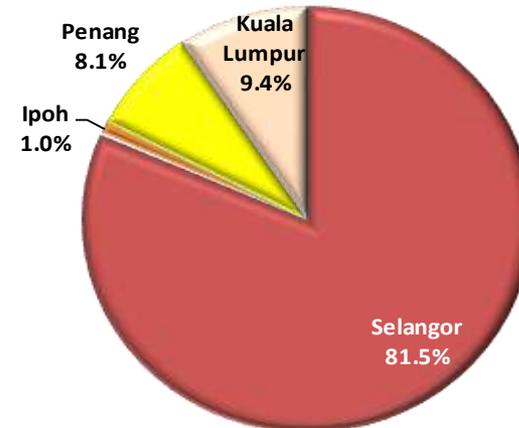
# 1Q 2019 NPI Contribution (Cont'd)

By Property	1Q 2019 %
Sunway Pyramid Mall	58.0%
Sunway Carnival Mall	6.2%
SunCity Ipoh Hypermarket	1.0%
Sunway Putra Mall	5.2%
<b>Total Retail</b>	<b>70.4%</b>
Sunway Resort Hotel & Spa	3.3%
Sunway Pyramid Hotel	3.9%
Sunway Hotel Seberang Jaya	0.6%
Sunway Putra Hotel	2.7%
Sunway Hotel Georgetown	1.3%
Sunway Clio Property	6.7%
<b>Total Hotel</b>	<b>18.5%</b>
Menara Sunway	2.6%
Sunway Tower	0.1%
Sunway Putra Tower	1.4%
Wisma Sunway	0.5%
<b>Total Office</b>	<b>4.6%</b>
Sunway Medical Centre	5.2%
Sunway REIT Industrial - Shah Alam 1	1.3%
<b>Total Others</b>	<b>6.5%</b>
	<b>100.0%</b>

## By Segment (1Q)



## By Location (1Q)

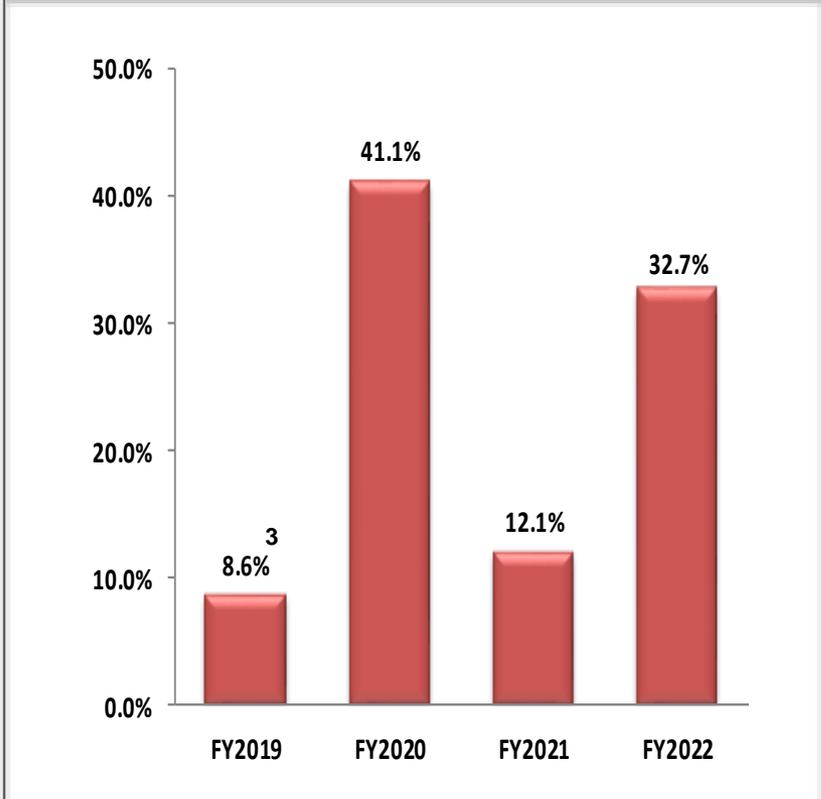


# Resilient Income Stream

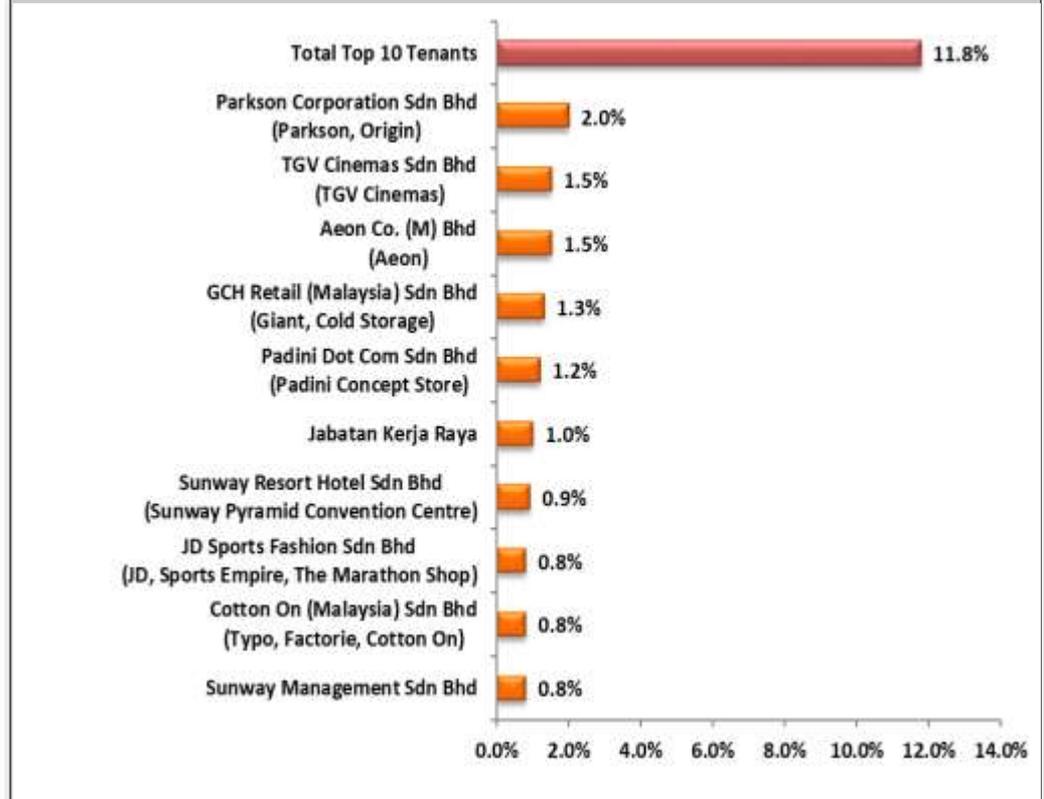
WALE <sup>1</sup> as at 30 Sept 2018 – 1.92 years

Top 10 tenants contribute approximately 11.8% of total revenue

## Projected tenancy expiry of portfolio <sup>2</sup>



## Top 10 tenants <sup>4</sup>



<sup>1</sup> Calculated based on gross rental income.

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

<sup>3</sup> Include monthly tenancies occupying 0.9% of total space.

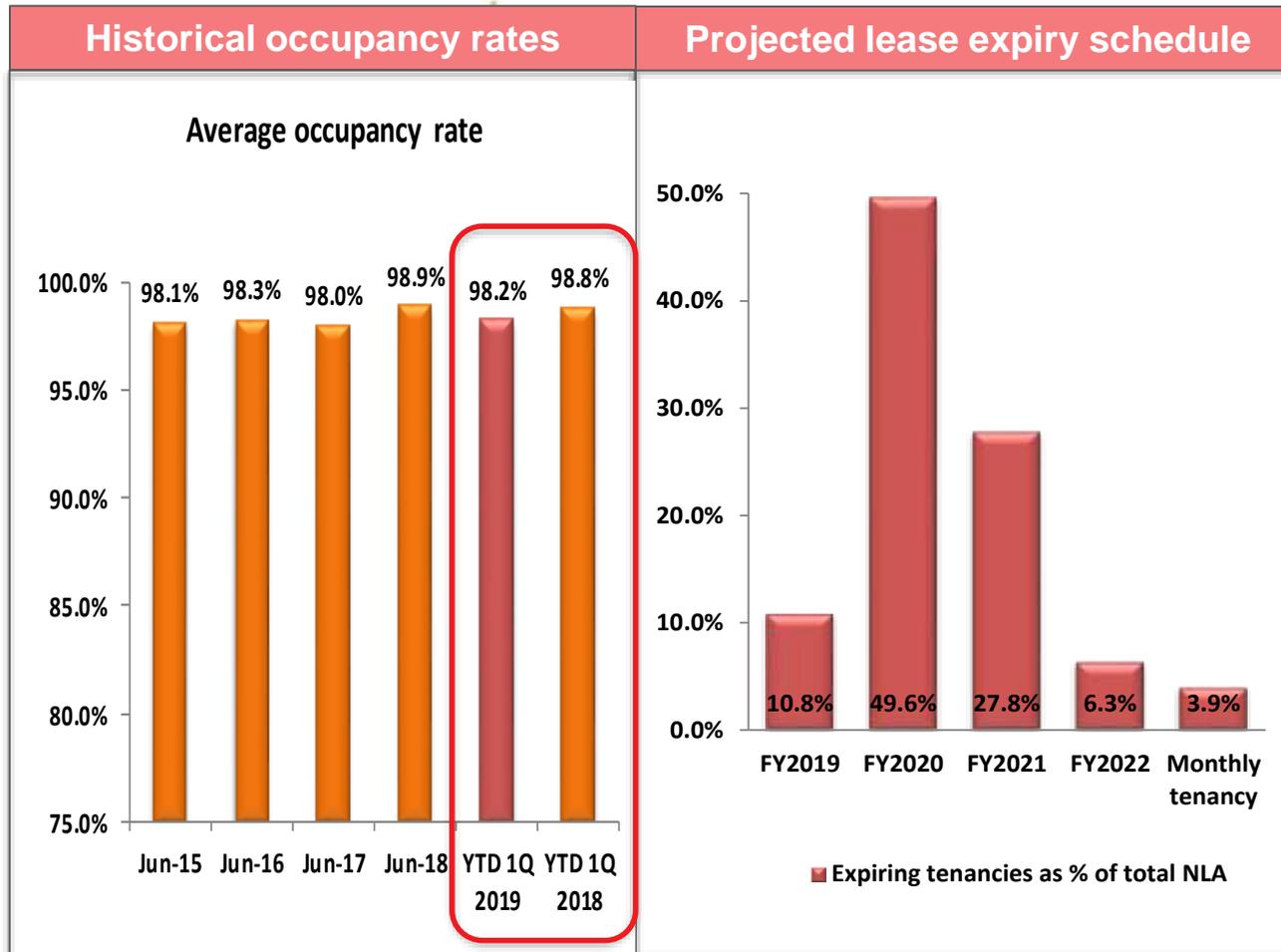
<sup>4</sup> Based on gross rental income for the month of September 2018 (exclude Hotel Leases, Hospital Lease, Industrial Property Lease and car park tenancies).

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## 4. 1Q 2019 Property Performance

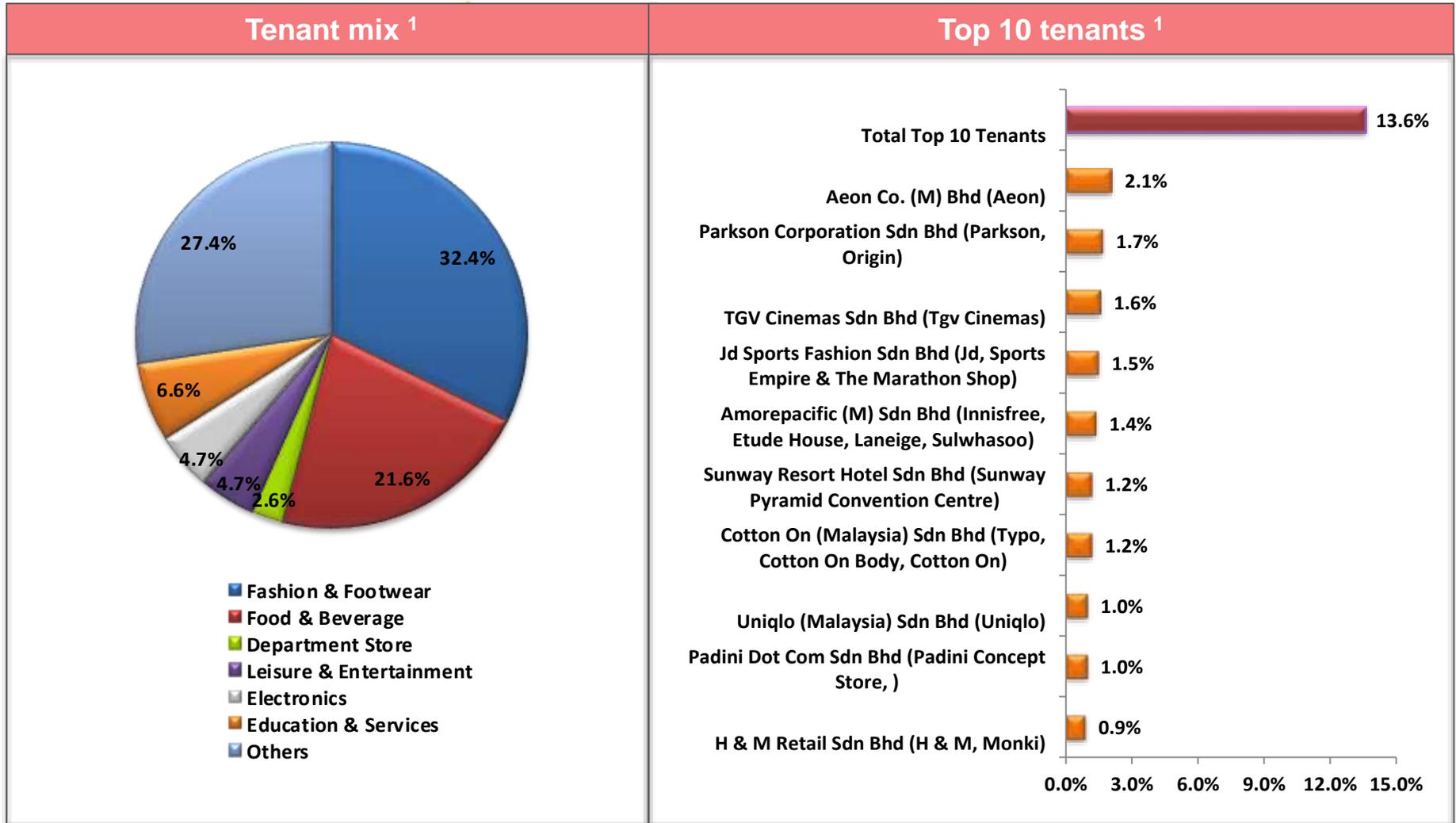
# RETAIL PROPERTIES

## SUNWAY PYRAMID SHOPPING MALL



# RETAIL PROPERTIES

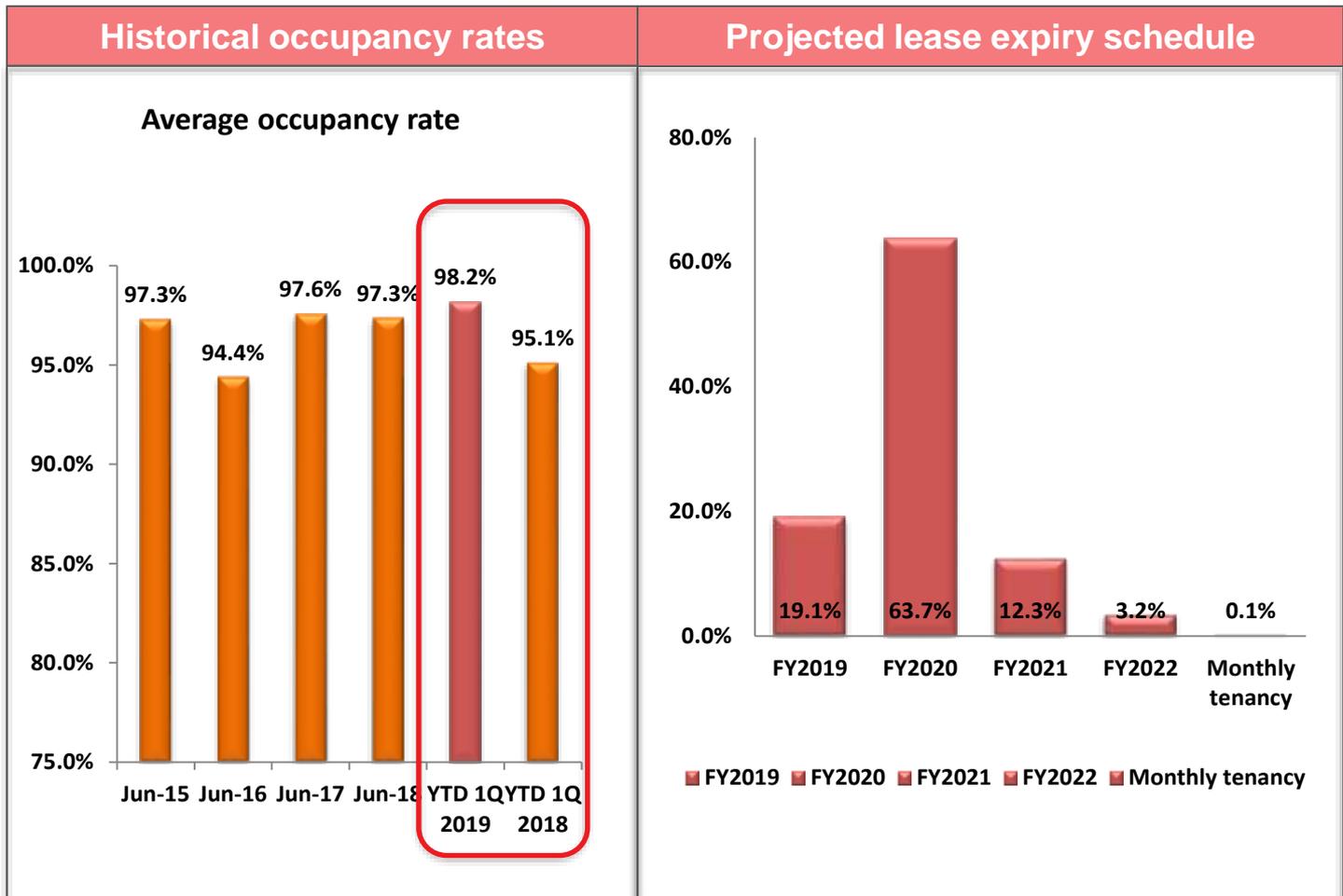
## SUNWAY PYRAMID SHOPPING MALL (Cont'd)



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# RETAIL PROPERTIES

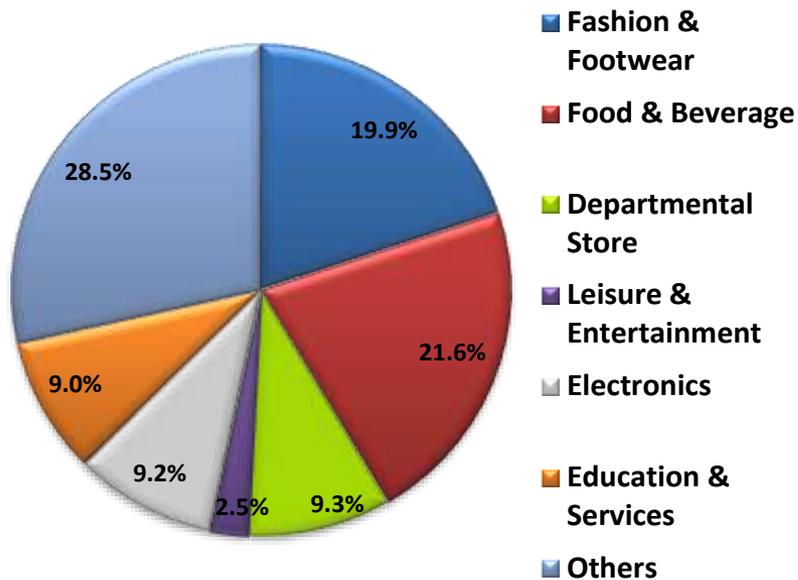
## SUNWAY CARNIVAL SHOPPING MALL



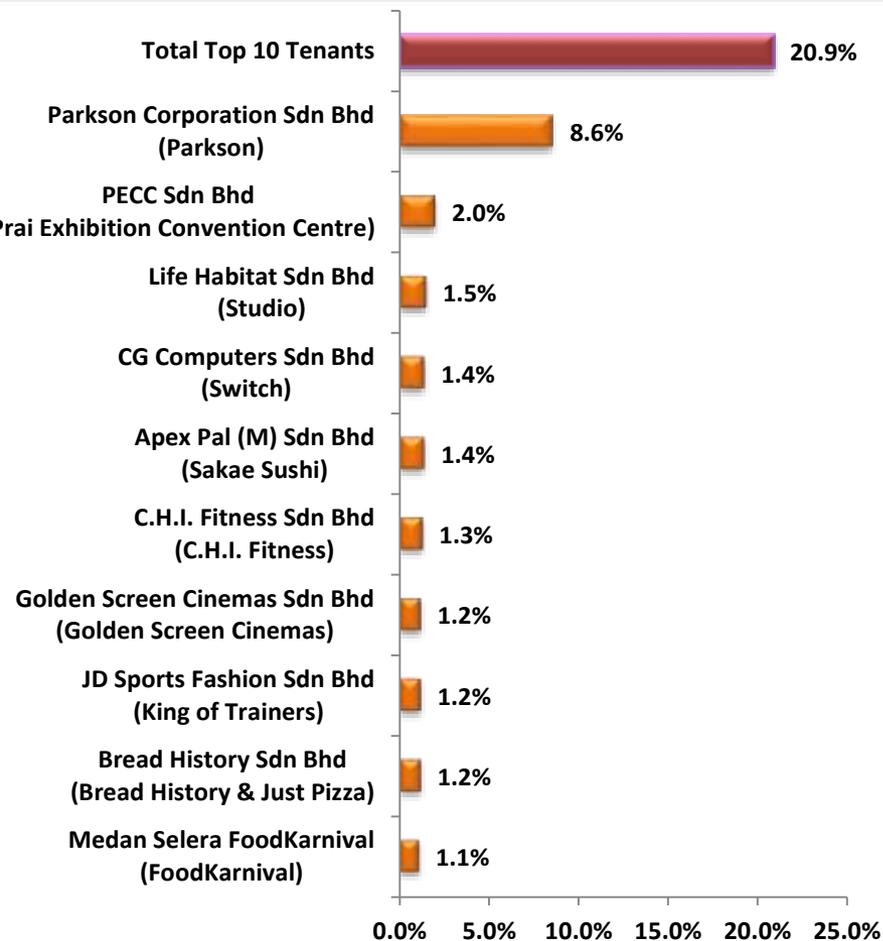
# RETAIL PROPERTIES

## SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix <sup>1</sup>



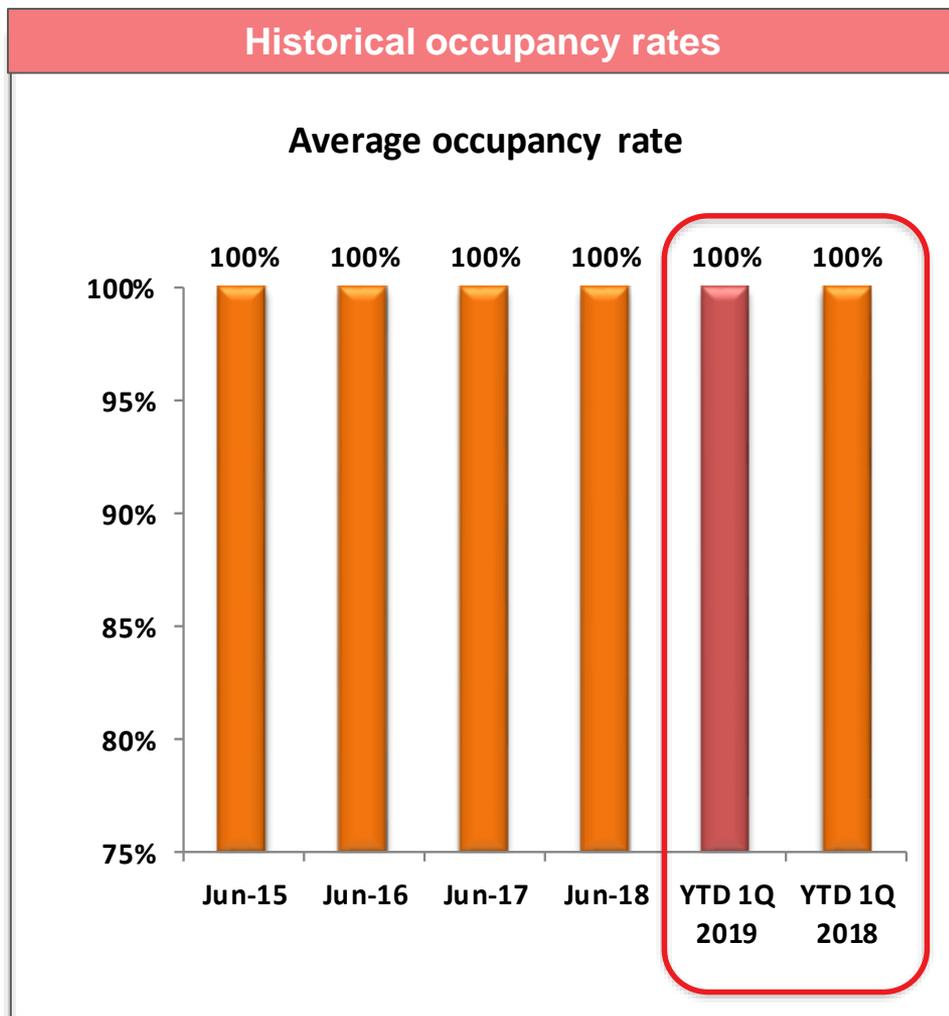
Top 10 tenants <sup>1</sup>



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# RETAIL PROPERTIES

## SUNCITY IPOH HYPERMARKET

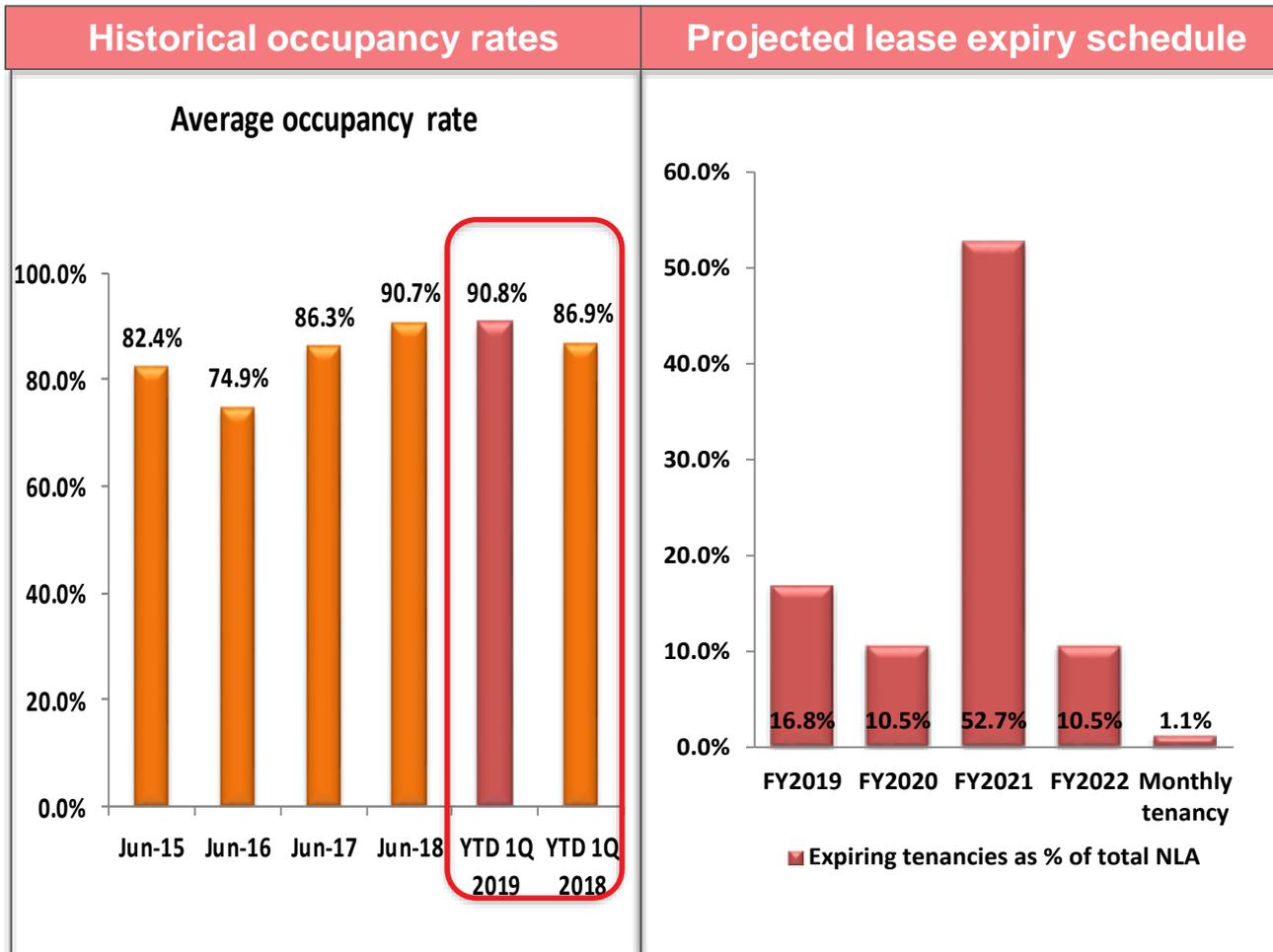


Suncity Ipoh Hypermarket is leased to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand.

The next renewal for the tenancy is in April 2020.

# RETAIL PROPERTIES

## SUNWAY PUTRA MALL

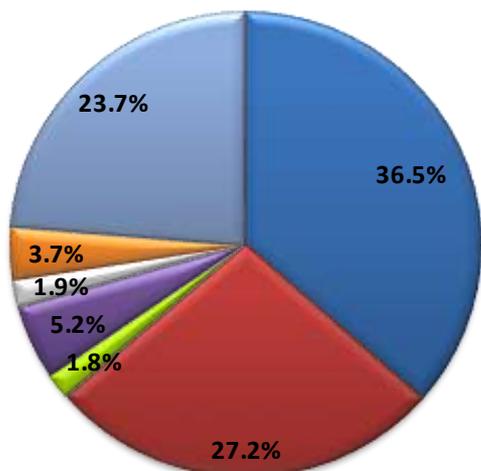


Average occupancy rate for YTD 1Q2019 was higher compared to YTD 1Q2018 with the commencement of new tenants.

# RETAIL PROPERTIES

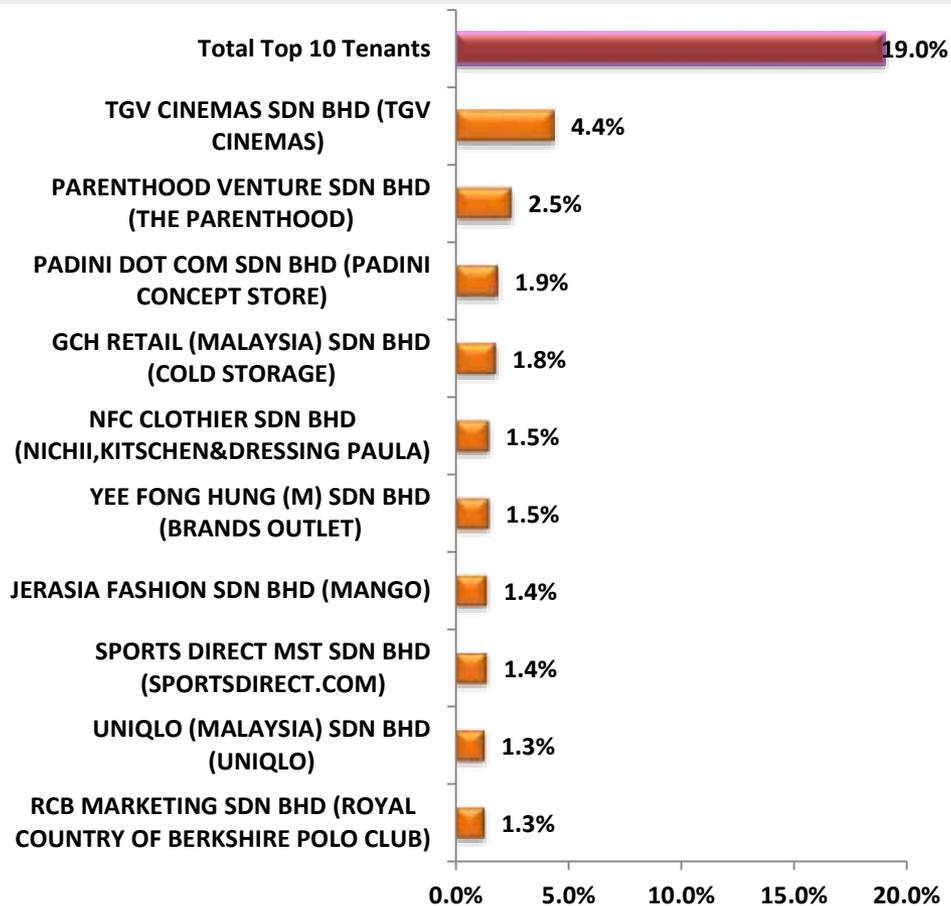
## SUNWAY PUTRA MALL (Cont'd)

Tenant mix <sup>1</sup>



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

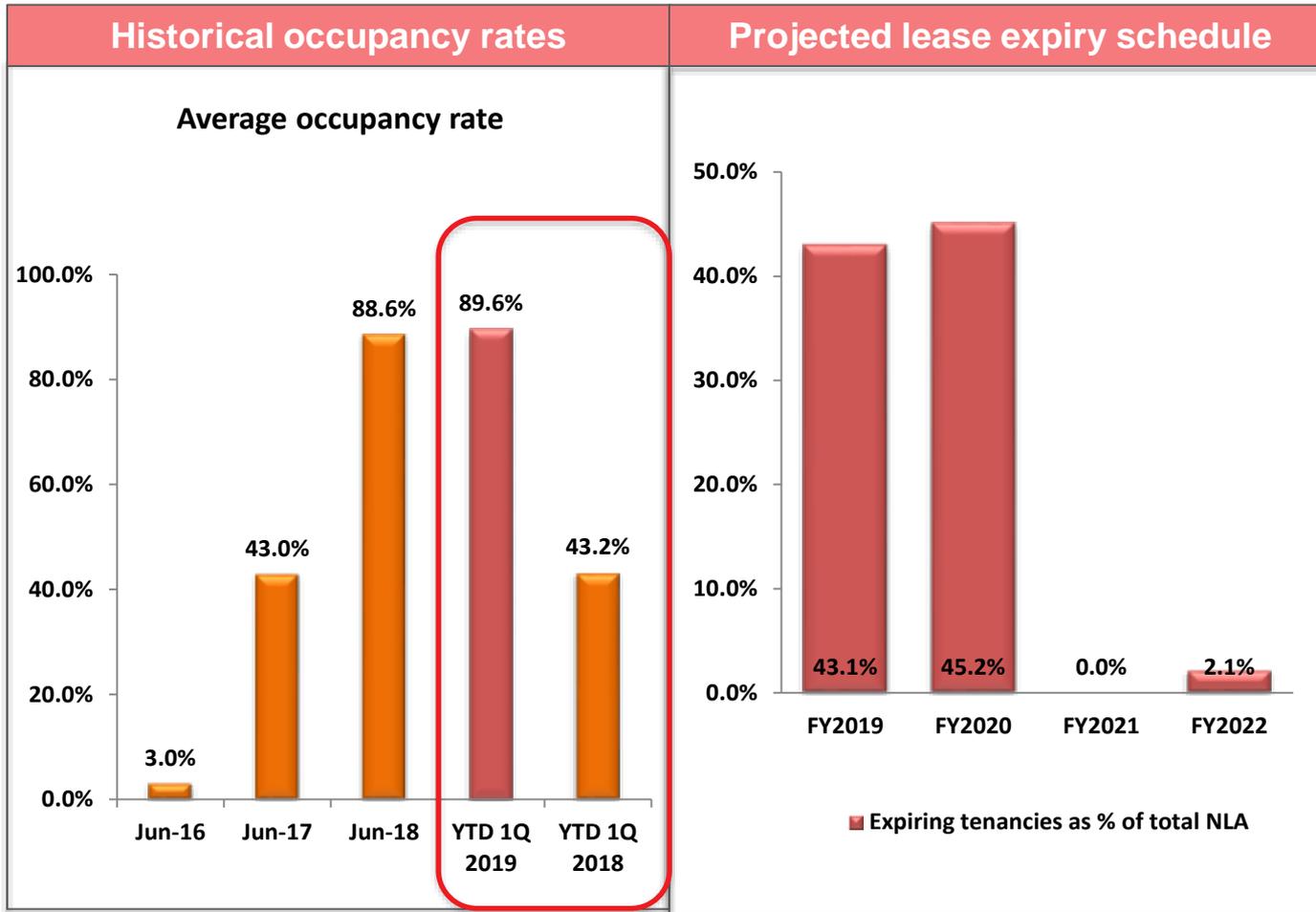
Top 10 tenants <sup>1</sup>



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# RETAIL PROPERTIES

## SUNWAY CLIO RETAIL



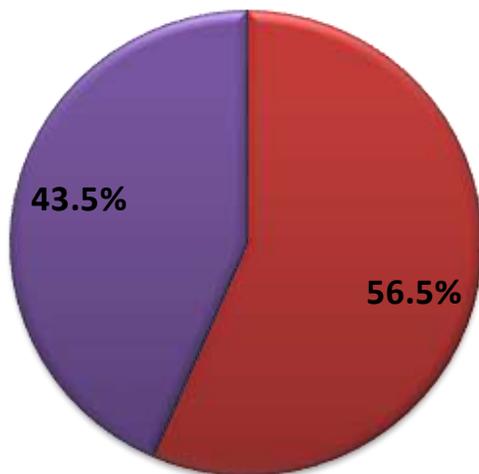
Note: The acquisition was completed on 9 February 2018. The historical information from its commencement from 9 April 2016 to 9 February 2018 was provided by the vendor, Sunway Forum Hotel Sdn Bhd.

Average occupancy rate for YTD 1Q2019 was higher compared to YTD 1Q2018 with the commencement of new tenants.

# RETAIL PROPERTIES

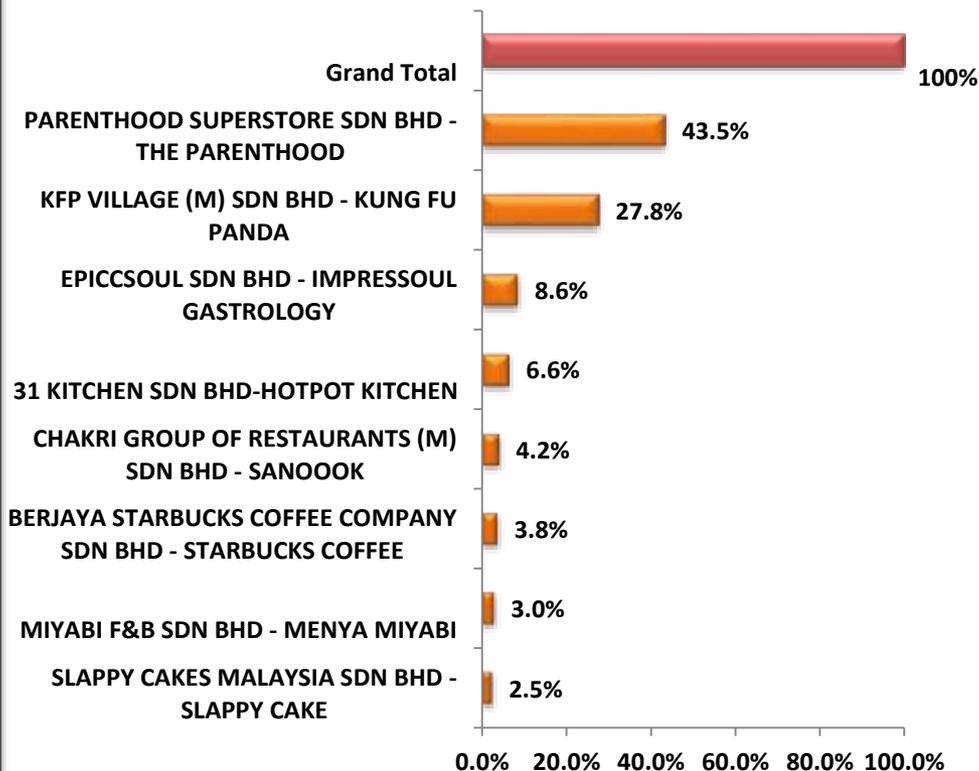
## SUNWAY CLIO RETAIL (Cont'd)

Tenant mix <sup>1</sup>



■ Food & Beverage  
■ Leisure & Entertainment

Top tenants <sup>1</sup>



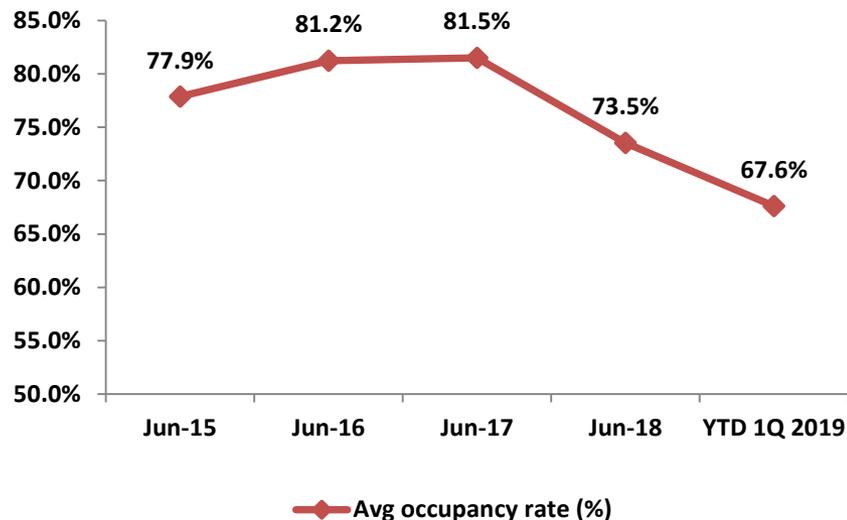
<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# HOSPITALITY PROPERTIES

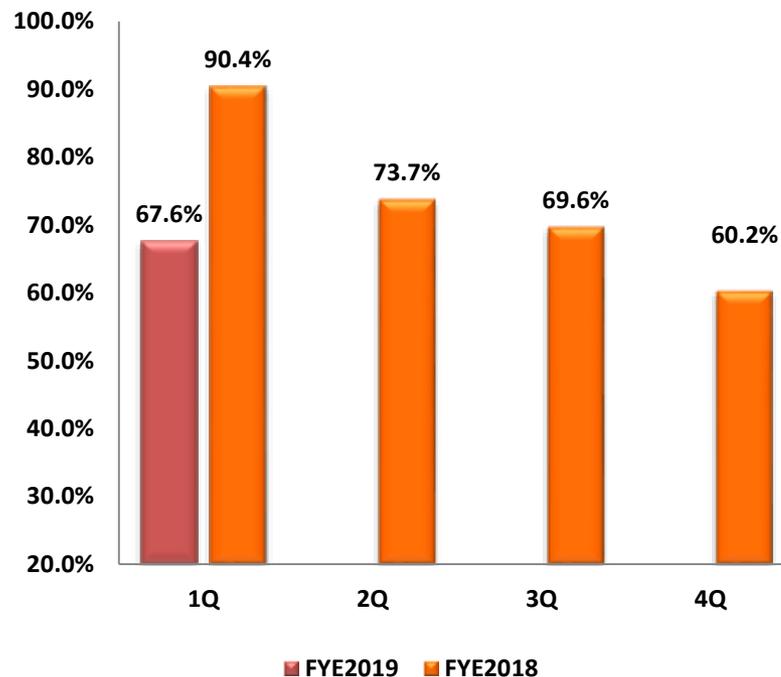
## SUNWAY RESORT HOTEL & SPA

### Historical occupancy rate

#### Average occupancy rate (%)



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	17.1%
Leisure	82.9%

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

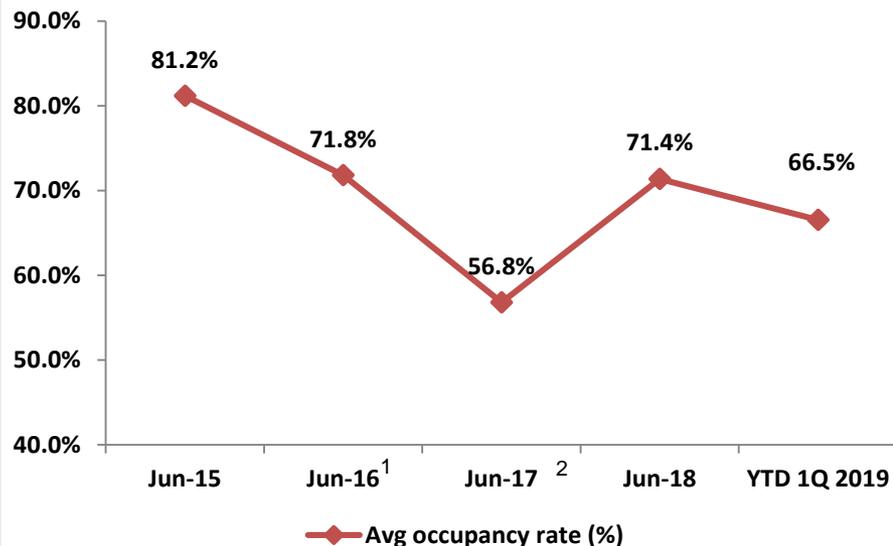
Note 2: All segments came in lower than previous year performance due to decline in Middle East market and on-going Grand Ballroom, function and meeting rooms renovation from mid Jul 2018 which impacted the MICE segment and corporate group.

# HOSPITALITY PROPERTIES

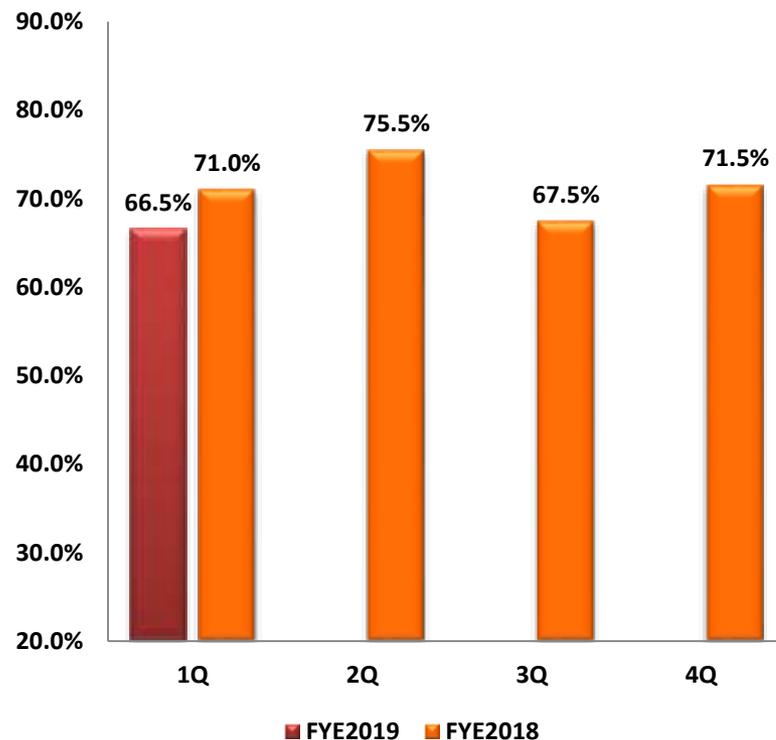
## SUNWAY PYRAMID HOTEL

### Historical occupancy rate

#### Average occupancy rate (%)



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	22.7%
Leisure	77.3%

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 progressive re-opening in November 2016 and full completion in June 2017.

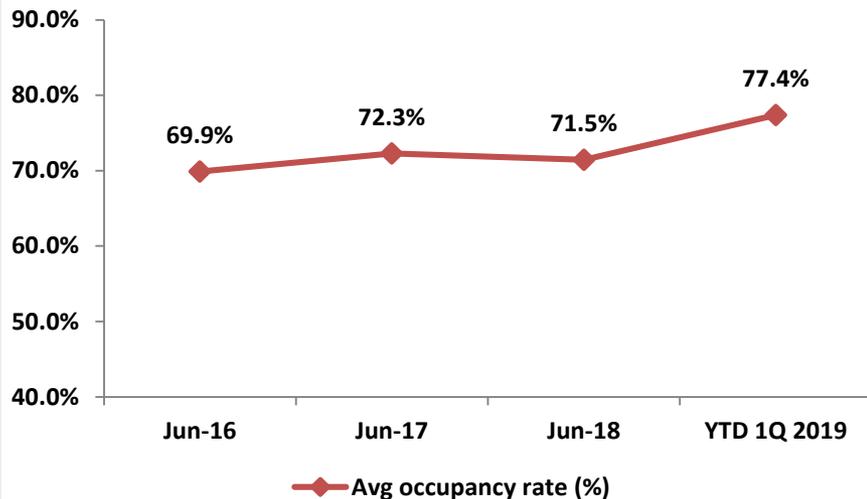
Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Pyramid Hotel is expiring in July 2020.

# HOSPITALITY PROPERTIES

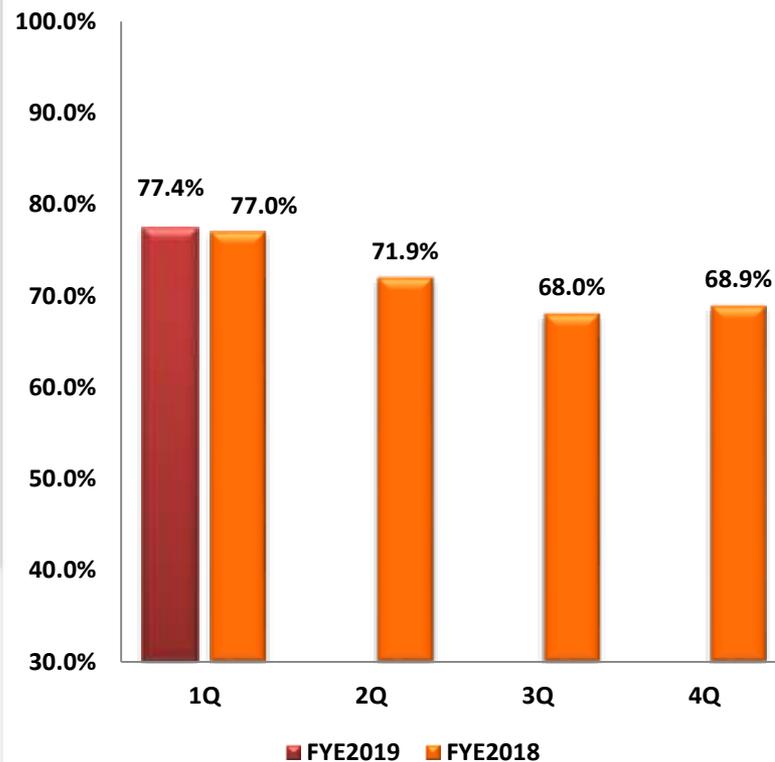
## SUNWAY CLIO HOTEL

### Historical occupancy rate

#### Average occupancy rate (%)



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	65.0%
Leisure	35.0%

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

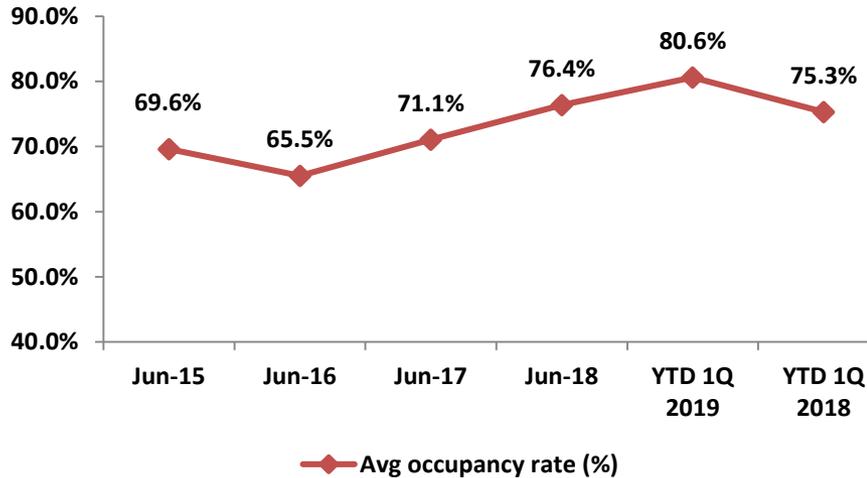
Note 2: The information for 3Q2018 is for full 3 months from Jan – Mar 2018 although the completion of acquisition was on 9 February 2018. The historical information for 1Q 2018 & 2Q 2018 were provided by the vendor, Sunway Forum Hotel Sdn Bhd.

# HOSPITALITY PROPERTIES

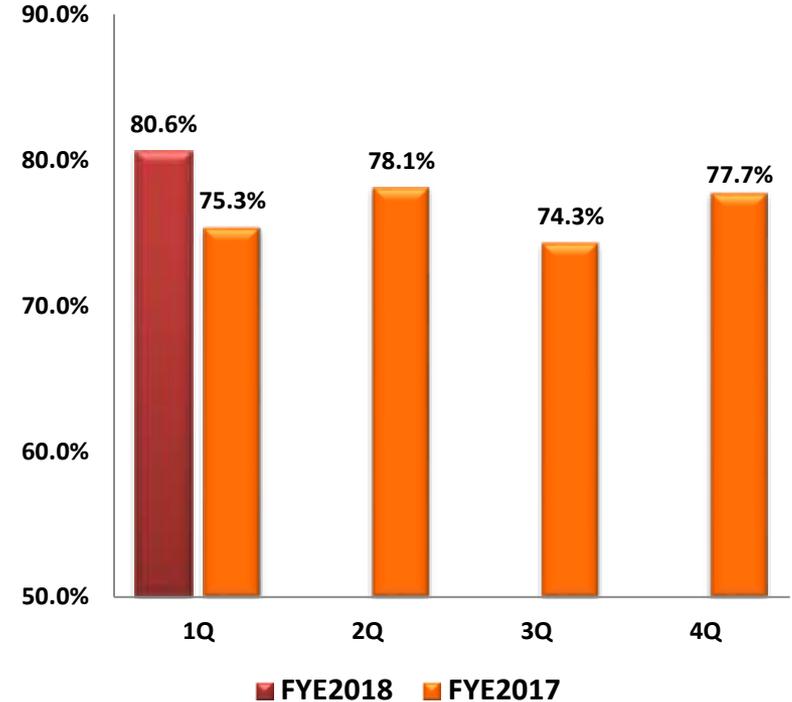
## SUNWAY HOTEL SEBERANG JAYA

### Historical occupancy rate

#### Average occupancy rate (%)



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	93.4%
Leisure	6.6%

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

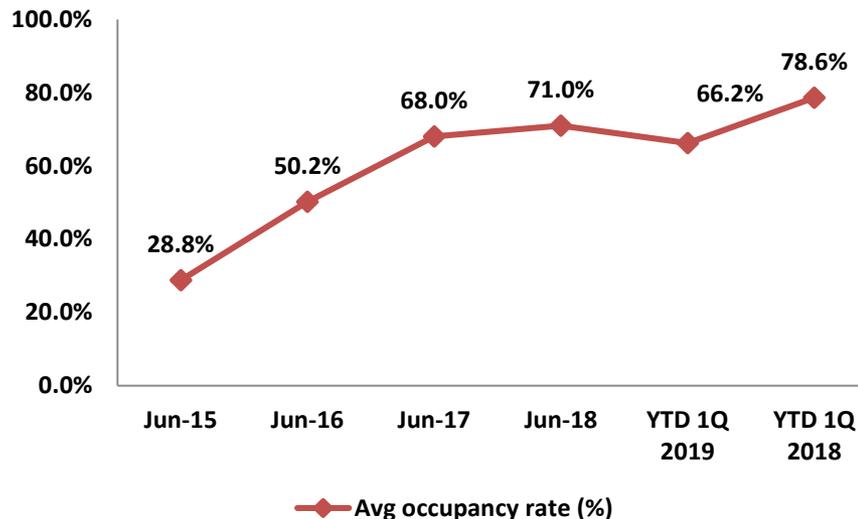
Note 2: All segments came in higher than previous year performance due to increased demand from corporate segment.

# HOSPITALITY PROPERTIES

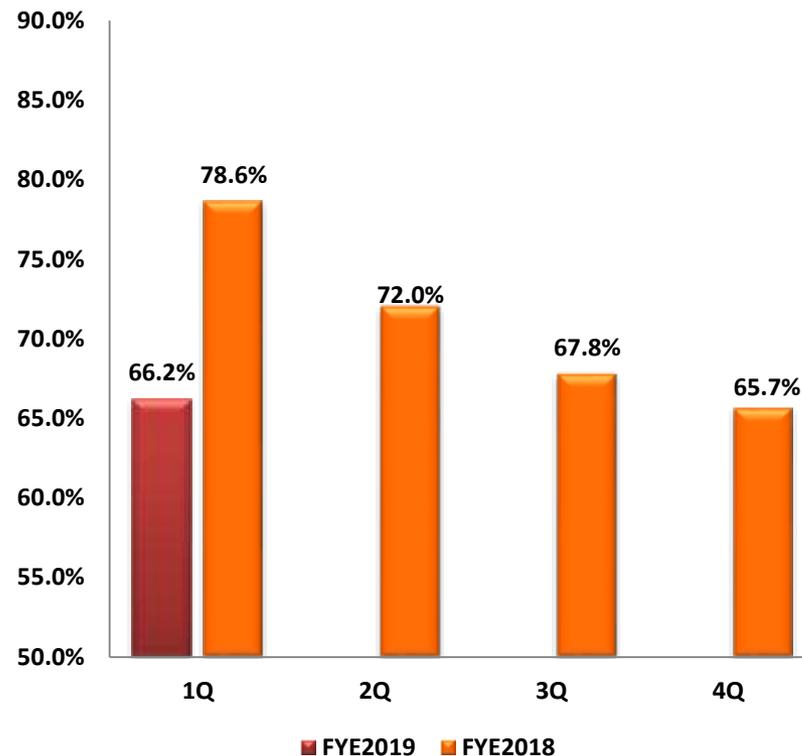
## SUNWAY PUTRA HOTEL

### Historical occupancy rate

#### Average occupancy rate (%)



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	22.9%
Leisure	77.1%

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

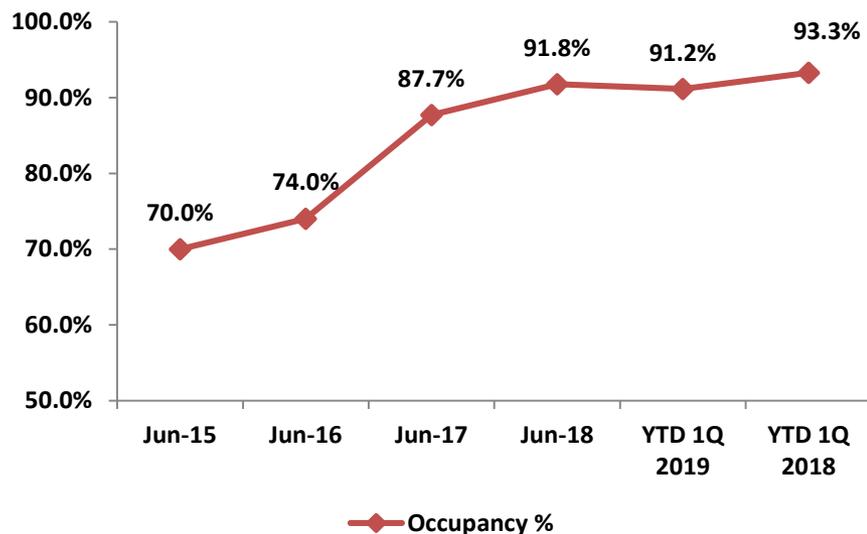
Note 2: Occupancy decreased due to decline in leisure and corporate segment while in 1Q2018 benefited from one-off business from SEA Games and PARA Games.

# HOSPITALITY PROPERTIES

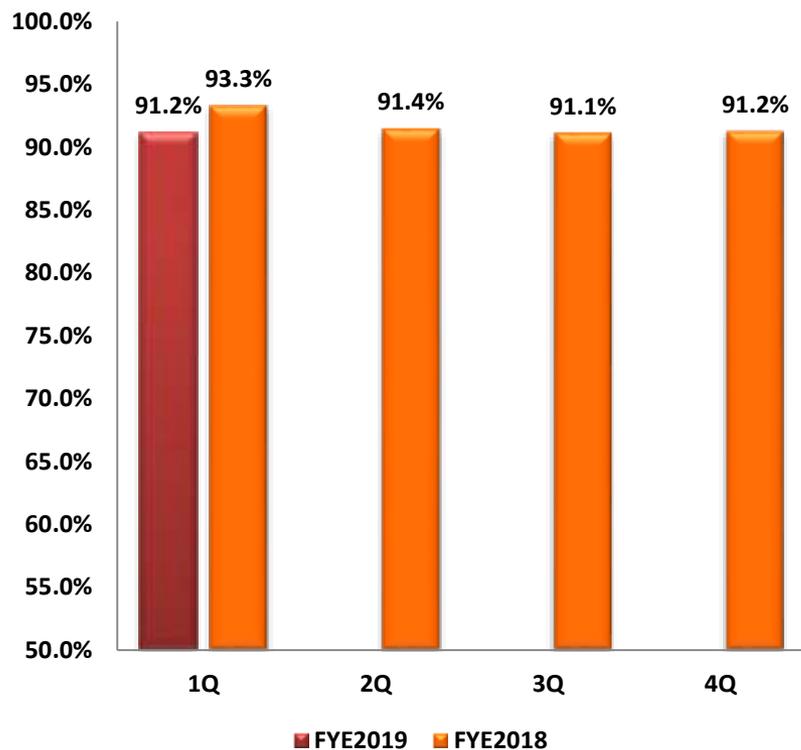
## SUNWAY HOTEL GEORGETOWN

### Historical occupancy rate

#### Average occupancy rate (%)



#### Average occupancy rate (%)



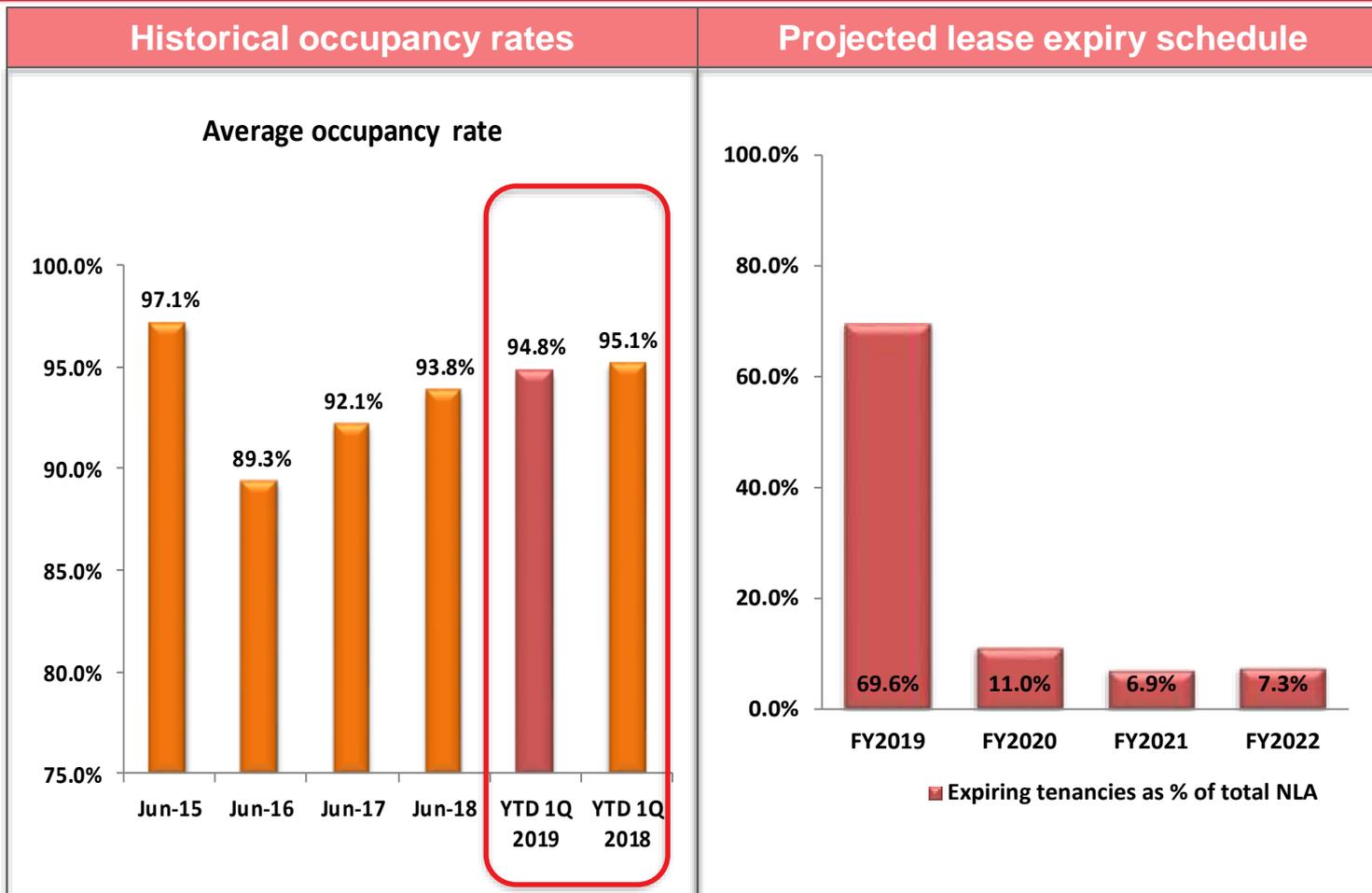
### Customer contribution (Room revenue)

Corporate	3.5%
Leisure	96.5%

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

# OFFICE PROPERTIES

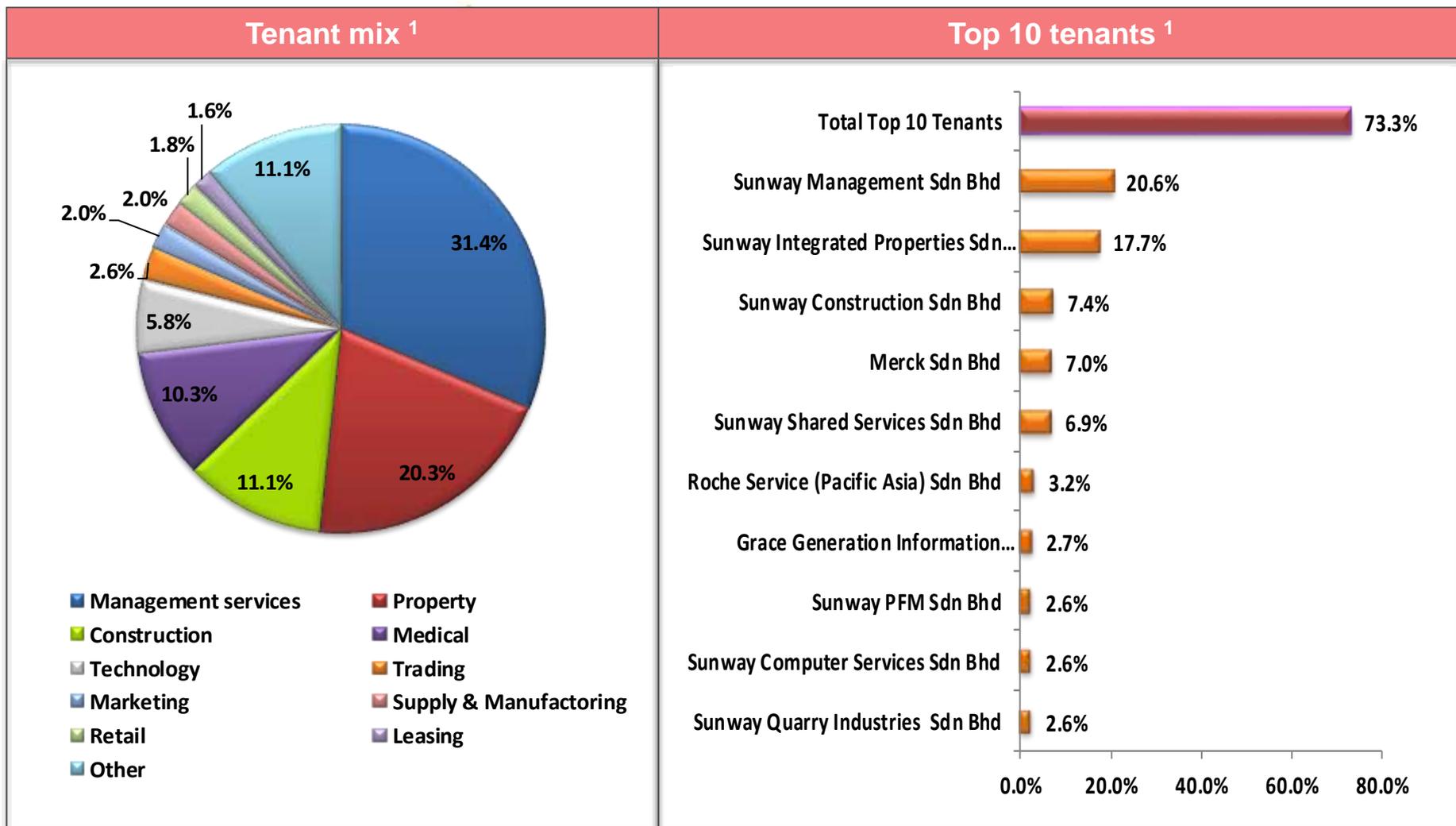
## MENARA SUNWAY



Note: Slight increase in gross rent for YTD 1Q2019 compared to YTD 1Q2018 due to positive rental reversion.

# OFFICE PROPERTIES

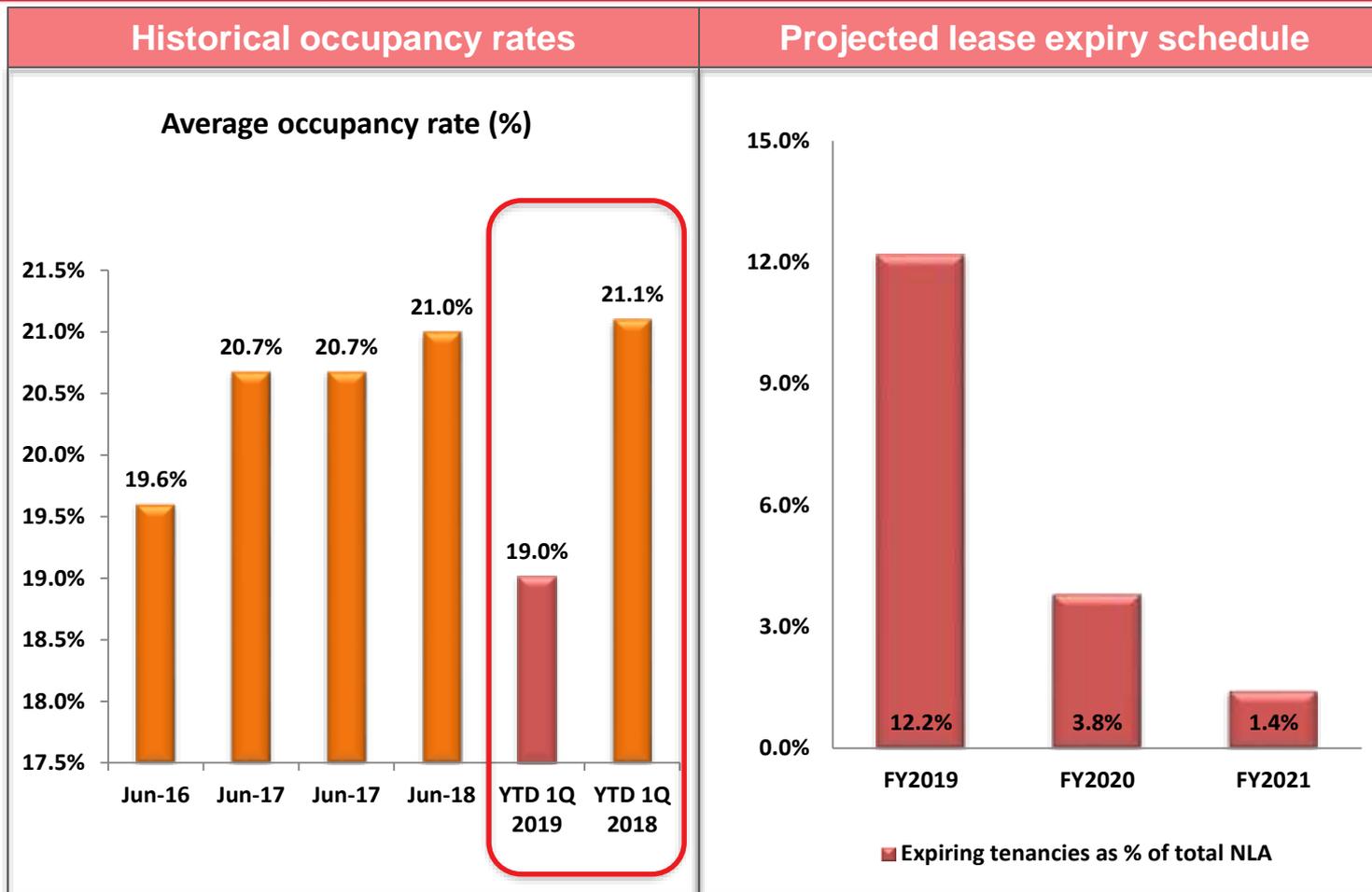
## MENARA SUNWAY (Cont'd)



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# OFFICE PROPERTIES

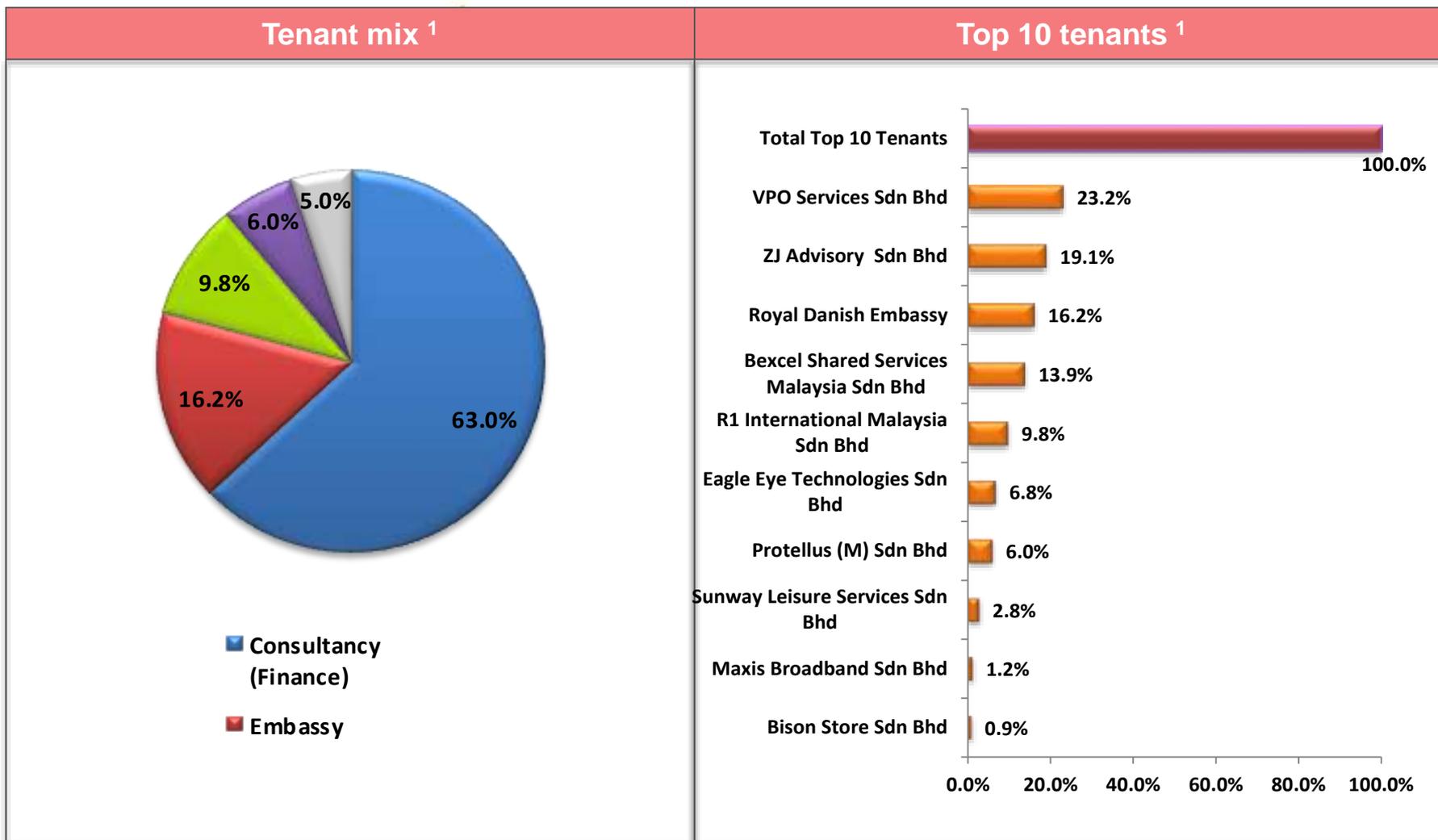
## SUNWAY TOWER



Note: Lower occupancy rate in YTD 1Q2019 compared to YTD 1Q2018 due to new vacancy from Aug 2018.

# OFFICE PROPERTIES

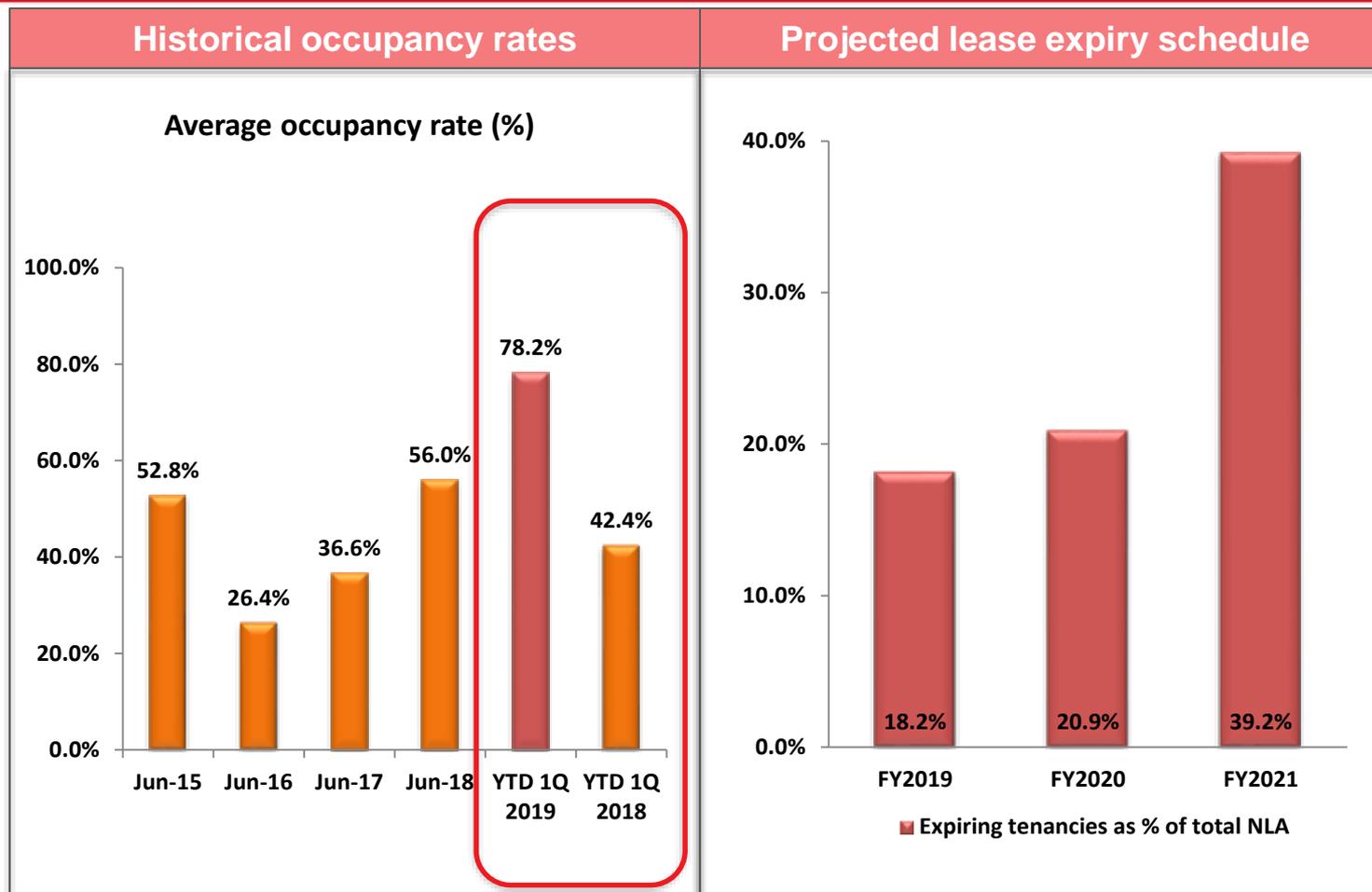
## SUNWAY TOWER (Cont'd)



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# OFFICE PROPERTIES

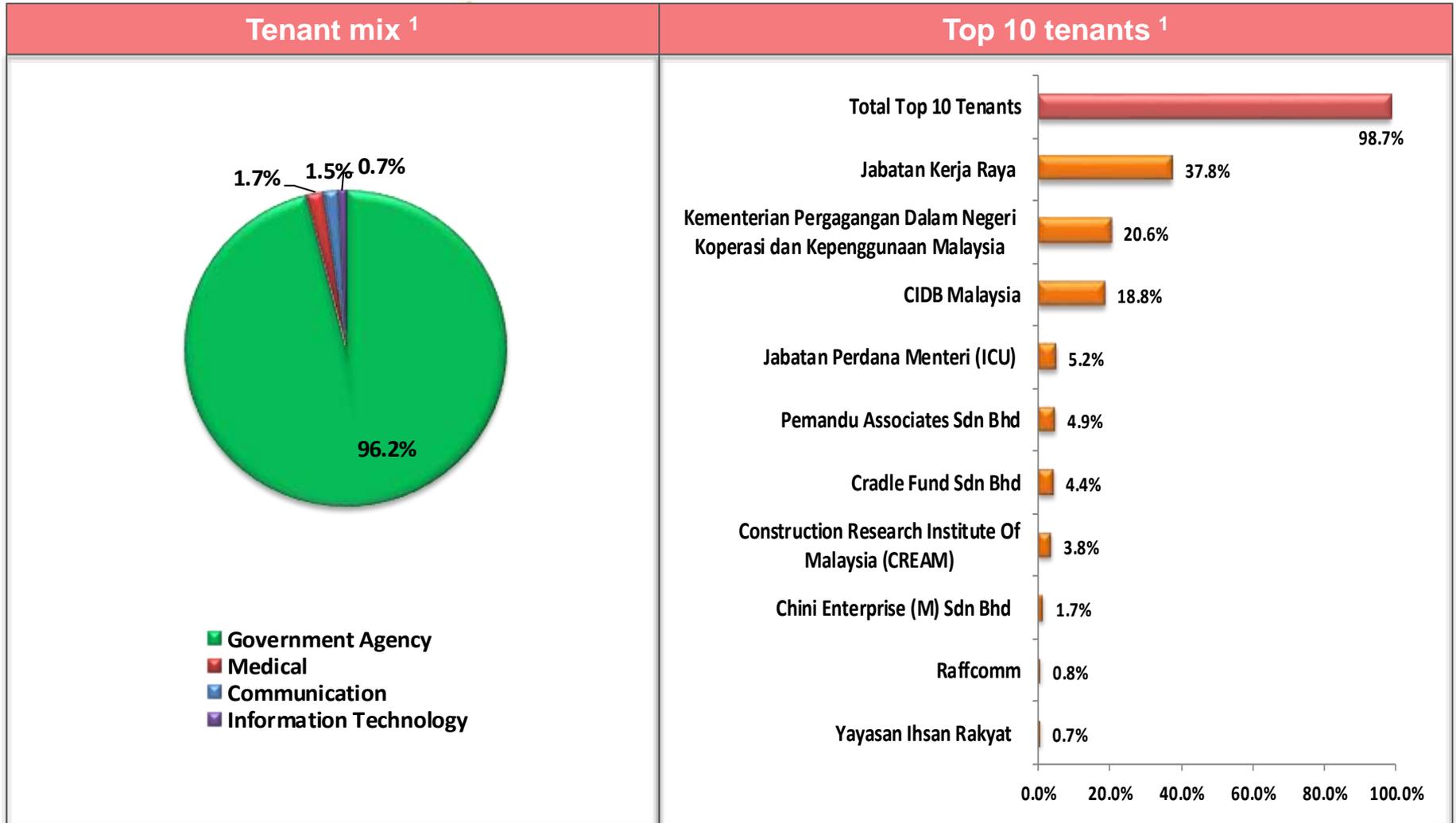
## SUNWAY PUTRA TOWER



Note: Higher average occupancy rate for YTD 1Q2019 compared to YTD 1Q2018 due to the commencement of new tenants.

# OFFICE PROPERTIES

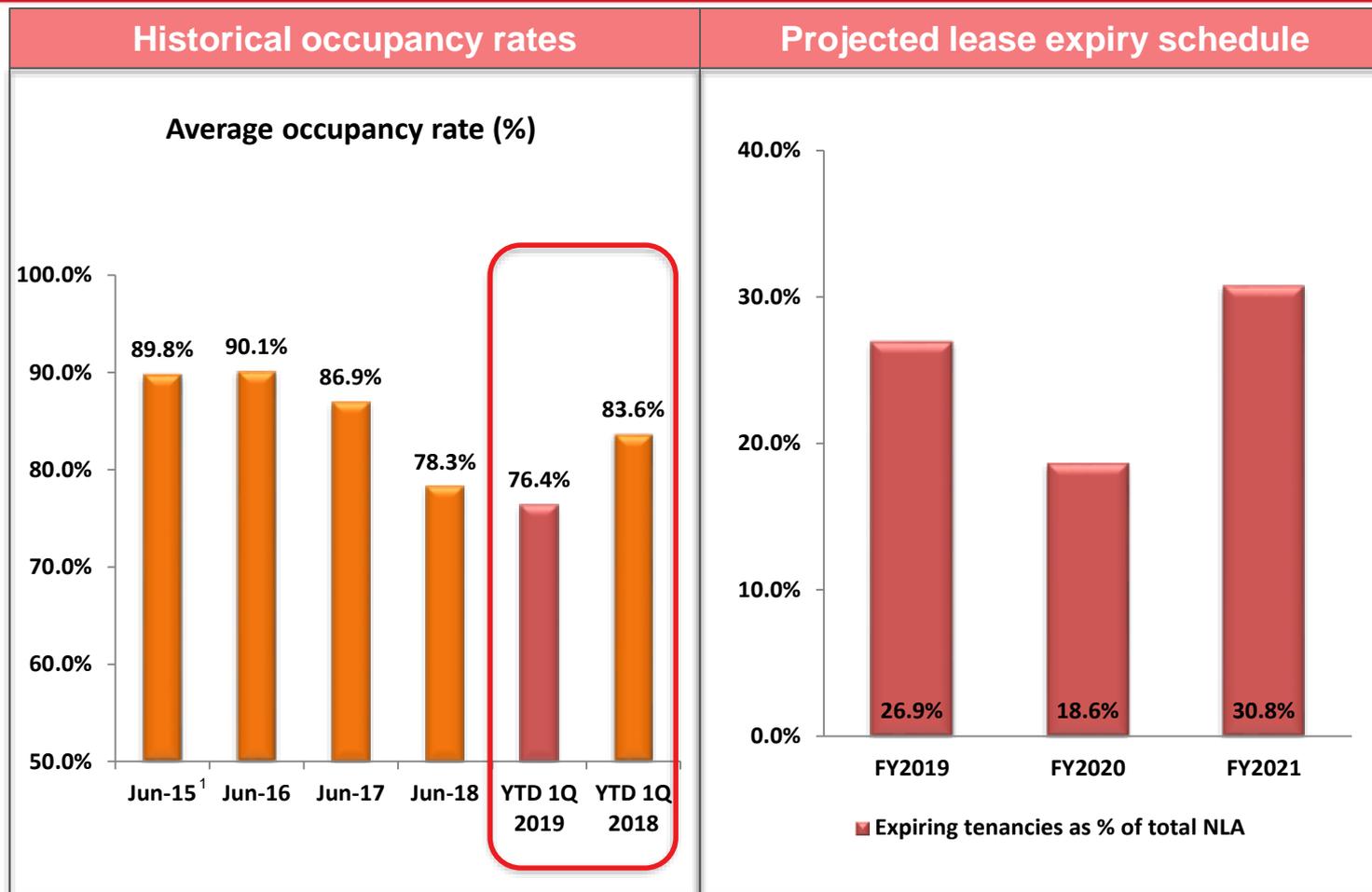
## SUNWAY PUTRA TOWER (Cont'd)



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

# OFFICE PROPERTIES

## WISMA SUNWAY

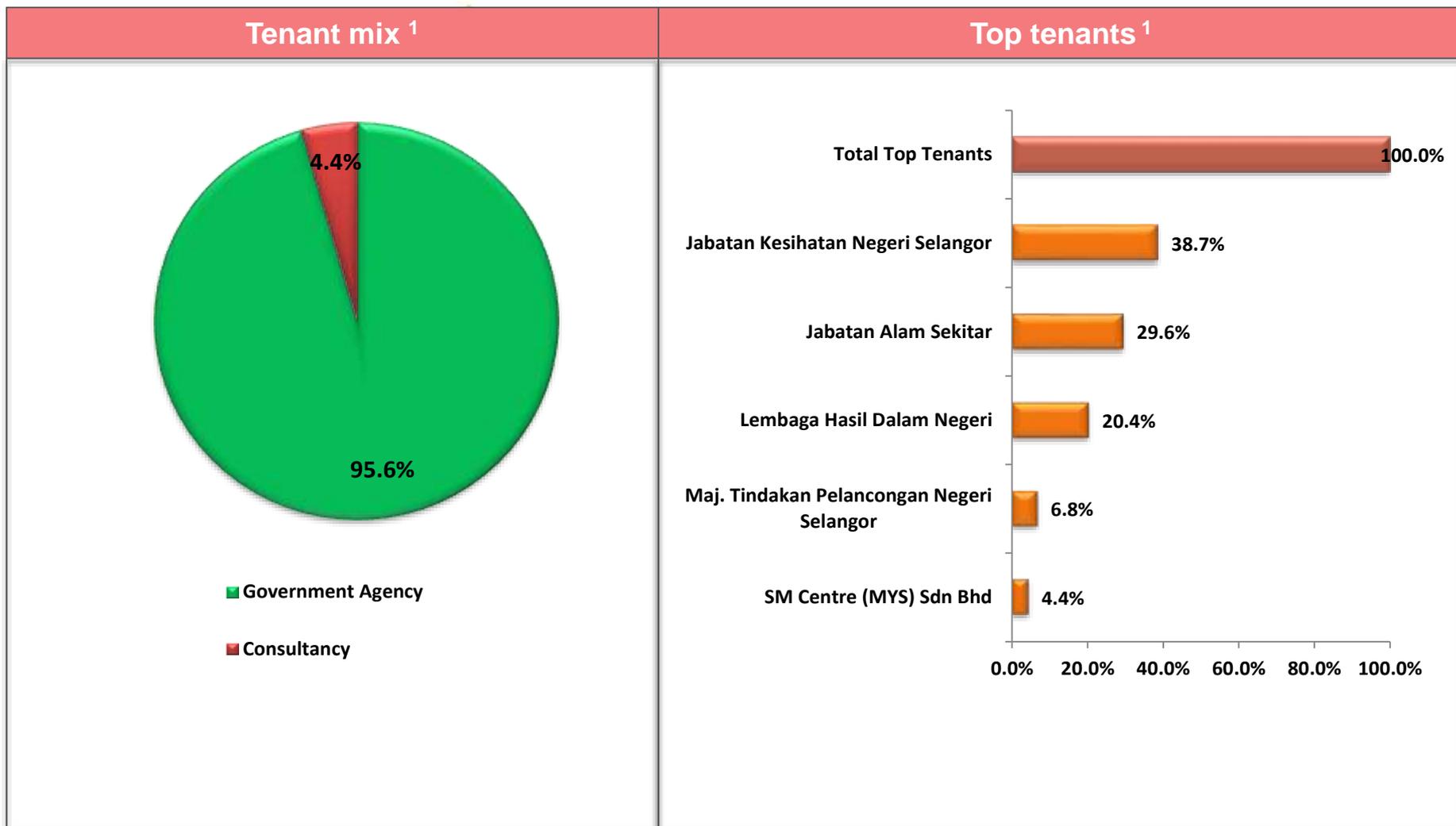


1 The contribution from Wisma Sunway commenced on 23 March 2015. The historical information prior to 23 March 2015 was provided by the vendor, Sunway Berhad.

Note: Average occupancy rate for YTD1Q2019 was lower due to the downsizing and non-renewal of 2 tenants. The occupancy rate is expected to increase to 99.9% in FY2019 with the expansion of an existing tenant.

# OFFICE PROPERTIES

## WISMA SUNWAY (Cont'd)



<sup>1</sup> Based on gross rental income for the month of Sept 2018.

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## 5. Property Development Activities

# Property Development Activities

## Expansion of Sunway Carnival Shopping Mall

<b>Estimated total property development cost (including land)</b>	<b>RM 353.0 million</b>
<b>Cummulative cost incurred from initiation to YTD 1Q 2019</b>	<b>RM 34.1 million</b>
<b>Duration</b>	<b>Approximately 3 years from 3Q 2018</b>
<b>NLA (sq. ft.)</b>	<b>Approximately 330,000</b>
<b>Property development activities against enlarged total asset value*</b>	<b>4.5%</b>

\* 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.

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## 6. Market Outlook

# General Outlook

- Global growth has become less rigorous and less synchronised. In the latest World Economic Outlook (WEO), the International Monetary Fund (IMF) has trimmed its CY2018 and CY2019 global growth to 3.7%, from 3.9% projected in April 2018. The downward revision was to reflect the suppressed activities in early CY2018 in some major advanced economies, the negative effects of trade measures, weaker outlook for some emerging market coupled with expected normalisation of monetary policy.
- The domestic economy continued to show signs of moderation in the second quarter of 2018 (2Q CY2018). In 2Q CY2018, Malaysia's gross domestic products (GDP) moderated further to 4.5%, from 5.4% in 1Q CY2018, mainly due to disruption in commodity production, lower public investment and net export growth. For the first half of 2018 (1H CY2018), the Malaysian economy expanded by 4.9% (1H CY2017: 5.7%), in line with the revised projection of 4.5% to 5.5% (Previous projection of CY2018 GDP: 5.5% - 6.0%) for the period of CY2018 to CY2020.
- On 5 September 2018, the Monetary Policy Committee (MPC), has maintained the Overnight Policy Rate at 3.25%. Bank Negara Malaysia (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. In our opinion, BNM's decision to raise interest rate depends on global interest rate trend, strength of the domestic economy and inflationary pressure to ensure that the economy is able to withstand higher interest rate pressure. Economists' consensus surveyed by Bloomberg expects the OPR to remain unchanged for the remaining CY2018 and 1H CY2019.

# General Outlook (Cont'd)

- Headline inflation receded further to 0.2% y-o-y in August 2018 to the lowest level in more than 3 years, benefitting from tax holiday and lower transport costs. Headline inflation is projected to remain benign, averaging between 2% to 3% annually, despite the expected moderate rise in global oil and commodity prices.
- Taking into guidance from 1Q FY2019's financial performance and interest cost, the Manager maintains a cautious outlook for the remaining FY2019 in view of the general market uncertainties. DPU is expected to dip in FY2019 on the back of the following:
  - i) Flattish growth in the retail segment contributed by higher income from Sunway Pyramid Shopping Mall, however partially offset by Sunway Putra Mall which remains challenging. The Manager continuously enhances the tenancy mix to cater to the market demographics.
  - ii) Income contribution from the hotel segment will be affected primarily due to soft market environment impacting the hospitality industry with the expectation of lower tourist arrivals and including income disruption in the MICE and corporate segments due to the refurbishment activities at Sunway Resort Hotel & Spa.
  - iii) Gradual improvement in the overall occupancy rate for the office segment, 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

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- Retail research firm Retail Group Malaysia (RGM) has revised its 2018 retail sales growth rate forecast for Malaysia's retail industry for the second time this year to 4.1%, from its June's projection of 5.3%, following a slower than expected retail sales growth of 2.1% in 2Q CY2018. That translated into 1H CY2018 retail sales growth of 2.3%.
- The Malaysian Institute of Economic Research's (MIER) Consumer Sentiment Index (CSI) retreated to 107.5 points in 3Q CY2018 after a spike to a 21-year high of 132.9 points in 2Q CY2018. The trend implies that consumers are still optimistic however remain cautious and selective in spending plans.
- According to NAPIC's statistics, national retail space in the 1H CY2018 stood at 169.0 million sq.ft. of which 42% of the retail spaces are located in the Klang Valley. It is estimated a total of 6.6 million sq.ft. of retail space from 11 malls to commence operation in the 2H CY2018. In an oversupply situation, the retail segment is expected to remain highly competitive with longer gestation period for newer malls.
- In a climate of softening economic growth amidst Government's endeavor to rationalise national budget, consumers are likely to be cautiously optimistic in prioritizing on essential goods and services despite the improvement in consumer sentiment. In addition, consumer spending is not expected to spike in the short to medium term post the tax holiday period in the absence of a meaningful improvement in disposable income.

# Retail Segment (Cont'd)

- The average occupancy rate at Sunway Pyramid Shopping Mall was stable at 98.2% in 1Q FY2019 (FY2018: 98.9%). The marginal difference in the average occupancy rate was due to fit-out period for new tenants. Based on the total net lettable area (NLA) of 382,646 sq.ft. which was due for renewal in FY2019, a total of 129,864 sq.ft. equivalent to 33.9% of total space due for renewal, was renewed or replaced at a single-digit rental reversion rate.
- Sunway Clio Retail recorded higher average occupancy rate in 1Q FY2019 on the back of commencement of new tenants. The average occupancy rate increased from 88.6% in FY2018 to 89.6% in 1Q FY2019. There was no renewal due in view that the property was opened in 4Q FY2016.
- Sunway Carnival Shopping Mall's average occupancy rate inched higher to 98.2% in 1Q FY2019, from 97.3% in FY2018. Based on the total NLA of 126,558 sq.ft. which was due for renewal in FY2019, a total of 34,713 sq.ft. equivalent to 27.4% of total space due for renewal, was renewed or replaced at a double-digit rental reversion rate. Meanwhile, the construction of the mall's new wing has achieved 90% completion of piling works and is on track to be completed in CY2020.

# Retail Segment (Cont'd)

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- Sunway Putra Mall maintained its average occupancy rate at 90.8% in 1Q FY2019 (FY2018: 90.7%). Based on the total NLA of 174,793 sq.ft. which was due for renewal in FY2019, a total of 106,387 sq.ft. equivalent to 60.9% of total space due for renewal, was renewed or replaced with attractive rental package as a strategy to maintain high occupancy rate.
- The Manager expects the retail segment to register a flattish growth for FY2019, in view of the cautious market condition.

# Hotel Segment

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- Pursuant to the shortfall in meeting the targeted tourist arrivals in the past 3 years, the new Government, in September 2018, had revised the target acknowledging that the previous targets were far fetched. The tourist arrivals target has been revised downward by 20.2% from 33.1 million to 26.4 million in CY2018. Extrapolating the YTD 4M CY2018 tourist arrivals, the revised target appeared to be more realistic and potentially achievable.
- Whilst reviving tourism activities in the country is definitely the new Government's agenda in view that tourism is the third highest contributor to Malaysia's foreign exchange receipts, the results of the revival will be over the medium term horizon. In the immediate term, large supply of hotels coupled with mushrooming of alternative accommodation options in a dwindling tourism activities environment, pose challenges to the hotel segment. Moreover, moderating economic growth is expected to impact on the MICE segment.
- 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% in 1Q FY2019 compared to 79% in 1Q FY2018. It was primarily attributable to reduction in Middle Eastern tourist arrivals and lower MICE and corporate group contribution on the back of on-going refurbishment of the grand ballroom and function rooms at Sunway Resort Hotel & Spa. The average occupancy rate for Sunway Resort Hotel & Spa performed correspondingly to 67.6% in 1Q FY2019 versus 90.4% in 1Q FY2018. The refurbishment is expected to complete and reopen for business in November 2018.

## Hotel Segment (Cont'd)

- The average occupancy rate for Sunway Pyramid Hotel eased to 66.5% in 1Q FY2019 compared to 71.0% during the corresponding period in the preceding year. In addition to the softening of Middle Eastern tourist arrivals, the average occupancy rate was also affected by transitioning of airline crew to Sunway Clio Hotel due to on-going refurbishment at an adjoining F&B precinct, formerly known as Taste Enclave. Correspondingly, Sunway Clio Hotel recorded a marginally higher average occupancy rate of 77.4% in 1Q FY2019 (1Q FY2018: 77.0%).
- After Sunway Putra Hotel's performance upsurge in the preceding year, the average occupancy rate eased to 66.2% in 1Q FY2019 (1Q FY2018: 78.6%), mainly due to softer demand from government and corporate groups. This is in addition to one-off business boosted by the SEA Games and ASEAN Para Games in 1Q FY2018.
- In Penang, the average occupancy rate at Sunway Hotel Georgetown remained high at 91.2% in 1Q FY2019 (1Q FY2018: 93.3%). Meanwhile, Sunway Hotel Seberang Jaya achieved higher average occupancy rate in 1Q FY2019 to 80.6% (1Q FY2018: 75.3%), benefitted from stronger demand from corporate groups and government.
- The Manager expects the hotel segment to record flattish growth due to the market condition and disruption of Sunway Resort Hotel & Spa's income base arising from the ongoing refurbishment activities.

# Office Segment

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- In the latest NAPIC report, the office supply in the country stood at 174.0 million sq.ft. in 1H CY2018. Out of the total office space supply, 75% are located in the Klang Valley, amounting to 130.8 million sq.ft. The outlook for the office segment remains highly challenging in the absence of major catalysts and foreign direct investments into the country.
- Menara Sunway reported marginally higher average occupancy rate of 94.8% in 1Q FY2019, from 93.8% in FY2018. Based on the total NLA of 223,847 sq.ft. which was due for renewal in FY2019, a total of 21,226 sq.ft. equivalent to 9.5% of total space due for renewal, was renewed or replaced at current rental.
- In Kuala Lumpur, Sunway Putra Tower's average occupancy rate improved further to 78.2% in 1Q FY2019 versus 56.0% in FY2018 following commencement of new tenants.
- In view of the prolonged low occupancy at Sunway Tower, the Manager will be embarking on a partial redevelopment of the office tower into mixed-use concept encompassing co-working and service suites.

## Office Segment (Cont'd)

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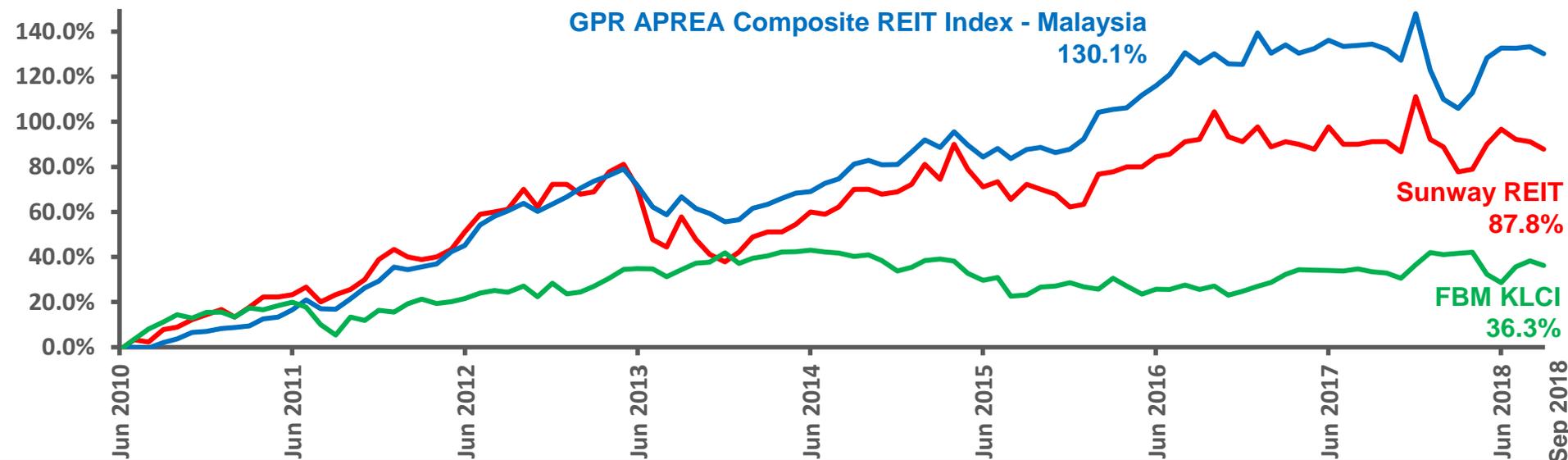
- Wisma Sunway recorded an average occupancy rate of 76.4% in 1Q FY2019 compared to 78.3% in FY2018. The lower average occupancy rate was due to downsizing and non-renewal of 2 tenants. That said, the occupancy rate is expected to achieve full occupancy in FY2019 with the expansion of an existing tenant.
- 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.

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## 7. Investor Relations

# Unit Price Performance from IPO to YTD 1Q FY2019

## Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 30 September 2018)



## Performance Statistics (8 July 2010 – 30 September 2018)

Price (as at 8 July 2010)	: RM0.90
Closing Price (as at 30 September 2018)	: RM1.69
Highest Price	: RM1.90
Lowest Price	: RM0.88
Daily Average Volume	: 1.93 million units
% Change in Unit Price	: 87.8%
% Change in FBM KLCI	: 36.3%
% Change in GPR APREA Composite REIT Index - Malaysia	: 130.1%

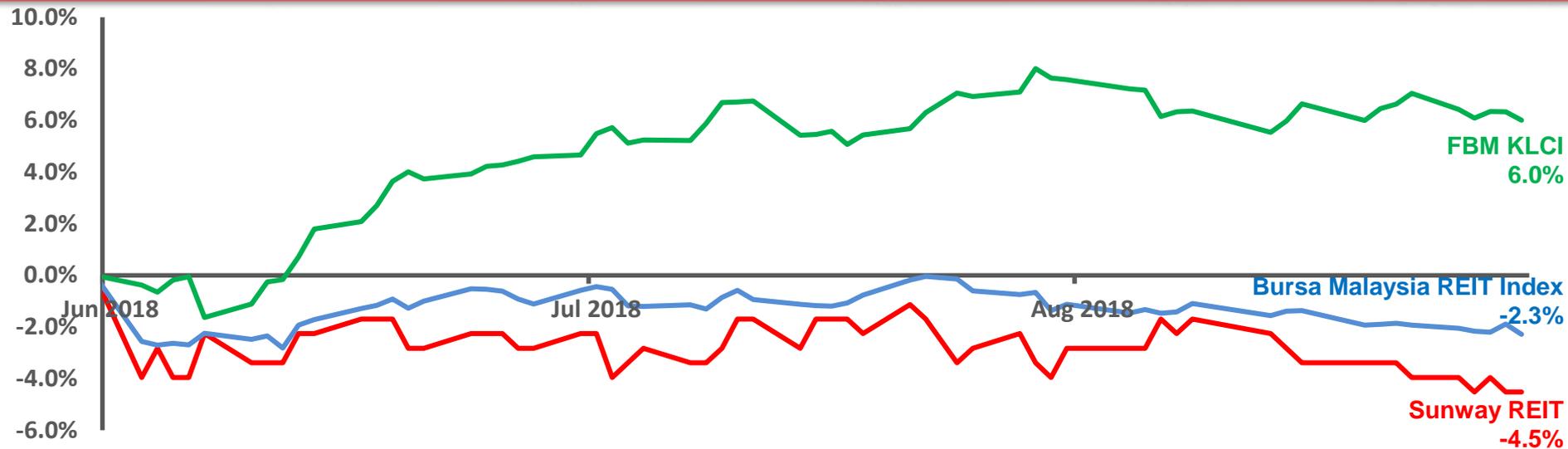
Source: Bloomberg

**SUNWAY**

Driving values through sustainable growth

# Unit Price Performance for 1Q FY2019

## Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2018 – 30 September 2018)



## Performance Statistics (30 June 2018 – 30 September 2018)

Price (as at 30 June 2018)	: RM1.77
Closing Price (as at 30 September 2018)	: RM1.69
Highest Price	: RM1.77
Lowest Price	: RM1.67
Daily Average Volume	: 1.00 million units
% Change in Unit Price	: -4.5%
% Change in FBM KLCI	: 6.0%
% Change in Bursa Malaysia REIT Index	: -2.3%

Source: Bloomberg

**SUNWAY**<sup>®</sup>

Driving values through sustainable growth

# Indices Representation



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



FTSE4Good

- FTSE4Good Bursa Malaysia Index

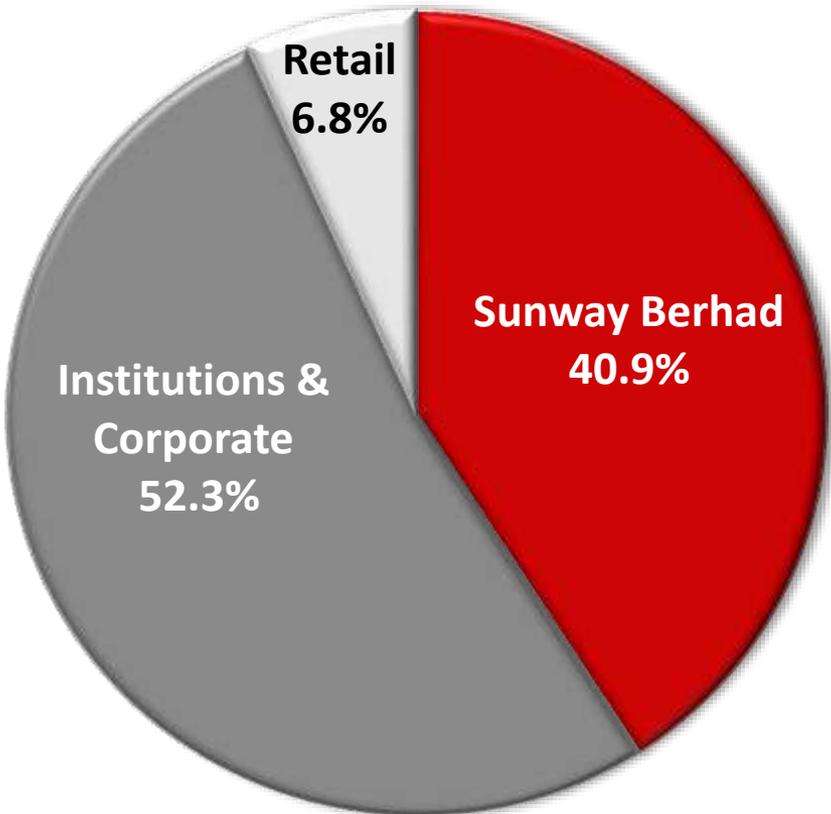
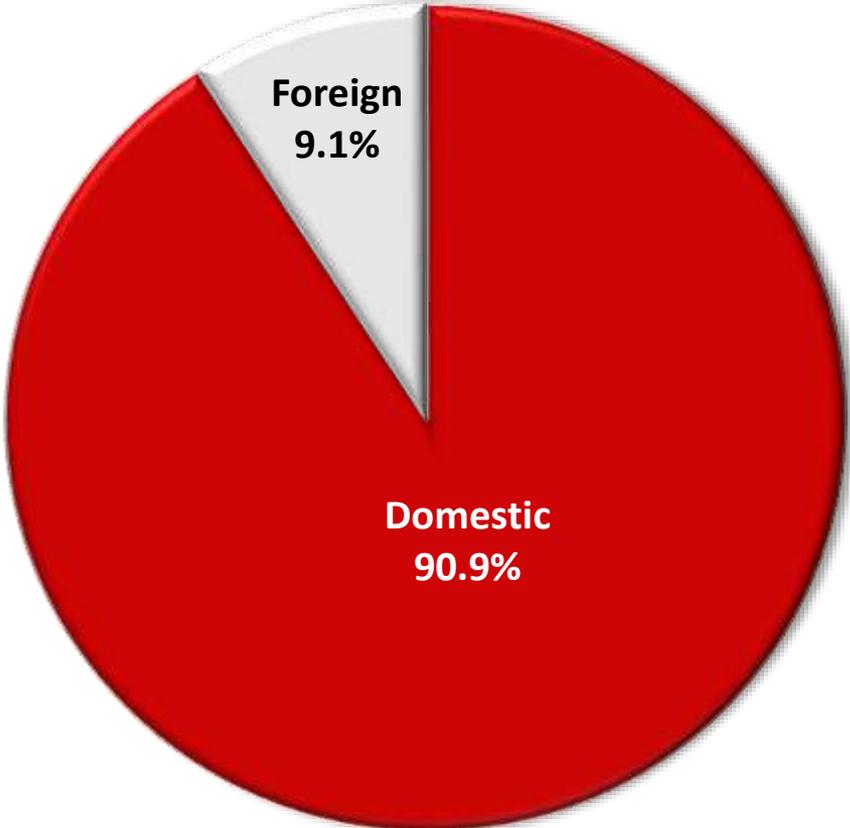


- FTSE EPRA NAREIT Global REIT Index
- FTSE EPRA NAREIT Global Index
- FTSE EPRA NAREIT Asia ex Japan Index
- FTSE EPRA NAREIT Asia Pacific Index
- FTSE EPRA NAREIT Emerging REIT Index



- MSCI Malaysia Small Cap Index

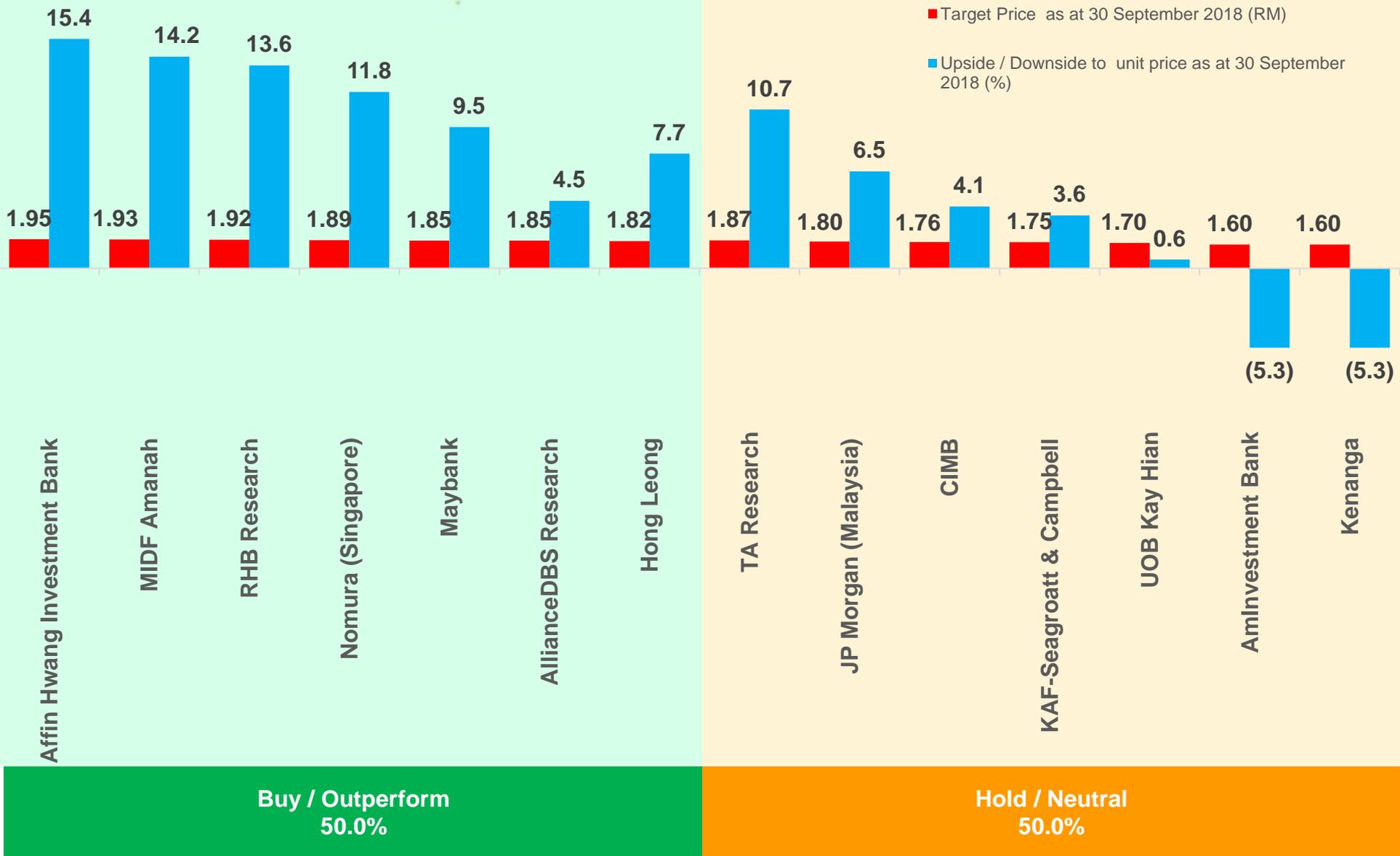
# Unitholders' Composition (as at 30 September 2018)



	September 2018	June 2018	Q-o-Q Change
No of unitholders	12,267	11,942	325 (+2.7%)
Retail unitholders	6.8%	7.8%	-1.0%
Foreign unitholders	9.1%	8.9%	+0.2%
Sunway Berhad	40.9%	40.9%	Unchanged

Source: Sunway REIT

# Analysts Recommendation (as at 30 September 2018)

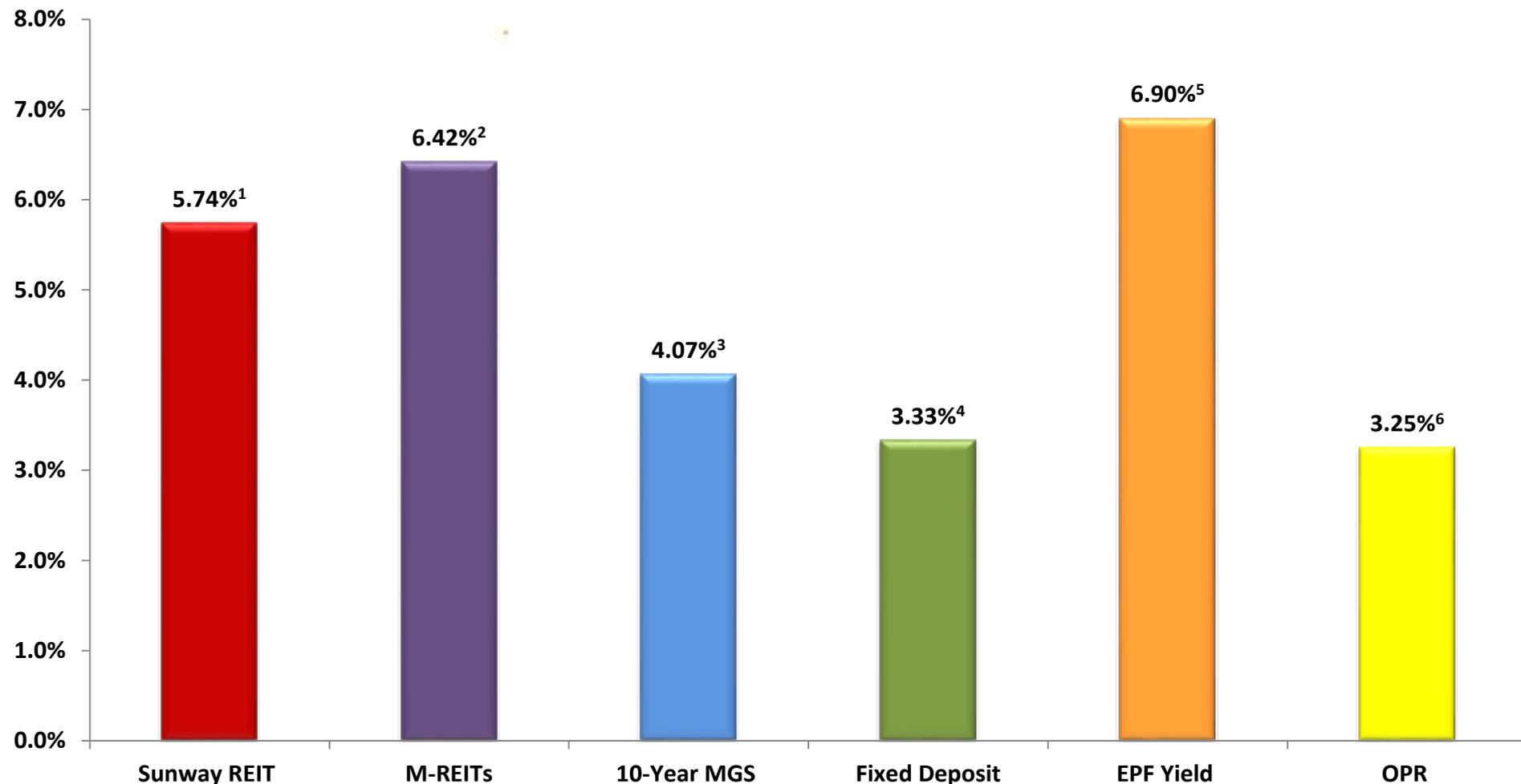


Source: Bloomberg

Driving values through sustainable growth

**SUNWAY**

# Comparative Yields for Various Assets



Note:

<sup>1</sup> Distribution yield is computed based on consensus FY2019 DPU of 9.70 sen and unit price as at 30 September 2018 (Source: Bloomberg)

<sup>2</sup> Information based on consensus FY2018 DPU forecast and unit price as at 30 September 2018 (Source: Bloomberg)

<sup>3</sup> Information as at 30 September 2018 (Source: Bloomberg)

<sup>4</sup> 12-Month Fixed Deposit rates offered by commercial banks as at 31 August 2018 (Source: Bank Negara Malaysia)

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

<sup>6</sup> Overnight Policy Rate as at 5 September 2018 (Source: Bank Negara Malaysia)

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**THANK YOU**