



**Sunway REIT**  
**Financial Results 1<sup>st</sup> Quarter Ended**  
**30 September 2015**  
**(FYE 30 June 2016)**

**Announcement Date:**  
**29 October 2015**



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# 1. Financial Highlights

# Distribution Details

Dividend Distribution Details	
Distribution Period	1 July 2015 - 30 Sept 2015
Distribution per Unit (DPU) (sen)	2.12 <sup>1</sup>
Notice of Entitlement	29 October 2015
Ex-Dividend Date	12 November 2015
Book Closure Date	16 November 2015
Payment Date	1 December 2015

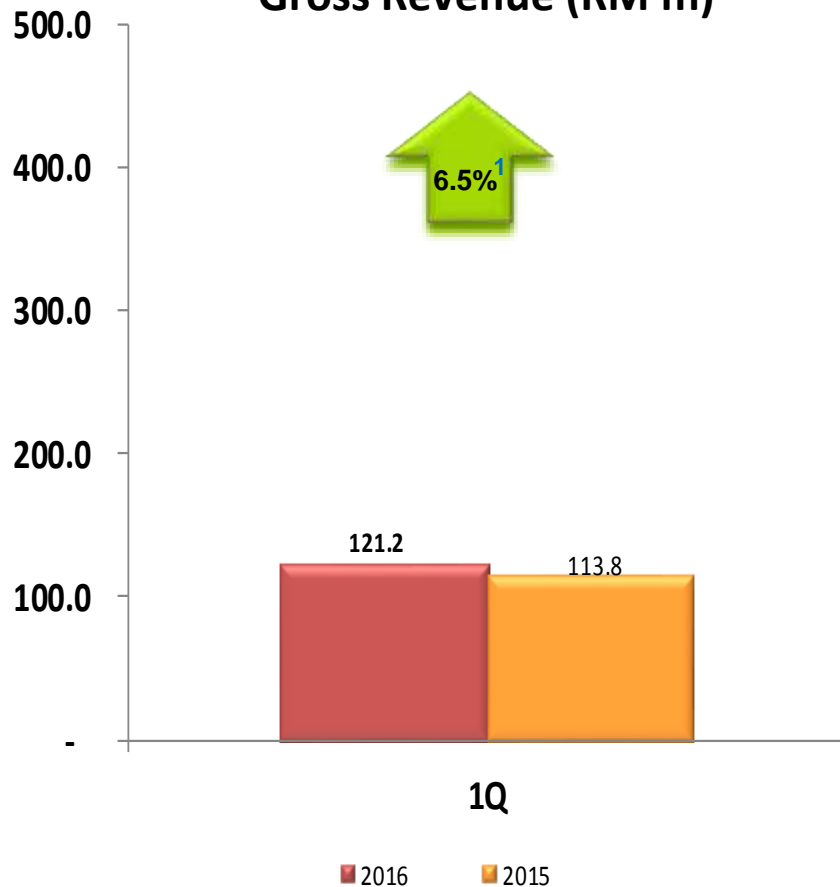
<sup>1</sup> Proposed income distribution for 1Q 2016 of 2.12 sen per unit (comprising taxable and non-taxable/tax exempt amount of 1.67 sen per unit and 0.45 sen per unit respectively).

# Financial Highlights

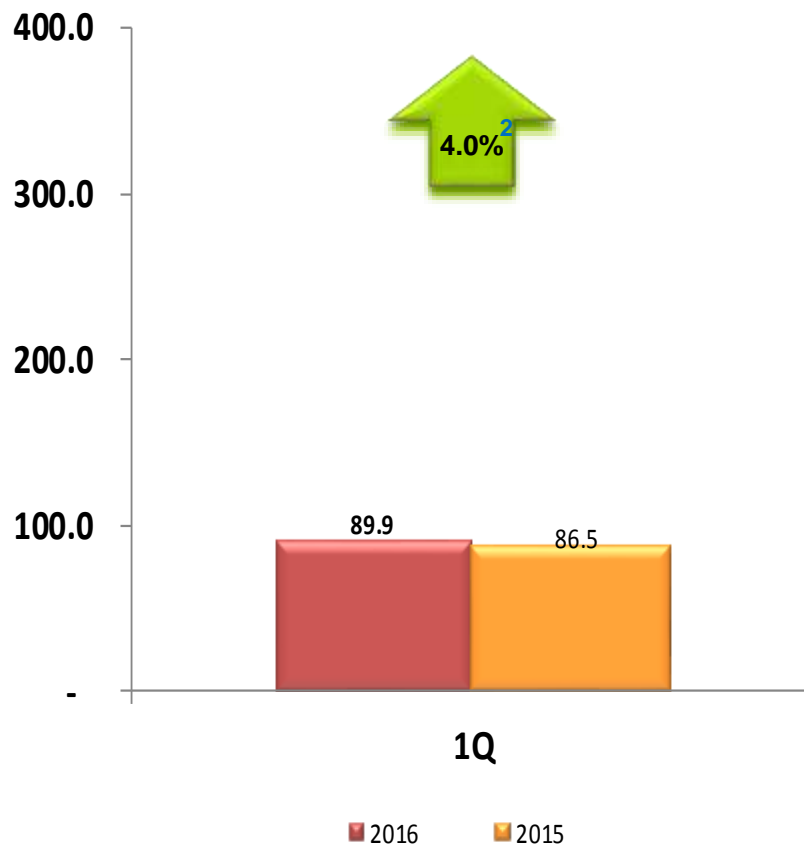
Highlights	1Q 2016	1Q 2015	Change %
No. of Properties	14	12	16.7%
Property Value (RM'billion)	6.341	5.559	14.1%
No. of Units in Circulation	2,940,078,600	2,930,983,100	0.3%
Unit Price as at 30 Sept (RM)	1.55	1.53	1.3%
Market Capitalisation (RM'billion)	4.557	4.484	1.6%
Net Asset Value (NAV) per unit (RM) (After income distribution)	1.3366	1.2378	8.0%
Premium to NAV	16.0%	23.6%	-7.6%
Realised Earnings Per Unit (EPU) (sen)	2.06	2.17	-5.1%
Distribution Per Unit (DPU) (sen)	2.12	2.28	-7.0%
Distribution Yield (Based on market price as at 30 Sept)	5.4%	5.9%	-0.5%
Management Expense Ratio (After income distribution)	0.90%	0.81%	0.1%
YTD total return	6.0%	12.2%	-6.2%
Gearing	34.1%	32.0%	2.2%
% of fixed rate borrowings	87.2%	73.1%	14.1%

# Financial Highlights (Cont'd)

## Gross Revenue (RM'm)



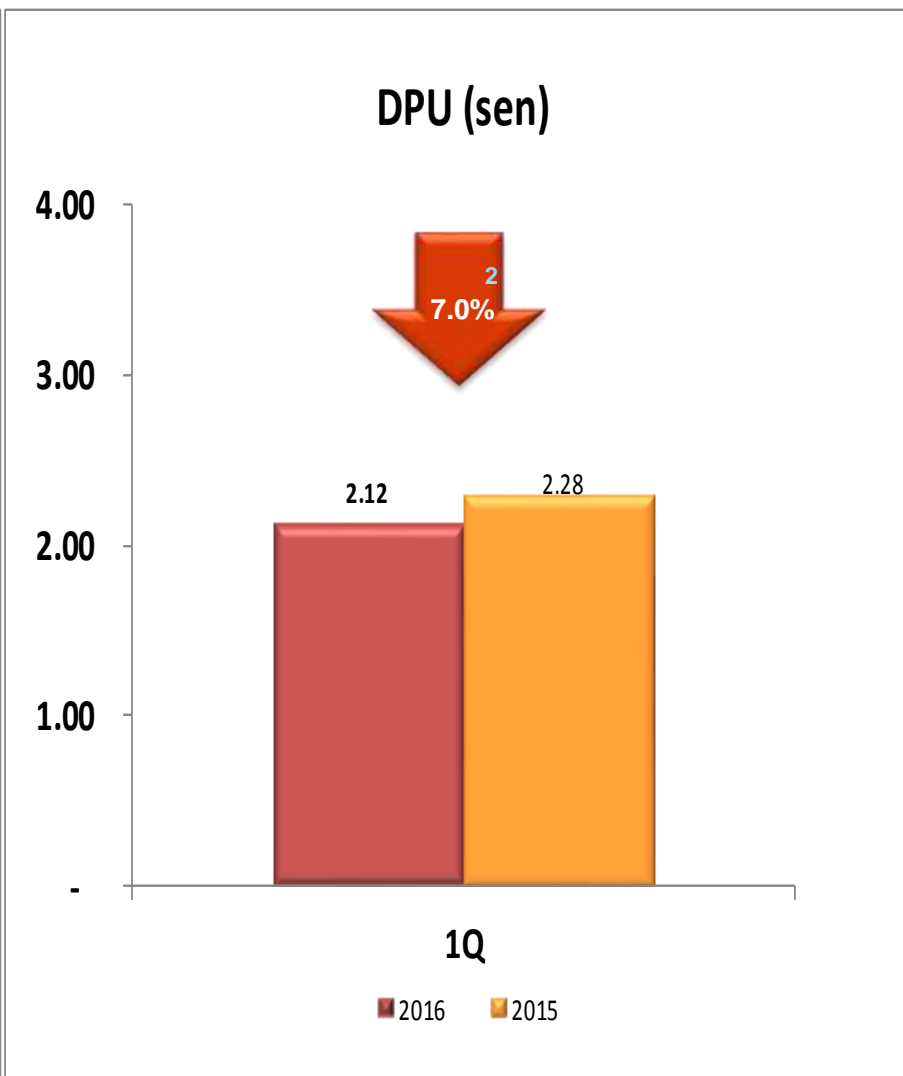
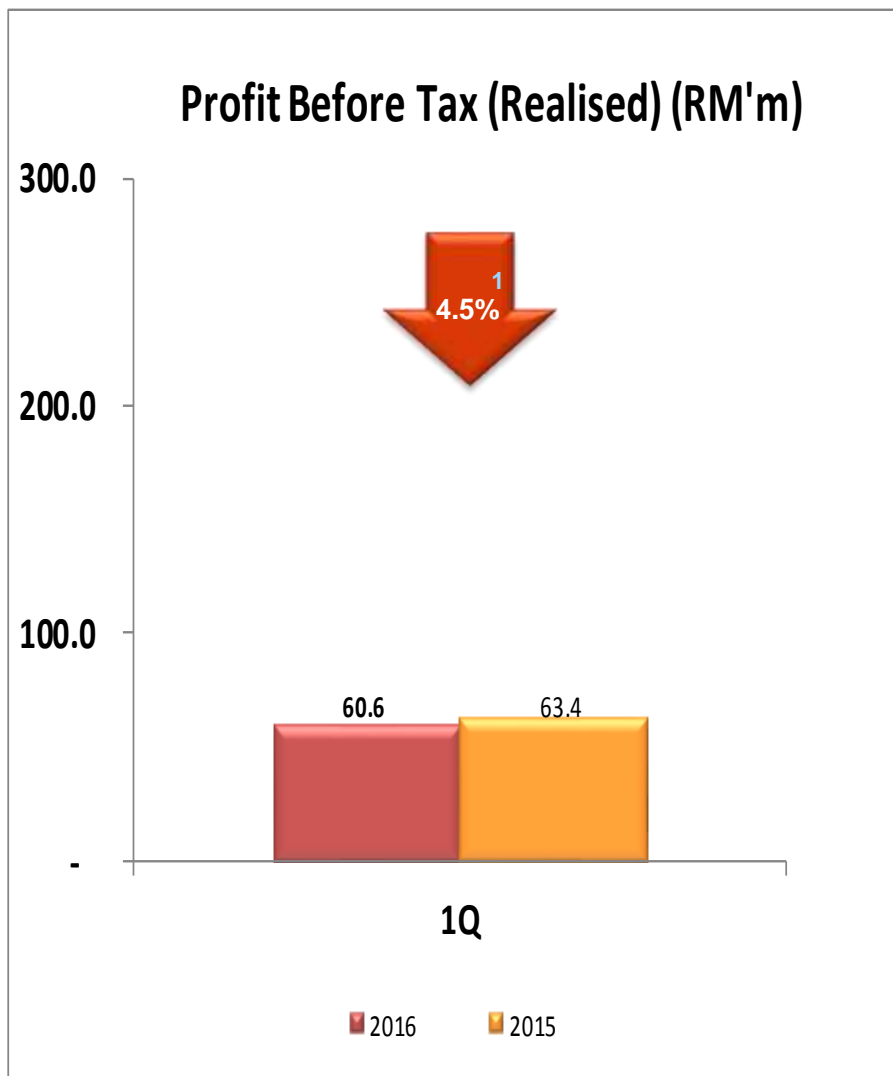
## Net Property Income (RM'm)



<sup>1</sup> Gross revenue increased 6.5% or RM7.4 million contributed by the retail and hotel segments but partially offset by lower performance from the office segment.

<sup>2</sup> Net Property Income increased at a lower rate of 4.0% or RM3.4 million mainly due to operating expenses incurred by Sunway Putra Mall which re-opened on 28 May 2015 after a 2-year closure for major refurbishment.

# Financial Highlights (Cont'd)



<sup>1</sup> Realised PBT decreased by 4.5% or RM2.8 million due to higher finance costs as explained on page 11.

<sup>2</sup> DPU decreased by 7.0% or 0.16 sen in line with lower realised net profit for the period and reduction of manager's fee in units from 50% to 25%.



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## 2. 1Q 2016 Financial Results

# Statement of Comprehensive Income – Consolidated

	1Q 2016 RM'000	1Q 2015 RM'000	Change %	YTD 2016 RM'000	YTD 2015 RM'000	Change %
Gross revenue	121,216	113,812	6.5%	121,216	113,812	6.5%
Less : Property operating expenses	(31,274) <sup>1</sup>	(27,320)	14.5%	(31,274)	(27,320)	14.5%
<b>Net property income</b>	<b>89,942</b>	<b>86,492</b>	<b>4.0%</b>	<b>89,942</b>	<b>86,492</b>	<b>4.0%</b>
Other income	4,941 <sup>2</sup>	738	569.5%	4,941	738	569.5%
Manager's fees	(7,630)	(6,893)	10.7%	(7,630)	(6,893)	10.7%
Trustee's fees and other trust expenses	(1,255) <sup>3</sup>	(544)	130.7%	(1,255)	(544)	130.7%
Finance costs	(21,485) <sup>4</sup>	(16,342)	31.5%	(21,485)	(16,342)	31.5%
<b>Profit before tax</b>	<b>64,513</b>	<b>63,451</b>	<b>1.7%</b>	<b>64,513</b>	<b>63,451</b>	<b>1.7%</b>
Income tax expense	-	-	-	-	-	-
<b>Profit for the period/year</b>	<b>64,513</b>	<b>63,451</b>	<b>1.7%</b>	<b>64,513</b>	<b>63,451</b>	<b>1.7%</b>
<b>Total comprehensive income for the period/year comprises the following:</b>						
Realised	60,565	63,435	-4.5%	60,565	63,435	-4.5%
Unrealised	3,948 <sup>5</sup>	16	24575.0%	3,948	16	24575.0%
<b>Total net profit for the period/year</b>	<b>64,513</b>	<b>63,451</b>	<b>1.7%</b>	<b>64,513</b>	<b>63,451</b>	<b>1.7%</b>
No. of Units in circulation (million)	2,940	2,931	0.3%	2,940	2,931	0.3%
<b>EPU (sen)</b>						
- realised	<b>2.06</b>	<b>2.17</b>	-5.1%	2.06	2.17	-5.1%
- unrealised	<b>0.13</b>	-	0.0%	0.13	-	0.0%
<b>Total EPU</b>	<b>2.19</b>	<b>2.17</b>	<b>0.9%</b>	<b>2.19</b>	<b>2.17</b>	<b>0.9%</b>
Proposed/declared distribution	<b>62,330</b>	<b>66,826</b>	-6.7%	<b>62,330</b>	<b>66,826</b>	-6.7%
<b>Proposed/declared distribution per unit (sen)</b>	<b>2.12</b>	<b>2.28</b>	<b>-7.0%</b>	<b>2.12</b>	<b>2.28</b>	<b>-7.0%</b>

Please refer to next page for explanatory notes.

# Statement of Comprehensive Income-Consolidated (Cont'd)

## Explanation:

- <sup>1</sup> Property operating expenses was higher in 1Q 2016 compared to 1Q 2015 of RM4.0m due to:
  - Lower assessment in 1Q 2015 as there were reversal of overprovision for assessment for KL properties pursuant to confirmation of final increase of RM1.6m.
  - Operating expenses incurred for Sunway Putra Mall which re-opened on 28 May 2015 after a 2-year closure for major refurbishment.
- <sup>2</sup> Higher other income was mainly due to unrealised fair value gain on mark-to-market of interest rate swap amounting to RM3.9m and higher deposit rates.
- <sup>3</sup> Higher other trust expenses was mainly contributed by legal fee for Industrial Building Allowance (IBA) case paid as per announcement on 28 October 2015 and higher provision for valuation fees.
- <sup>4</sup> Higher finance costs compared to 1Q 2015 by RM5.1m contributed by higher principal sum resulting from acquisition of Sunway Hotel Georgetown and Wisma Sunway in financial year ended 30 June 2015 and refurbishment works mainly funded by debt, higher borrowing cost and cessation of interest capitalisation on completion of the refurbishment of Sunway Putra Mall.
- <sup>5</sup> Higher unrealised income due to the unrealised fair value gain as explained in <sup>(2)</sup>.

# Statement of Financial Position – Consolidated

	30.09.15 RM'000	30.06.15 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	7,040	5,268
Investment properties	6,341,438	6,324,000
	6,348,478	6,329,268
<b>Current assets</b>		
Receivables, deposits and prepayments	19,249	20,174
Derivative <sup>1</sup>	79,454	14,358
Cash and bank balances	72,469	66,218
	171,172	100,750
	6,519,650	6,430,018
<b>EQUITY AND LIABILITIES</b>		
<b>Unitholders' funds</b>		
Unitholders' capital	2,720,128	2,716,456
Undistributed income	1,271,772	1,265,804
	3,991,900	3,982,260
<b>Non-current liabilities</b>		
Borrowings	1,439,550	1,378,550
Long term liabilities <sup>2</sup>	58,932	75,585
Deferred tax liabilities	5,896	5,896
Derivative	-	1,513
	1,504,378	1,461,544
<b>Current liabilities</b>		
Trade and other payables	238,094	222,826
Borrowings	785,278	763,388
	1,023,372	986,214
	6,519,650	6,430,018

<sup>1</sup> Derivative asset due to unrealised fair value gain on cross currency swap and interest rate swap (Please refer to details in Note B15 of Bursa announcement).

<sup>2</sup> Decrease in long term liabilities mainly due to reclassification of tenants' refundable deposit from long term liabilities (non-current liabilities) to trade and other payables (current liabilities) for tenants who are due for renewal in 1Q 2017.

# Debt Profile

	Facility Limit RM'mil	RM'mil
Term Loan	360.9	439.5 <sup>1</sup>
Commercial Papers (CP) / Revolving Loans (RL)	1,100.0 <sup>2</sup>	785.4
Unrated MTNs	1,000.0	1,000.0
<b>Total Gross Borrowings</b>		<b>2,224.9</b>
Discount on Commercial Papers		(0.1)
<b>Total Borrowings at carrying amount</b>		<b>2,224.8</b>

	RM'mil
<b>Classification of Borrowings:</b>	
Current (due within 1 year)	785.4
Non-current (due after 1 year)	1,439.5
<b>Total Gross Borrowings</b>	<b>2,224.9</b>

<b>Average Cost of Debt</b>	<b>3.94%</b>
<b>Average Maturity Period (Years)</b>	<b>1.5</b>
<b>Debt Service Cover Ratio (DSCR)</b>	<b>4.6</b>
<b>Gearing Ratio</b>	<b>34.1%</b>

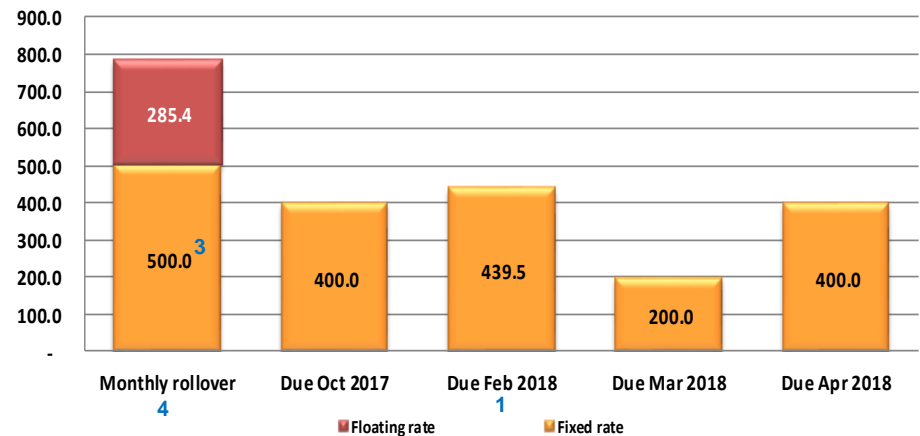
<sup>1</sup> Includes unrealised forex loss of RM78.6 million. The 3-year USD100m term loan shall be due on 5 February 2018 and is fully hedged with a 1-year cross currency swap contract up to February 2016. Thereafter until the maturity of the loan, it will be on floating basis at KLIBOR-7bps while the currency shall be fully hedged. (Please refer to Note A14 of Bursa announcement)

<sup>2</sup> The current limit of RM1.10 billion can be increased to RM1.60 billion up to expiry of the programme in April 2019.

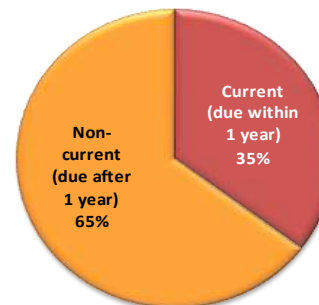
<sup>3</sup> Sunway REIT has locked in RM500.0 million 3-year IRS at 3.97% (blended) to manage exposure to floating rate borrowings.

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

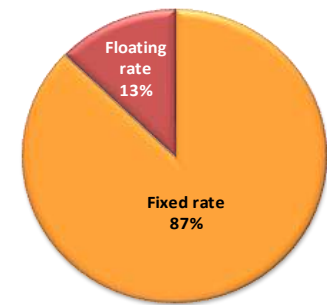
**Loan Maturity Profile (RM'mil)**



**Classification of Borrowings**



**Fixed versus Floating rate mix**



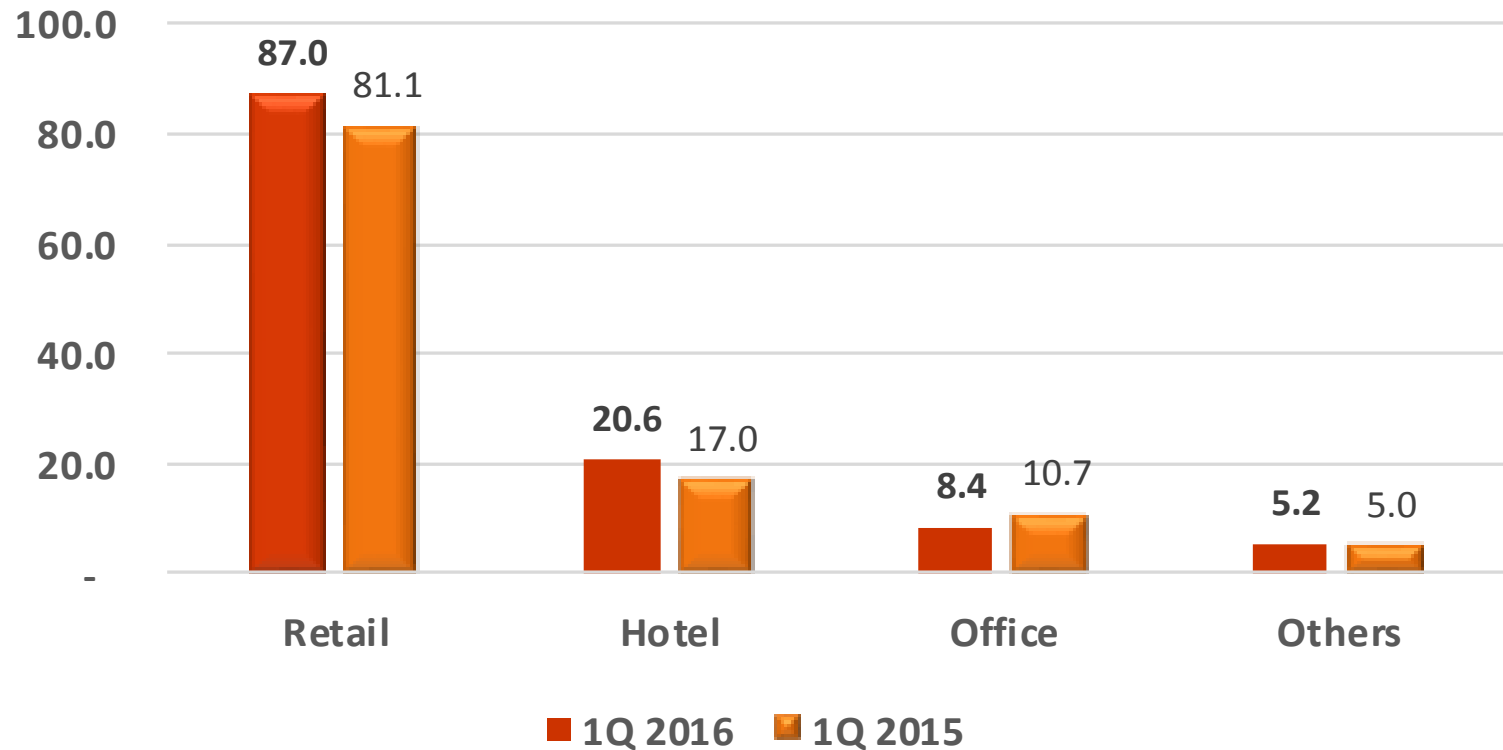
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### 3. 1Q 2016 Portfolio Performance

# 1Q/YTD 2016 Revenue Contribution

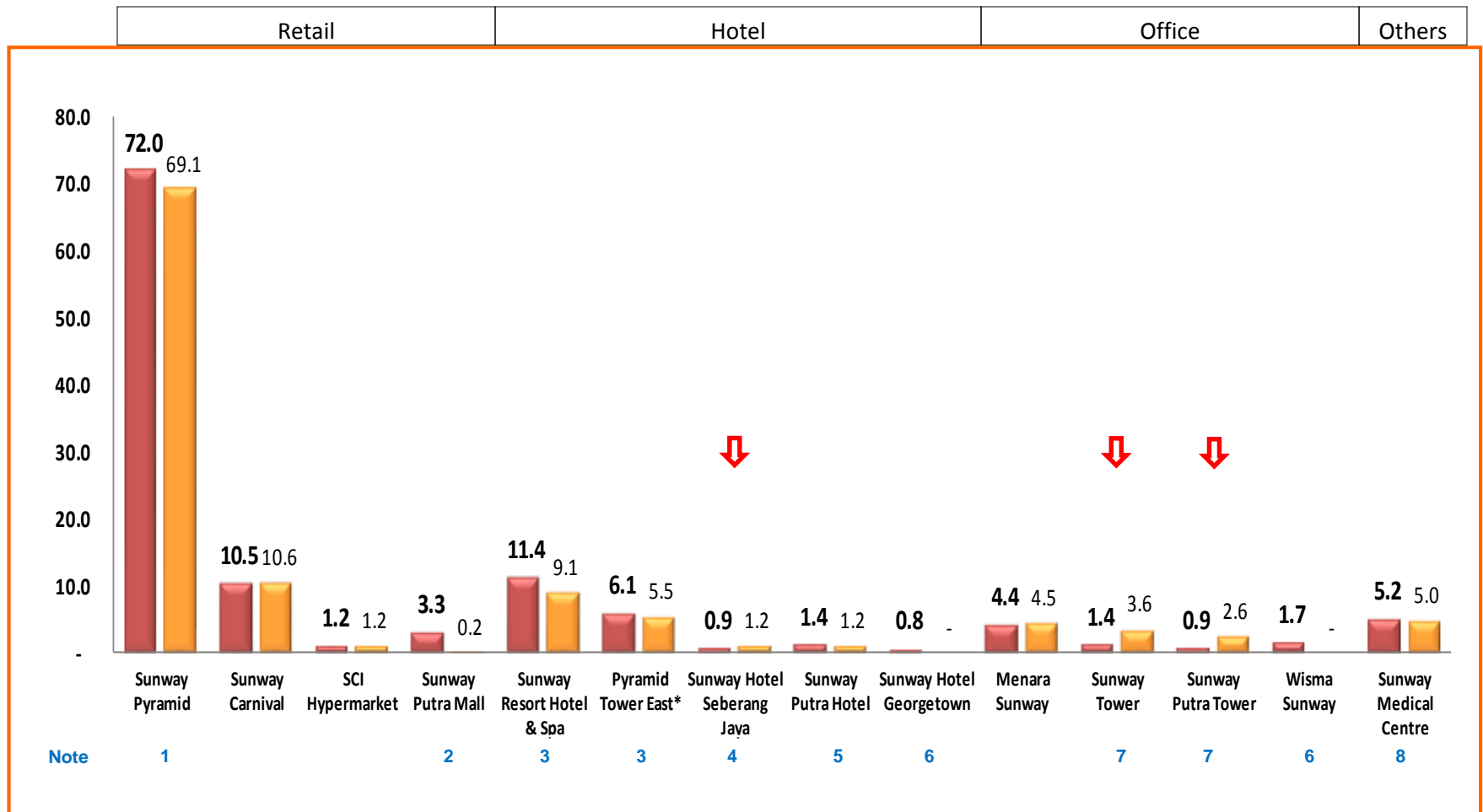
1Q 2016 (RM'mil)	121.2
1Q 2015 (RM'mil)	113.8

## By segment



# 1Q/YTD 2016 Revenue Contribution (Cont'd)

1Q/YTD 2016 (RM'mil)	121.2
1Q/YTD 2015 (RM'mil)	113.8



Please refer to next page for explanatory notes.

\* Pyramid Tower East was formerly known as Pyramid Tower Hotel.



# 1Q/YTD 2016 Revenue Contribution (Cont'd)

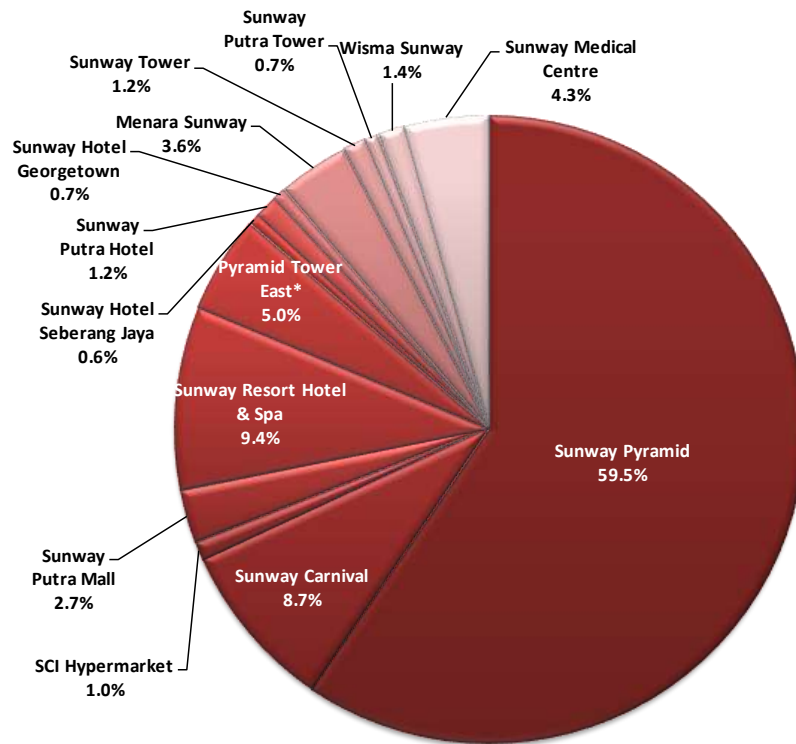
## Explanation: \*

- <sup>1</sup> Sunway Pyramid – Achieved gross revenue growth of 4.2% or RM2.9 million for 1Q 2016 compared to 1Q 2015 mainly due to higher average net rent per sq. ft.
- <sup>2</sup> Sunway Putra Mall – Registered gross revenue of RM3.3 million for 1Q 2016, with tenants given approximately a 2.5-months rent free period, from July to mid-September 2015. The secured occupancy as at 30 September 2015 was 83.9%.
- <sup>3</sup> Sunway Resort Hotel & Spa (SRHS) and Pyramid Tower East (PTE) – SRHS recorded a growth in gross revenue of 25.8% or RM2.3 million in 1Q 2016 due to better performance during the Middle Eastern holiday season. PTE (formerly known as Pyramid Tower Hotel) achieved a higher gross revenue by 10.8% or RM0.6 million in 1Q 2016 compared to the preceding year corresponding quarter. This is mainly due to an adjustment for the previous quarter's lease rental not recognised despite a stable performance (lower occupancy was mitigated by a higher average daily rate).
- <sup>4</sup> Sunway Hotel Seberang Jaya - Revenue from Sunway Hotel Seberang Jaya was lower by RM0.3 million in 1Q 2016 compared to the preceding year corresponding quarter on the back of soft market demand and competition from newly opened hotels in Penang.
- <sup>5</sup> Sunway Putra Hotel – Gross revenue for Sunway Putra Hotel improved by RM0.2 million in 1Q 2016 compared to 1Q 2015 with the re-opening of Sunway Putra Mall and the hotel's major refurbishment works are in the final stage of completion. The full completion is targeted in 2Q FY2016.
- <sup>6</sup> Sunway Hotel Georgetown and Wisma Sunway – Acquired on 28 January 2015 and 23 March 2015 respectively.
- <sup>7</sup> Sunway Tower and Sunway Putra Tower – Average occupancy of Sunway Tower and Sunway Putra Tower slipped to 29.9% and 26.7% respectively in 1Q 2016 compared to 76.1% and 76.9% respectively in the preceding year corresponding quarter on the back of non-renewal by the anchor tenants at both the offices. As a result, revenue from Sunway Tower and Sunway Putra Tower declined by RM2.2 million and RM1.7 million respectively compared to 1Q 2015.
- <sup>8</sup> Sunway Medical Centre – Contributed RM5.2 million revenue and net property income for 1Q 2016, an increase of 4.5% compared to 1Q 2015 mainly due to rental reversion in accordance with the Master Lease Agreement.

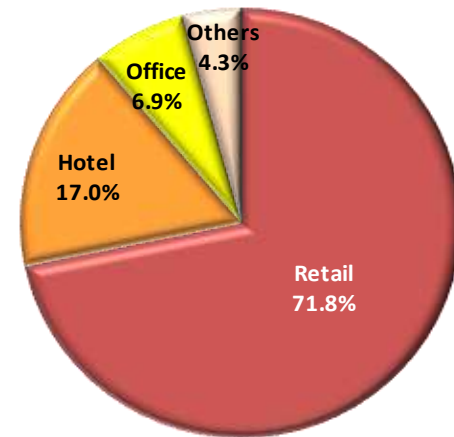
\* Calculation of % varies marginally compared to 1Q 2016 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

# 1Q/YTD 2016 Revenue Contribution (Cont'd)

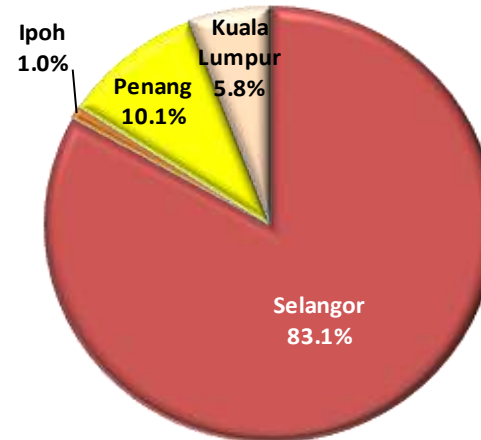
## By property



## By segment



## By location

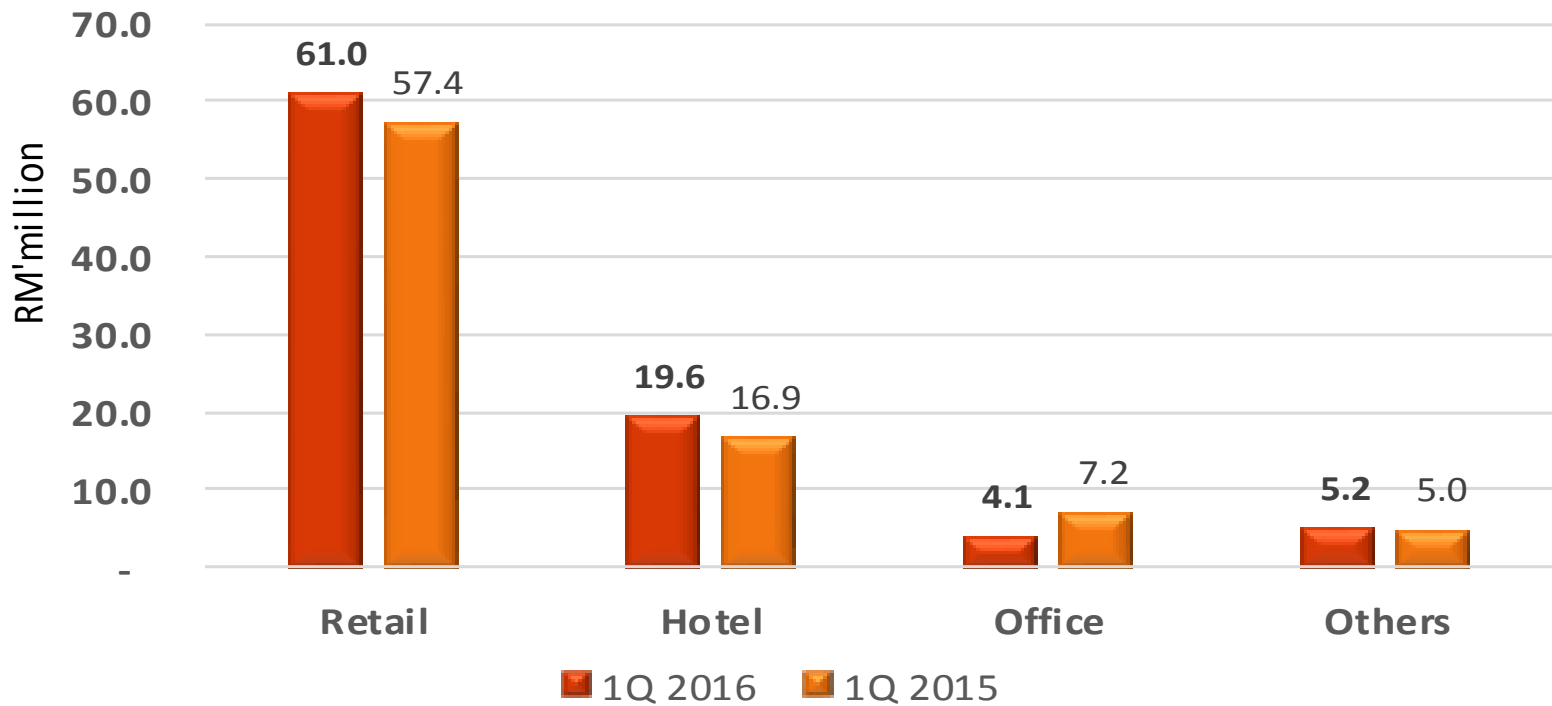


\* Pyramid Tower East was formerly known as Pyramid Tower Hotel.

# 1Q/YTD 2016 NPI Contribution

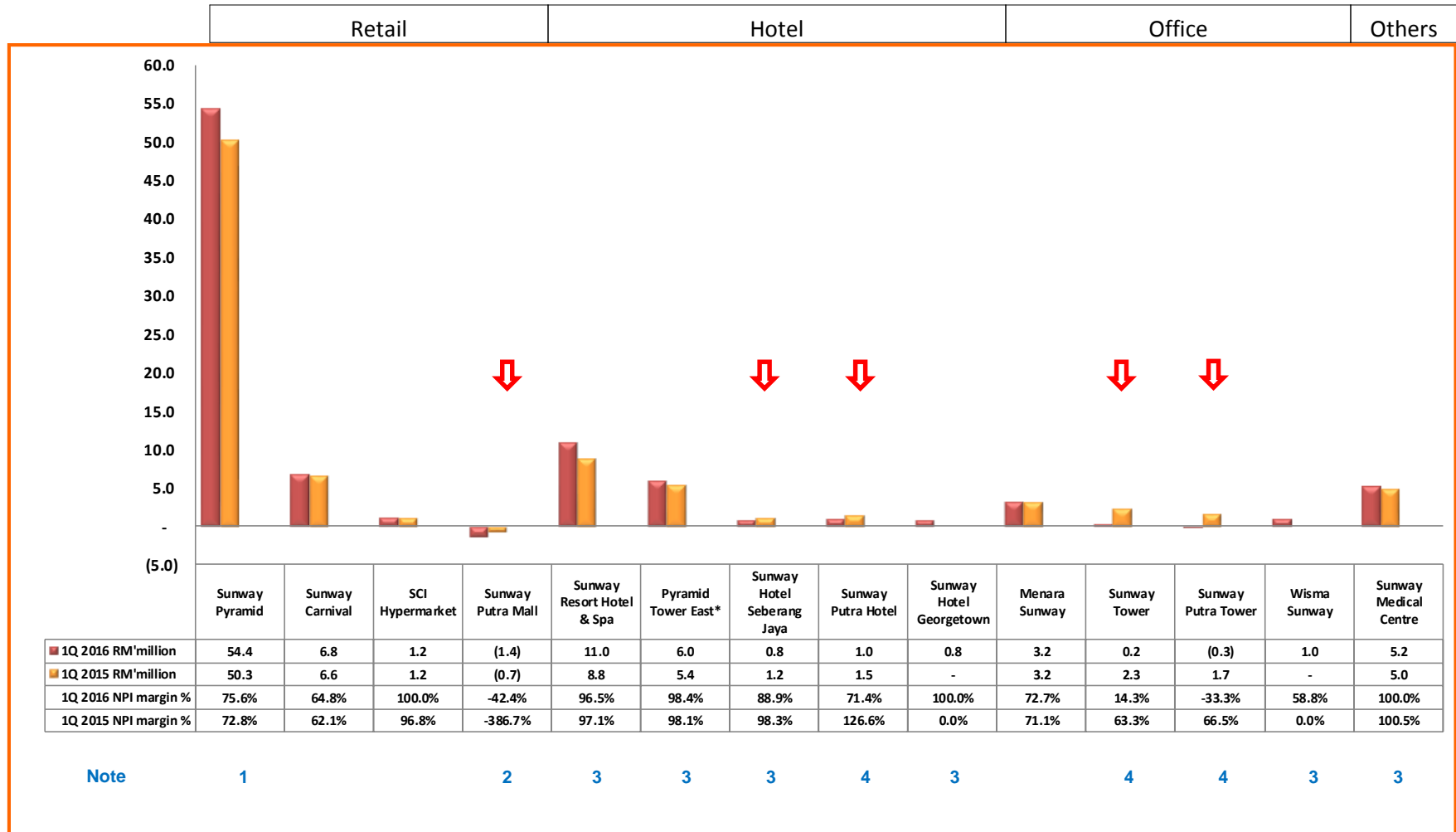
1Q 2016 (RM'mil)	89.9
1Q 2015 (RM'mil)	86.5

## By Segment



# 1Q/YTD 2016 NPI Contribution (Cont'd)

	<u>NPI</u>	<u>Margin</u>
1Q/YTD 2016 (RM'mil)	89.9	74.2%
1Q/YTD 2015 (RM'mil)	86.5	76.0%



Please refer to next page for explanatory notes.

\* Pyramid Tower East was formerly known as Pyramid Tower Hotel.

# 1Q/YTD 2015 NPI Contribution (Cont'd)

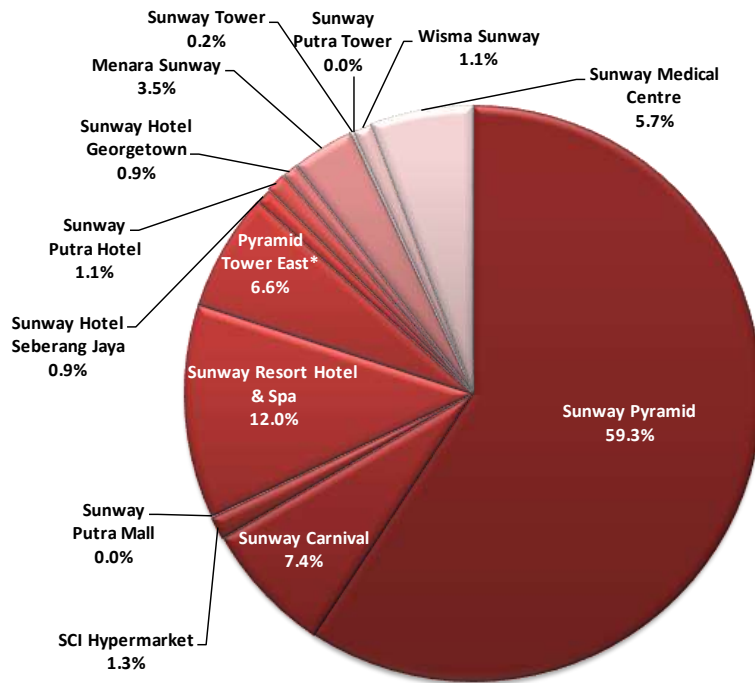
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## Explanation:

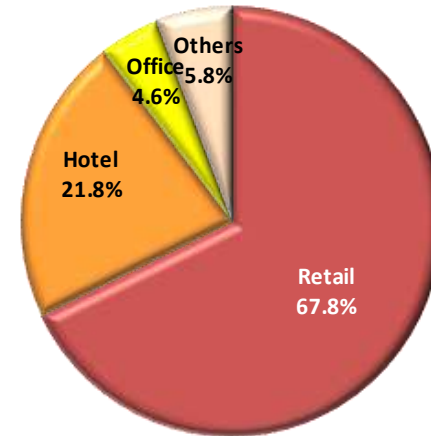
- <sup>1</sup> Sunway Pyramid – Higher NPI of RM4.1m despite an increase of RM2.9m in revenue due to lower advertising and promotion expenses incurred.
- <sup>2</sup> Sunway Putra Mall – Net loss due to rent-free period granted to tenants as explained on page 17.
- <sup>3</sup> Sunway Resort Hotel and Spa (SRHS), Pyramid Tower East (PTE), Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown, Wisma Sunway and Sunway Medical Centre – As per explanation on page 17.
- <sup>4</sup> Sunway Putra Hotel, Sunway Tower and Sunway Putra Tower - Recorded a higher net property income in the preceding year corresponding quarter due to a reversal of over-provision for assessment pursuant to confirmation of final increase.

# 1Q/YTD 2016 NPI Contribution (Cont'd)

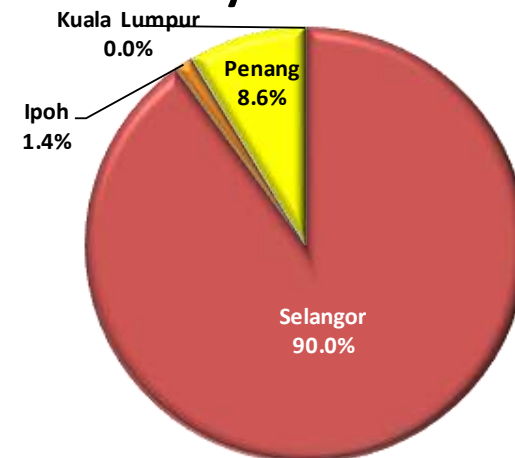
## By property



## By segment



## By location



\* Pyramid Tower East was formerly known as Pyramid Tower Hotel.

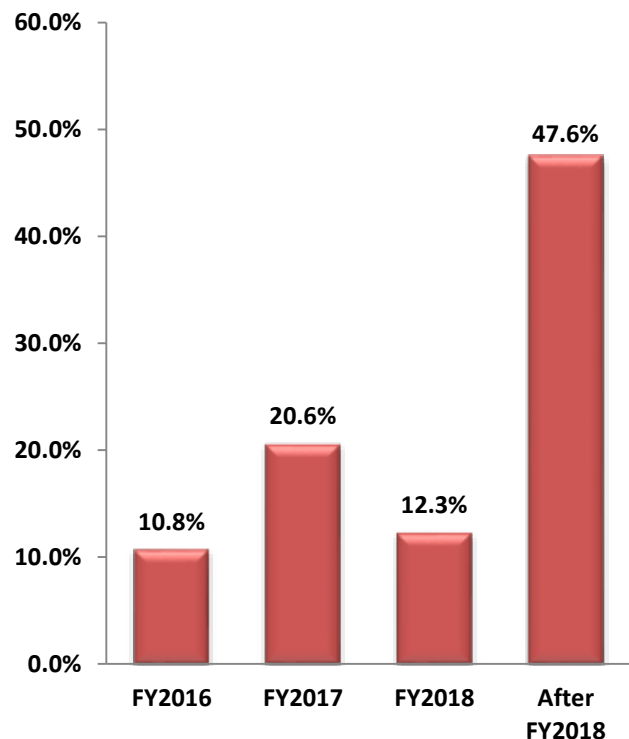
# Resilient Income Stream

Well spread-out lease expiry profile and diverse tenant base

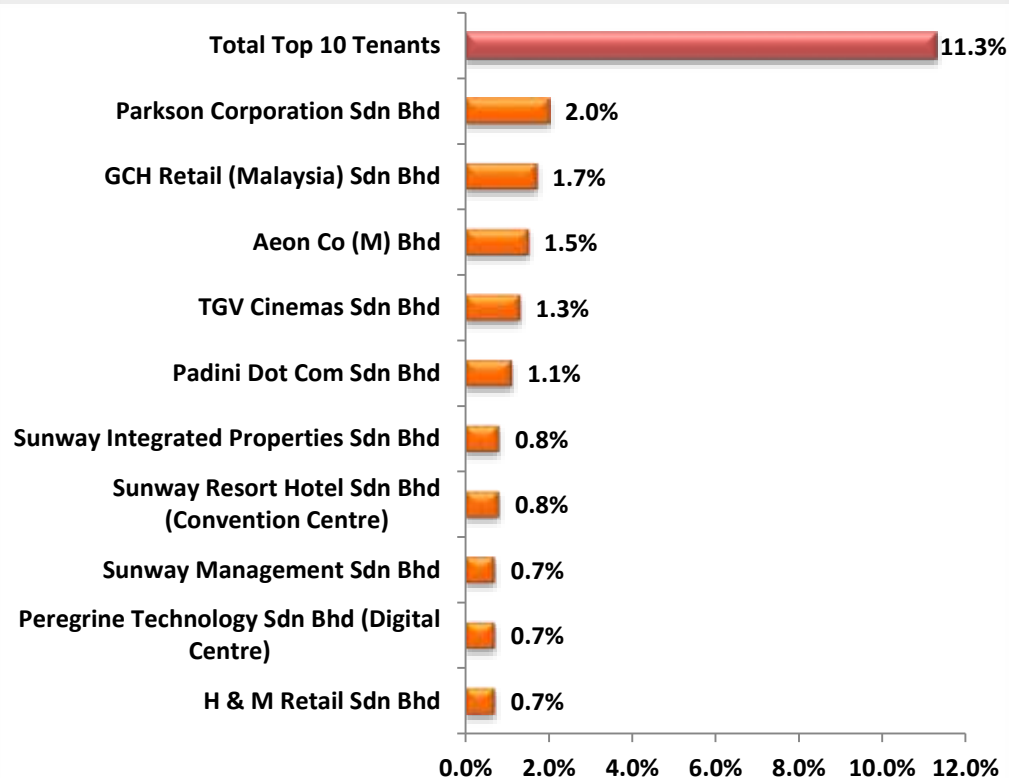
WALE <sup>1</sup> as at 30 September 2015 – 2.18 years

Top 10 tenants contribute approximately 11.3% of total revenue

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



Top 10 tenants <sup>3</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 and Hospital Properties.

<sup>3</sup> Based on gross rental income for the month of September 2015 (exclude Hotel Master Leases, Hospital Master Lease and car park tenancies).

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## 4. 1Q 2016 Property Performance

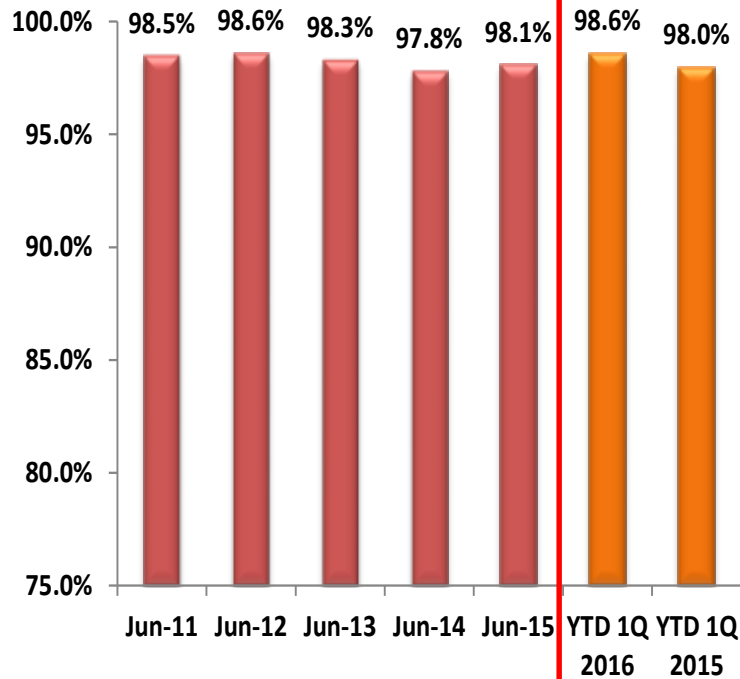


# RETAIL PROPERTIES

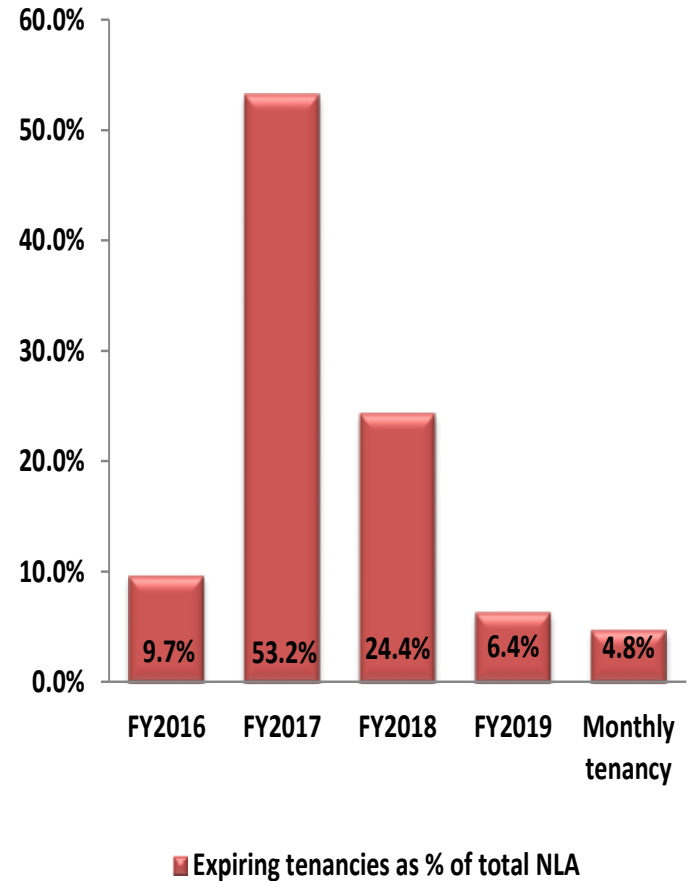
## SUNWAY PYRAMID SHOPPING MALL

### Historical occupancy rates

#### Average occupancy rate



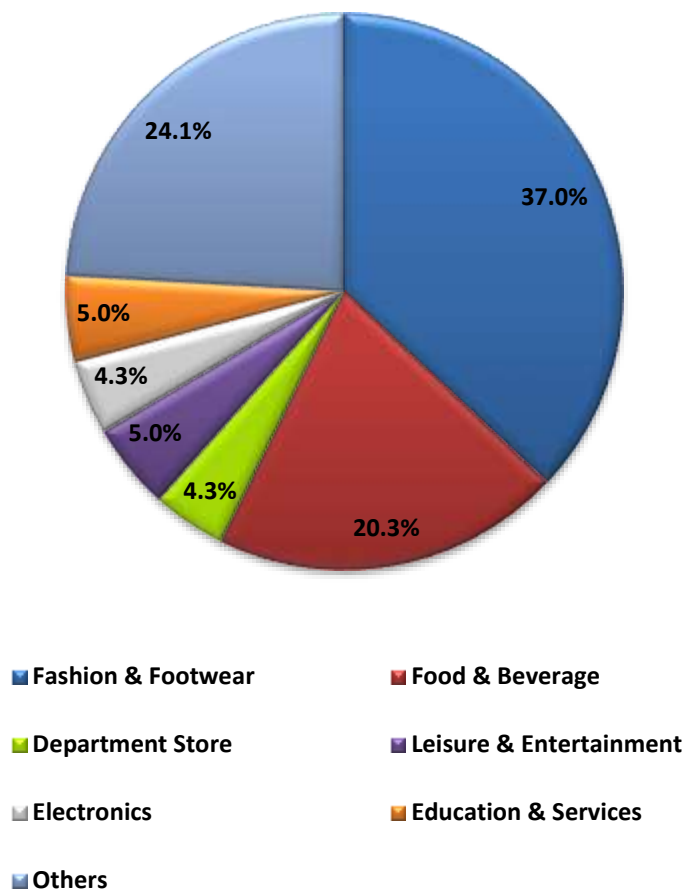
### Projected lease expiry schedule



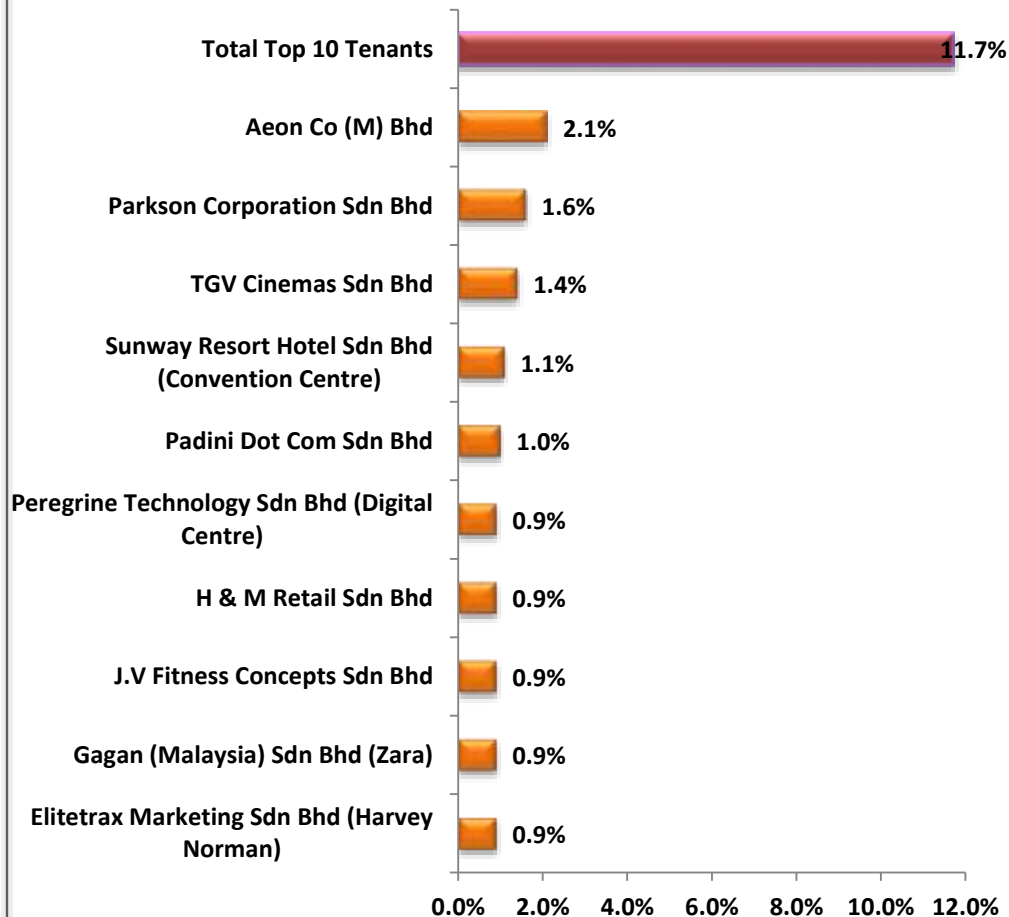
# RETAIL PROPERTIES

## SUNWAY PYRAMID SHOPPING MALL (Cont'd)

Tenant mix <sup>1</sup>



Top 10 tenants <sup>1</sup>



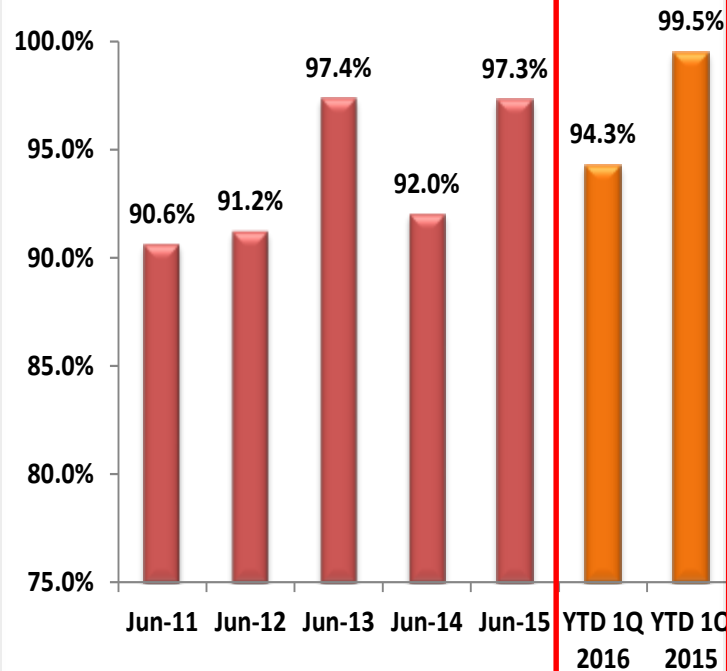
<sup>1</sup> Based on gross rental income for the month of September 2015.

# RETAIL PROPERTIES

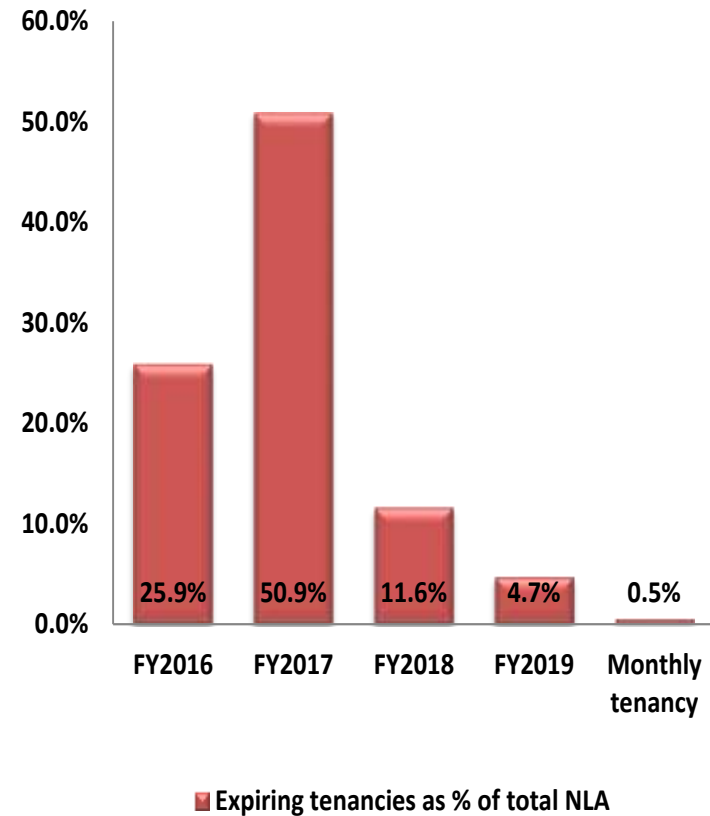
## SUNWAY CARNIVAL SHOPPING MALL

### Historical occupancy rates

#### Average occupancy rate



### Projected lease expiry schedule

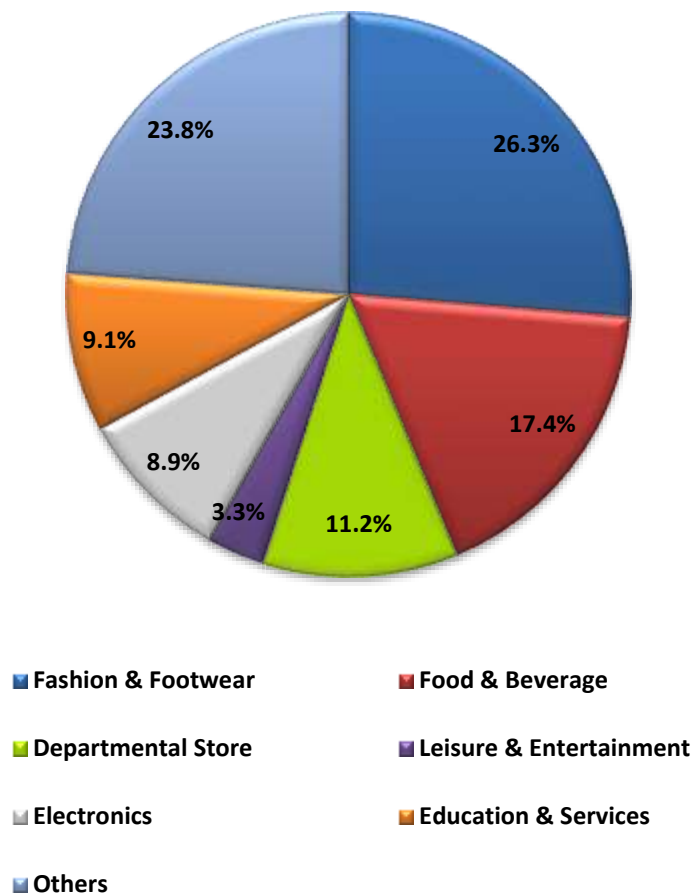


Note: Lower average occupancy rate due to reconfiguration of 2<sup>nd</sup> floor of approximately 21,000 sq. ft. (4% of total NLA) to food and beverage ("F&B") area which is targeted to commence operation in 3Q2016.

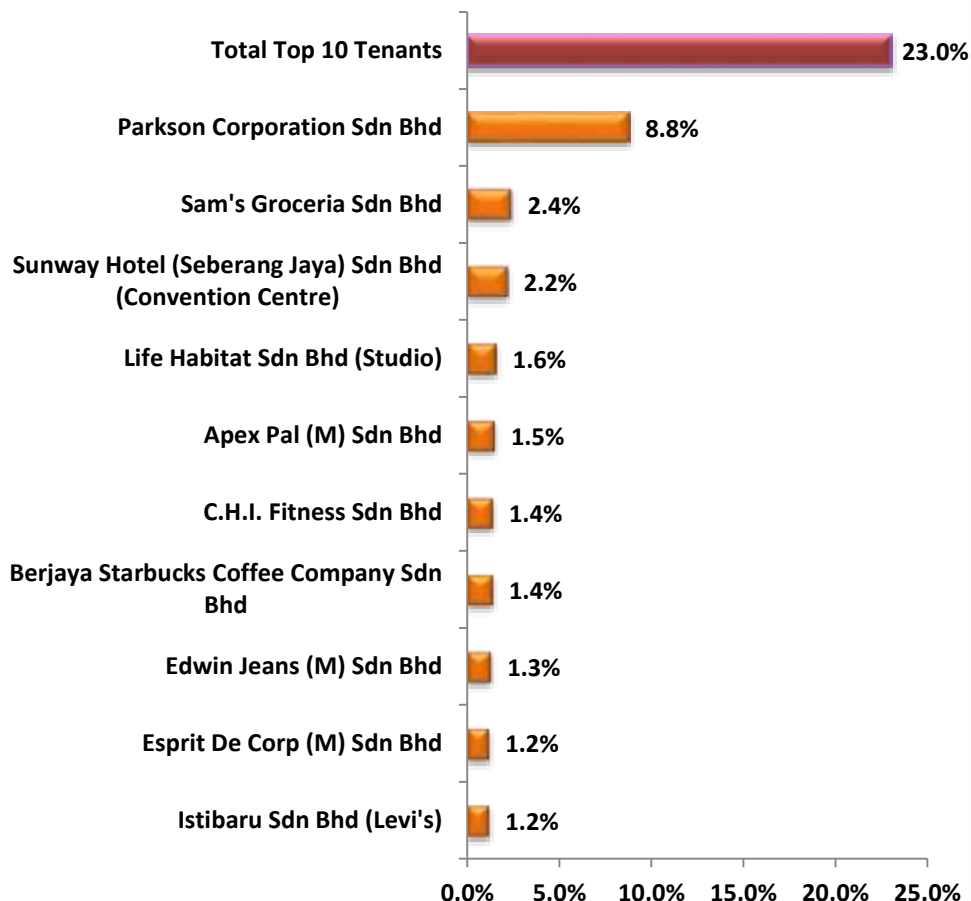
# RETAIL PROPERTIES

## SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix <sup>1</sup>



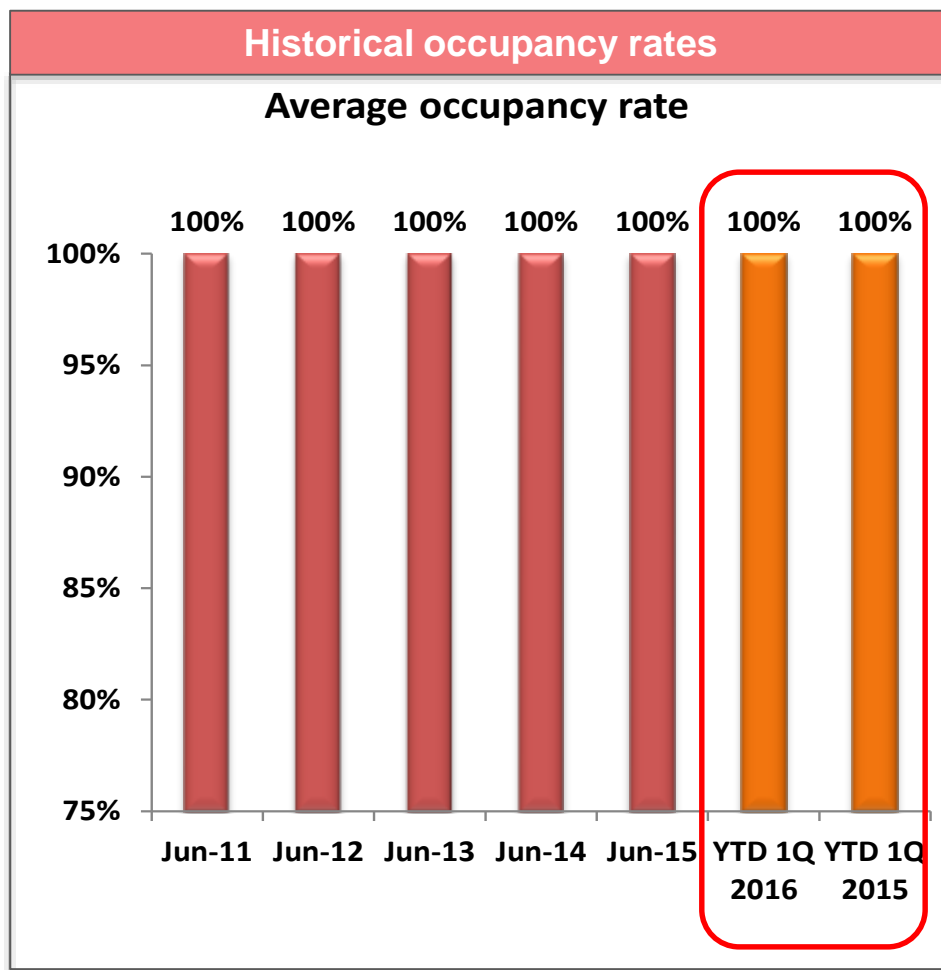
Top 10 tenants <sup>1</sup>



<sup>1</sup> Based on gross rental income for the month of September 2015.

# RETAIL PROPERTIES

## SUNCITY IPOH HYPERMARKET



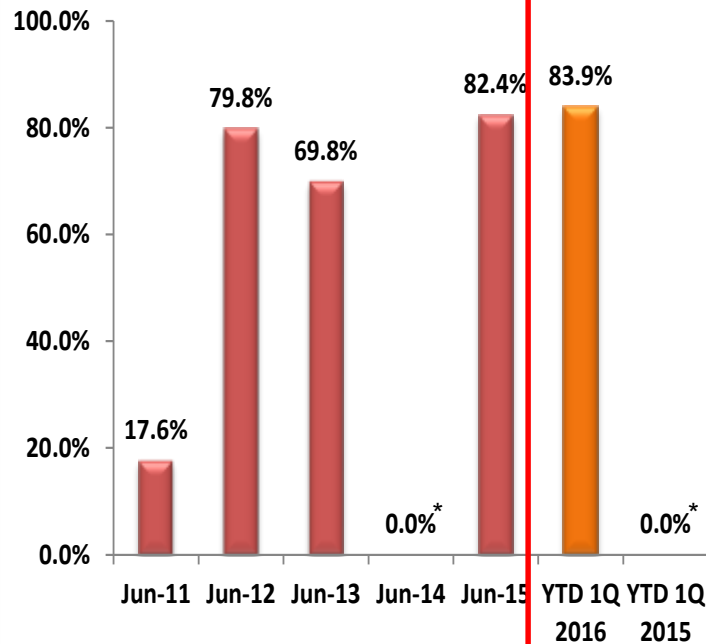
Suncity Ipoh Hypermarket is tenanted to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand in Malaysia, Singapore, Indonesia and Brunei Darussalam. The next renewal for the tenancy is April 2017.

# RETAIL PROPERTIES

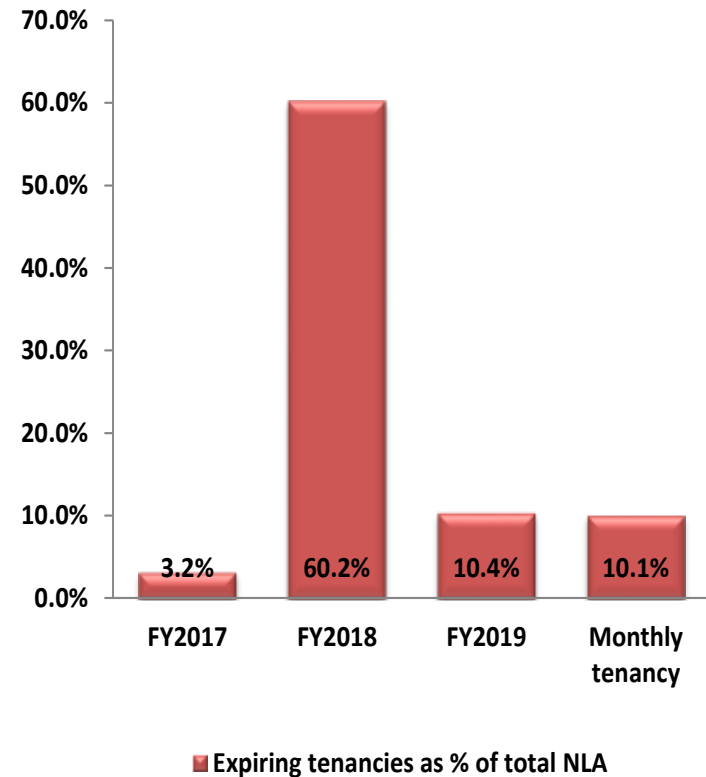
## SUNWAY PUTRA MALL

### Historical occupancy rates

#### Average occupancy rate



### Projected lease expiry schedule



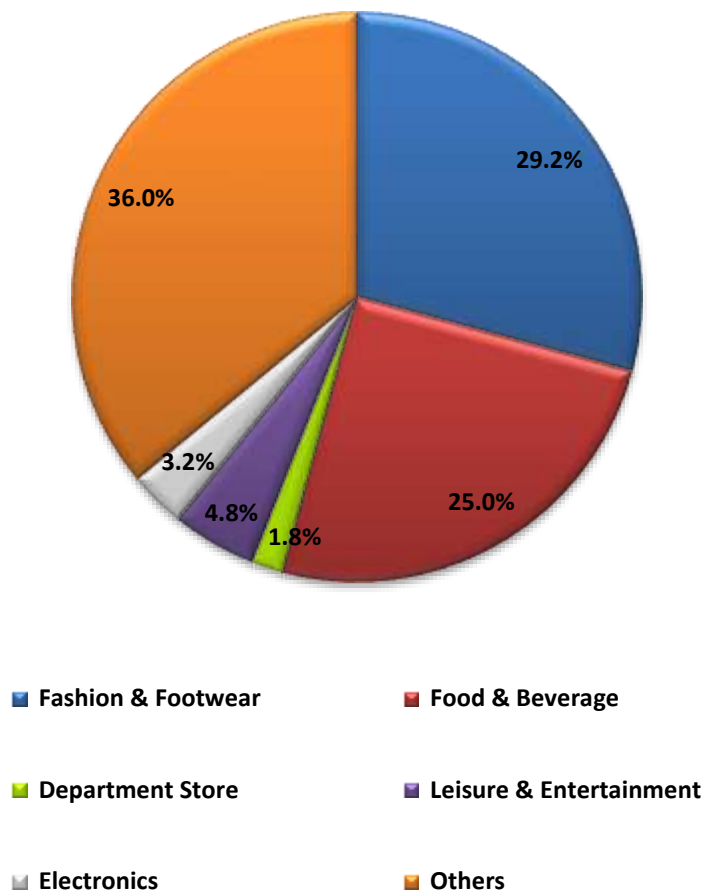
\* Sunway Putra Mall was closed for refurbishment from May 2013 to May 2015 and re-opened on 28 May 2015.

Note: The secured occupancy rate for Sunway Putra Mall as at 30 September 2015 stands at 83.9%, which represents a marginal increase of 1.5% compared to 82.4% as at 30 June 2015.

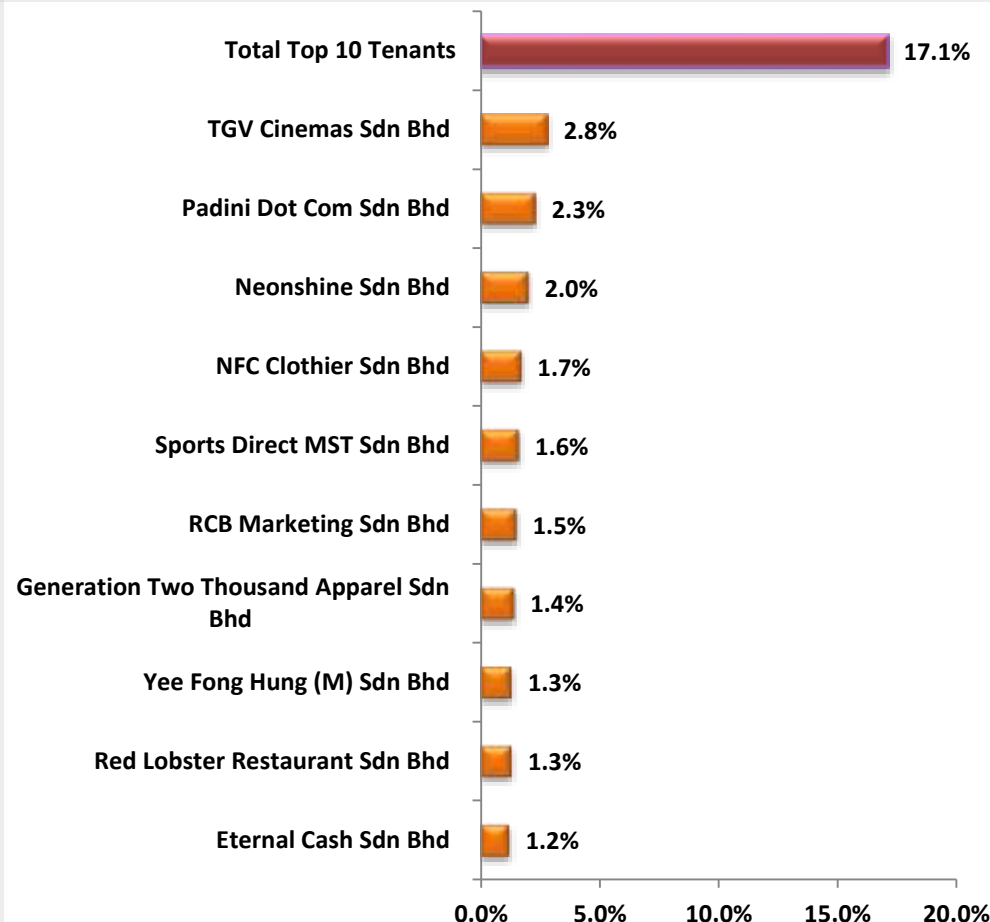
# RETAIL PROPERTIES

## SUNWAY PUTRA MALL (Cont'd)

Tenant mix <sup>1</sup>



Top 10 tenants <sup>1</sup>



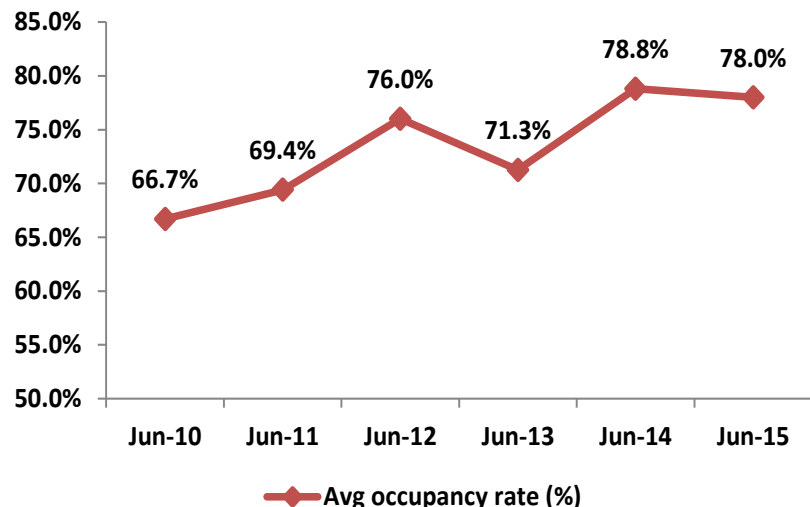
<sup>1</sup> Based on gross rental income for the month of September 2015.

# HOSPITALITY PROPERTIES

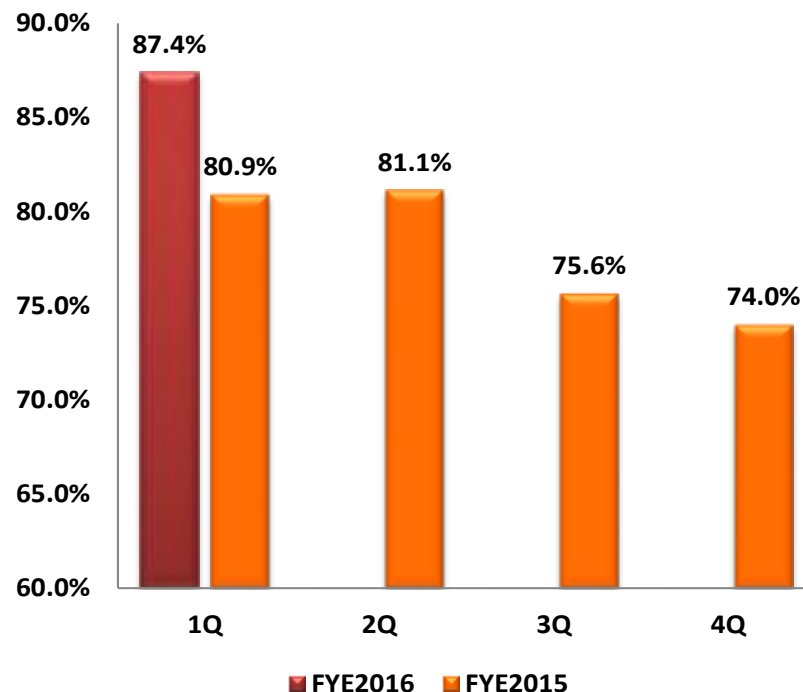
## SUNWAY RESORT HOTEL & SPA

### Historical occupancy rate

#### Average occupancy rate



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	22.5%
Leisure	77.5%

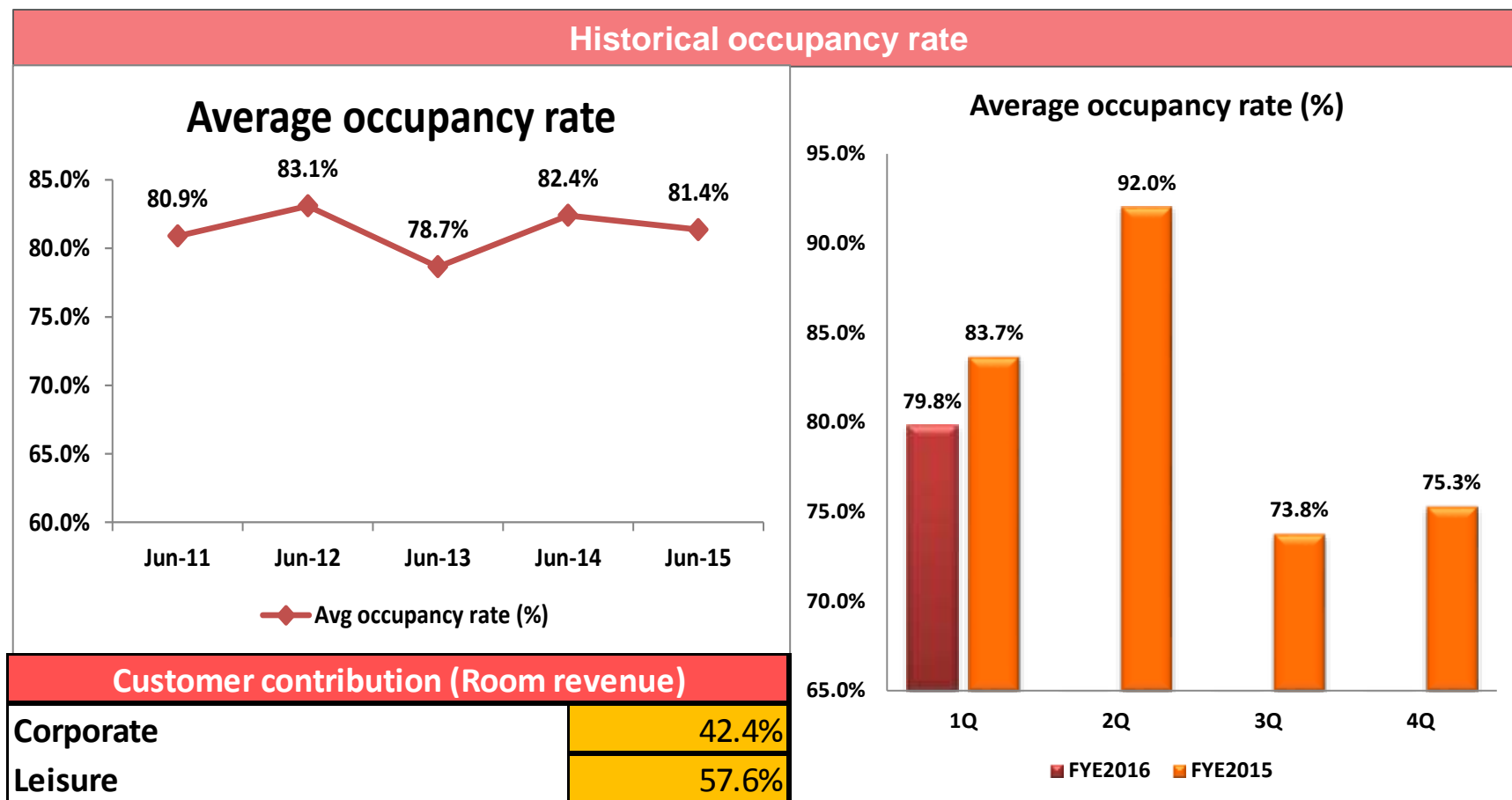
Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Pyramid Tower East (formerly Pyramid Tower Hotel) master lease is expiring in July 2020.

Note 2: Sunway Resort Hotel & Spa registered a higher average occupancy rate (87.4% in 1Q2016 compared to 80.9% in 1Q2015) contributed by strong Middle-East tourists arrival. The hotel enjoyed an extended peak season which started earlier this year around mid-July compared to late July of last year.



# HOSPITALITY PROPERTIES

## PYRAMID TOWER EAST (formerly known as PYRAMID TOWER HOTEL)

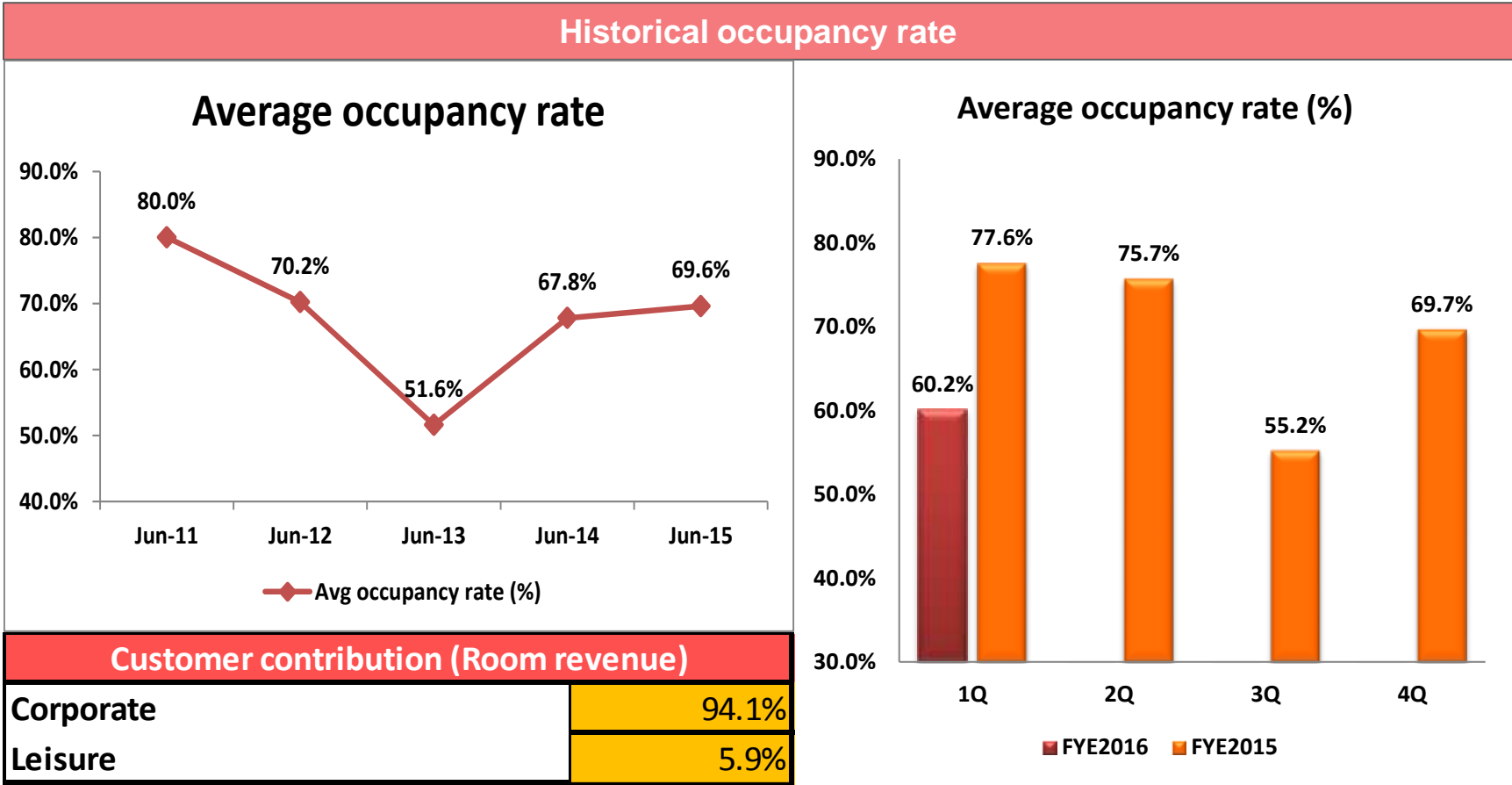


Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Pyramid Tower East (formerly known as Pyramid Tower Hotel) master lease is expiring in July 2020.

Note 2: Pyramid Tower East registered a decrease in occupancy for 1Q2016 compared to 1Q2015 mainly due to decline in corporate segment arising from slowdown in domestic economy, uncertainties in global economy and increasing supply of business hotels.

# HOSPITALITY PROPERTIES

## SUNWAY HOTEL SEBERANG JAYA



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

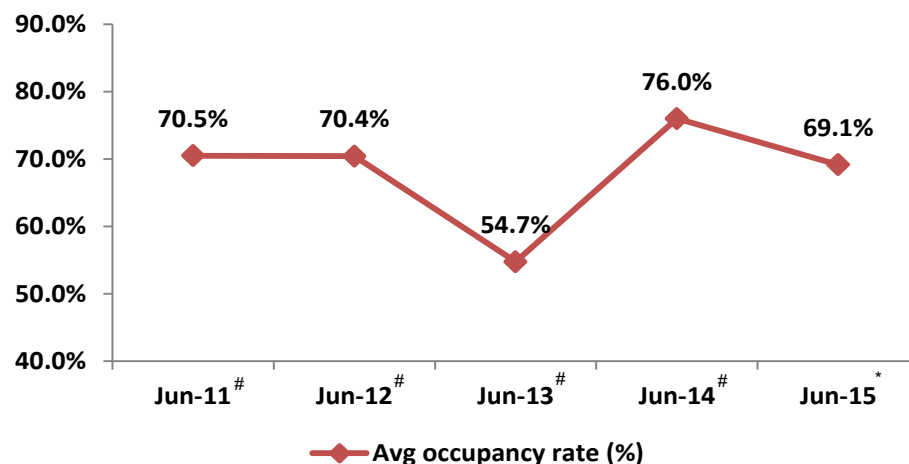
Note 2: Average occupancy rate for 1Q2016 was lower compared to 1Q2015 attributed to softer business from global market uncertainties and moderation in domestic economy, as well as increased competition from other new hotels in Penang.

# HOSPITALITY PROPERTIES

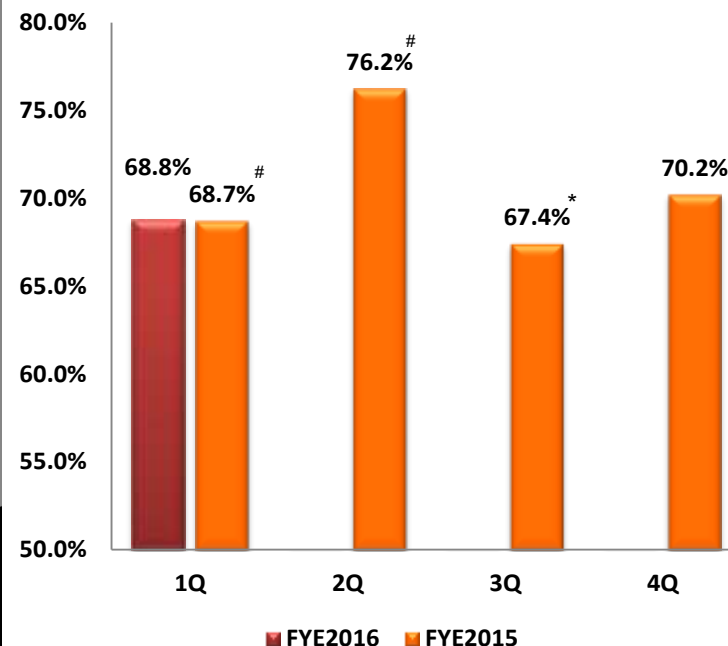
## SUNWAY HOTEL GEORGETOWN

### Historical occupancy rate

#### Average occupancy rate



#### Average occupancy rate (%)



### Customer contribution (Room revenue)

Corporate	15.4%
Leisure	84.6%

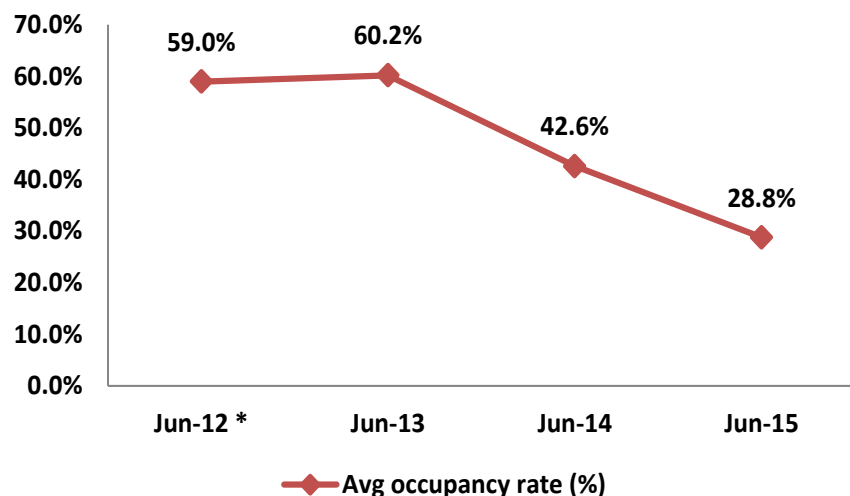
\* The contribution from Sunway Hotel Georgetown commenced on 28 January 2015. The information for 3Q2015 shown above was for the month of February 2015 and March 2015 following the completion of the acquisition. The information for Jun-15 shown above was for the month of February 2015 to June 2015.

<sup>#</sup> The historical information (Jun-11 to Jun-14 and 1Q 2015 to 2Q 2015) are provided by the vendor, Sunway Berhad.

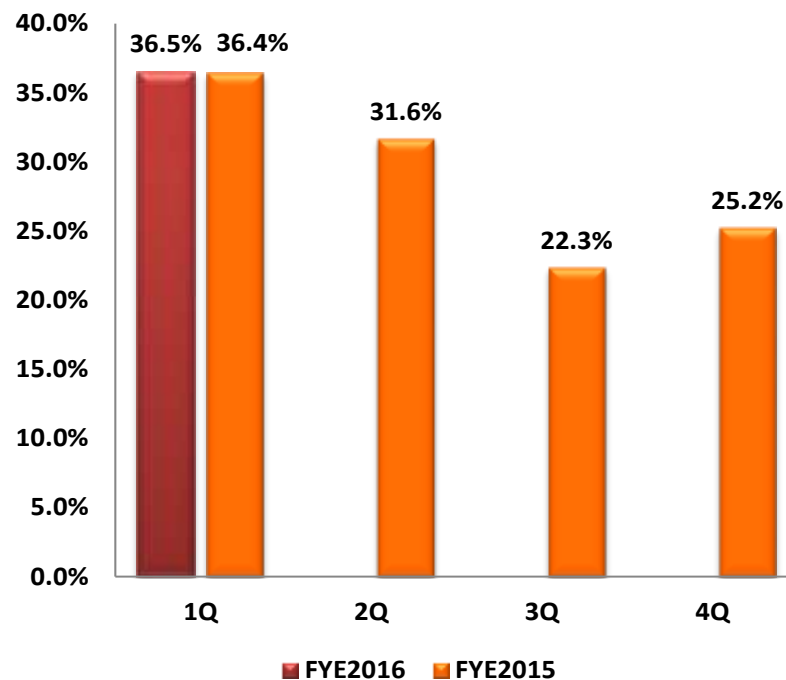
Note 1: The hotel properties are under 10-year master leases. The master lease of Sunway Hotel Georgetown is expiring in January 2025.

### Historical occupancy rate

#### Average occupancy rate



#### Average occupancy rate (%)



#### Customer contribution (Room revenue)

Corporate	52.0%
Leisure	48.0%

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

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

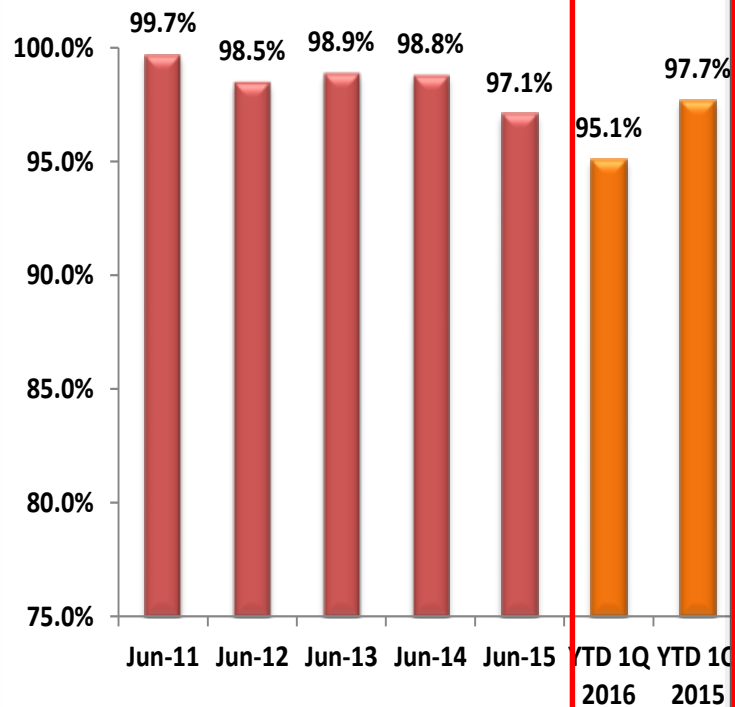
Note 2: The performance since Jun-14 was adversely affected by the refurbishment at the adjoining Sunway Putra Mall from May 2013 to May 2015, and the hotel's own refurbishment works. The refurbishment of Sunway Putra Hotel commenced in 1Q2014 and is expected to complete by 2Q2016.

# OFFICE PROPERTIES

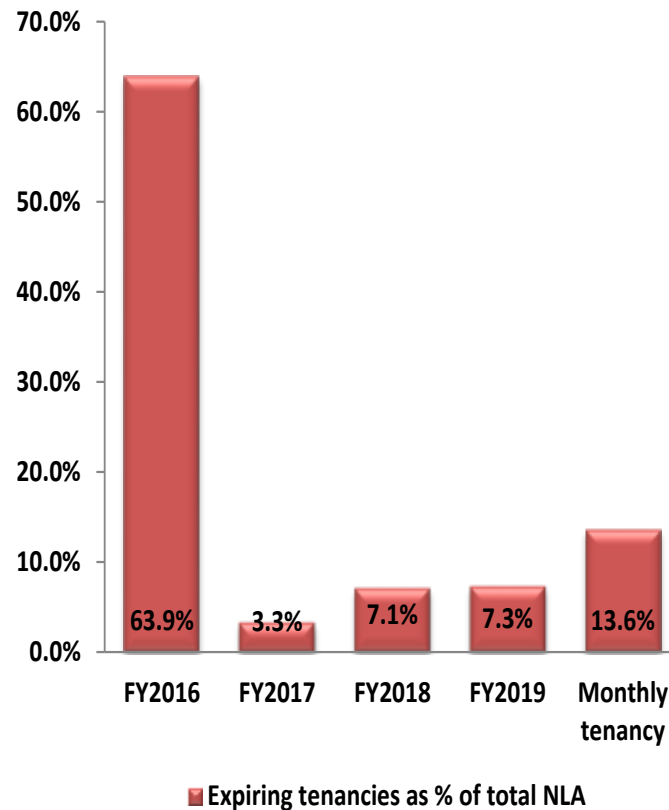
## MENARA SUNWAY

### Historical occupancy rates

#### Average occupancy rate



### Projected lease expiry schedule

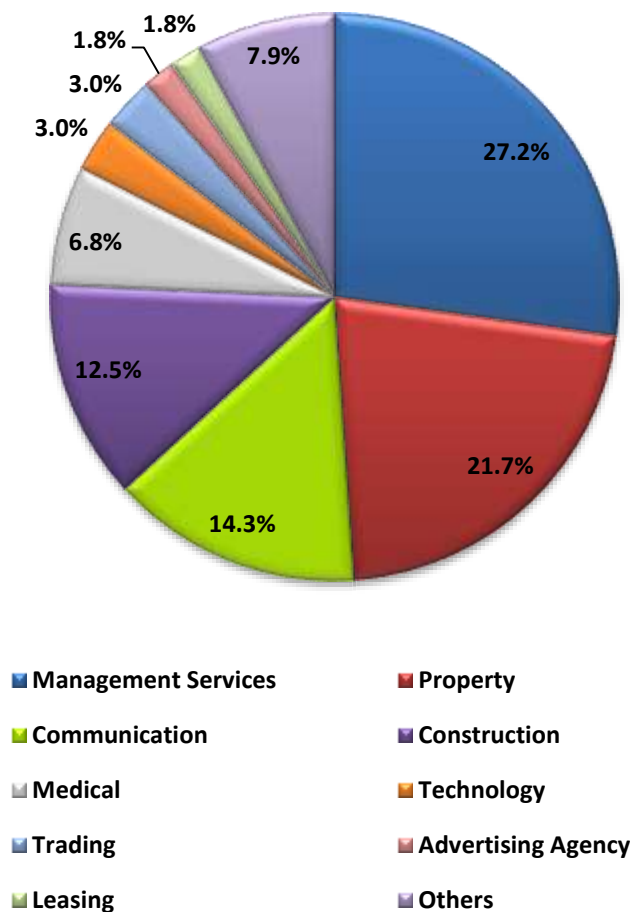


Note: Average occupancy rate for YTD1Q2016 is lower compared to YTD1Q2015 mainly due to a tenant who did not renew. The asset manager is actively seeking for replacement tenant.

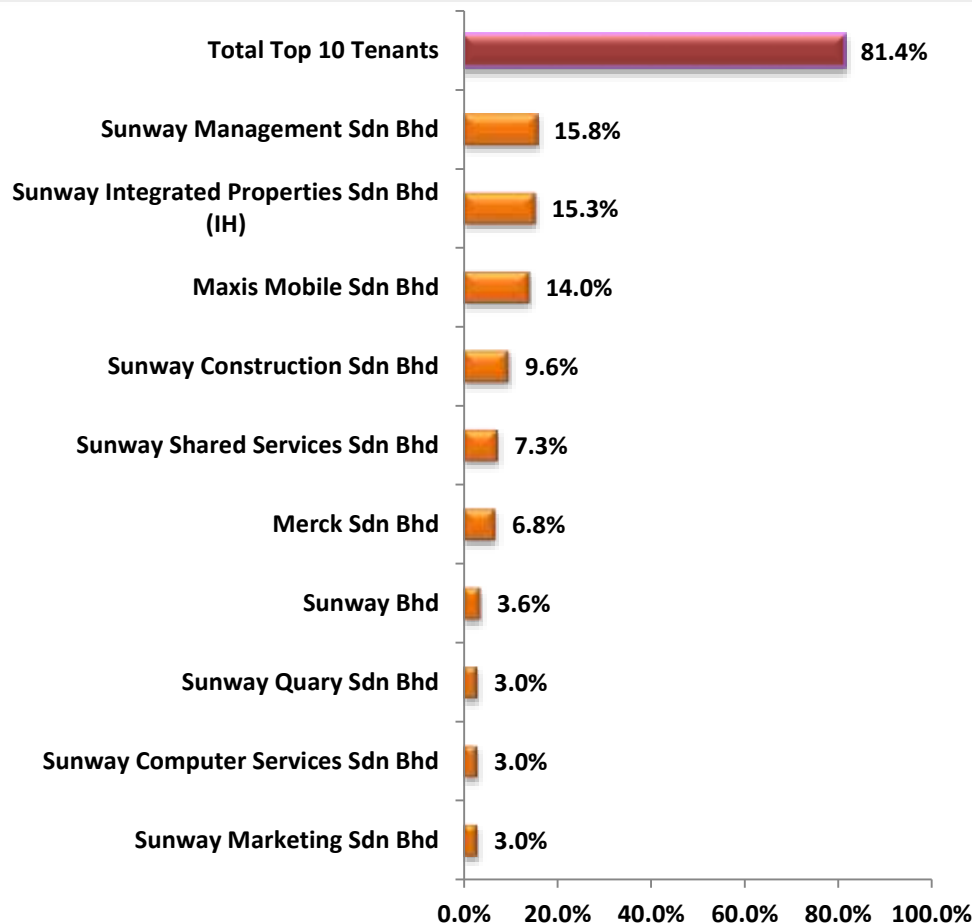
# OFFICE PROPERTIES

## MENARA SUNWAY (Cont'd)

Tenant mix <sup>1</sup>



Top 10 tenants <sup>1</sup>



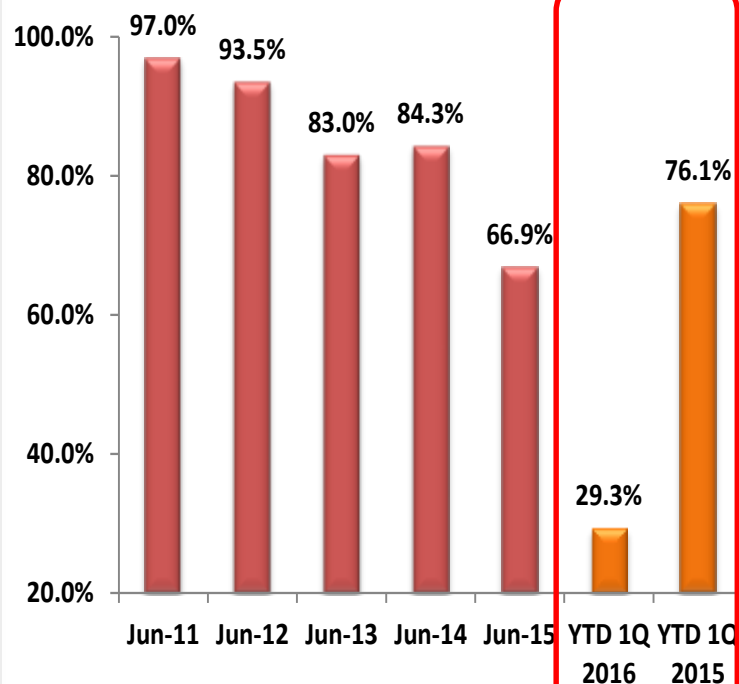
<sup>1</sup> Based on gross rental income for the month of September 2015.

# OFFICE PROPERTIES

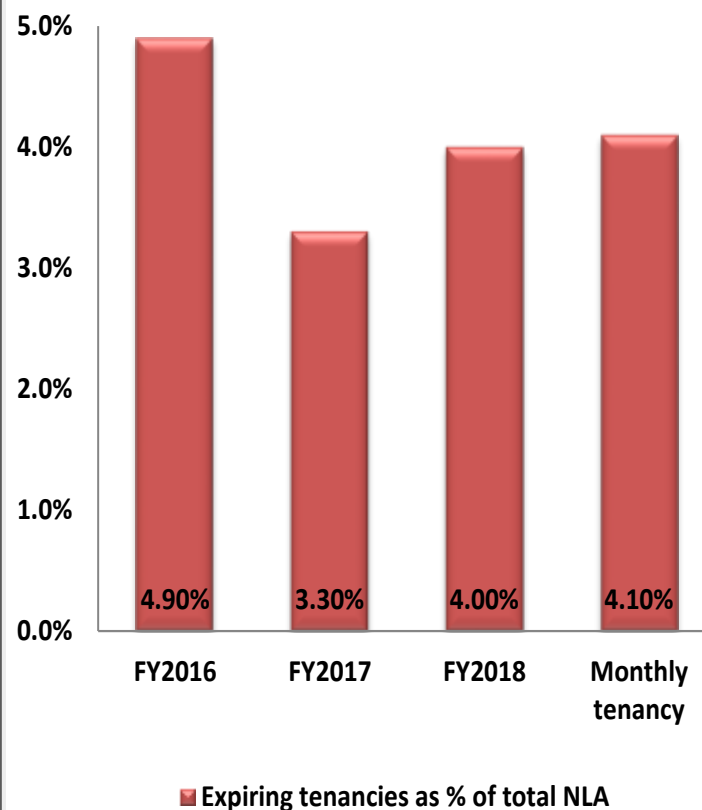
## SUNWAY TOWER

### Historical occupancy rates

#### Average occupancy rate



### Projected lease expiry schedule

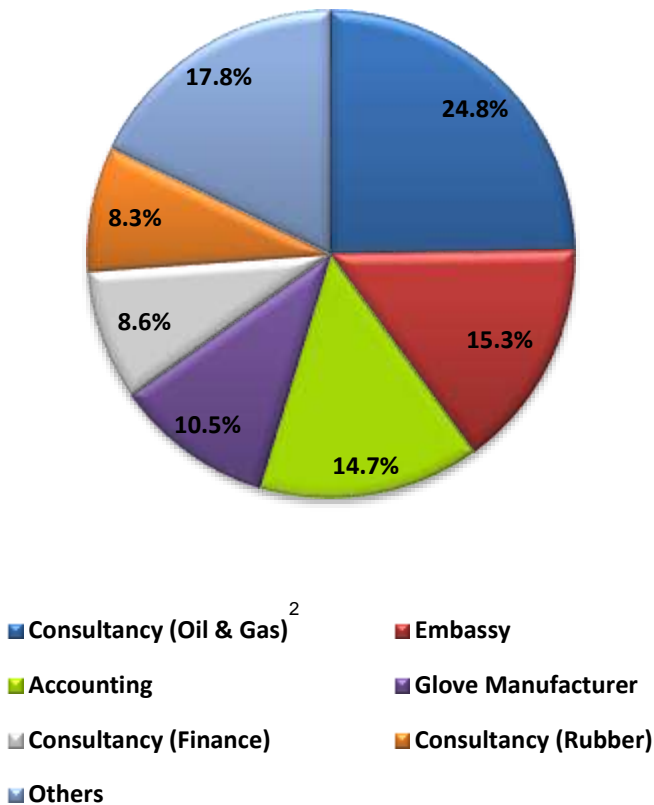


Note: The average occupancy rate for YTD1Q2016 is lower as compared to YTD1Q2015 as the anchor tenant has progressively terminated a total of 163,870 sq.ft (61%) during the period. The asset manager has secured new tenants for approximately 29,500 sq. ft. (11% of total NLA) of office space to commence from 2Q2016, and is actively seeking for more replacement tenants.

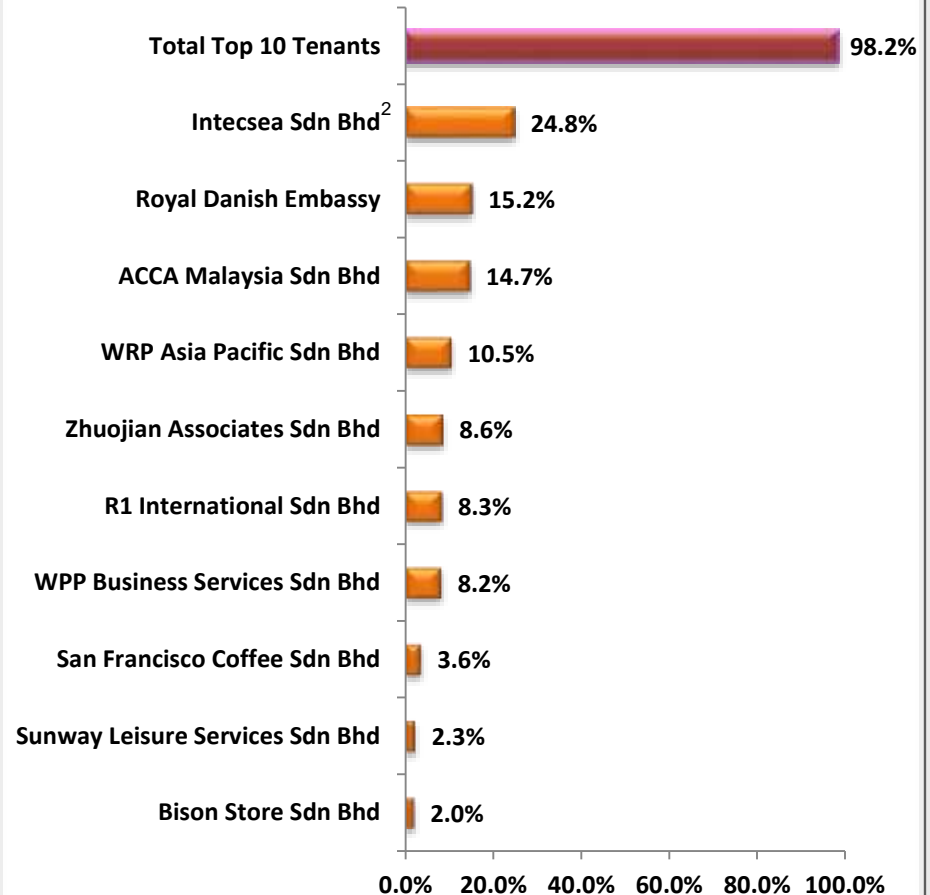
# OFFICE PROPERTIES

## SUNWAY TOWER (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 September 2015.

<sup>2</sup> Intecsea extended the tenancy until 31 October 2015. There will be no tenant from the Oil & Gas sector in the next quarter after Intecsea moves out.

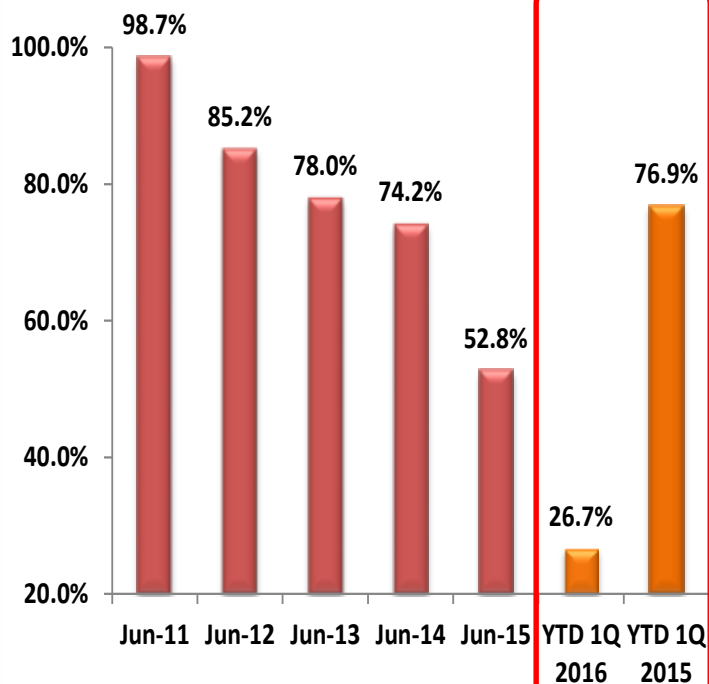


# OFFICE PROPERTIES

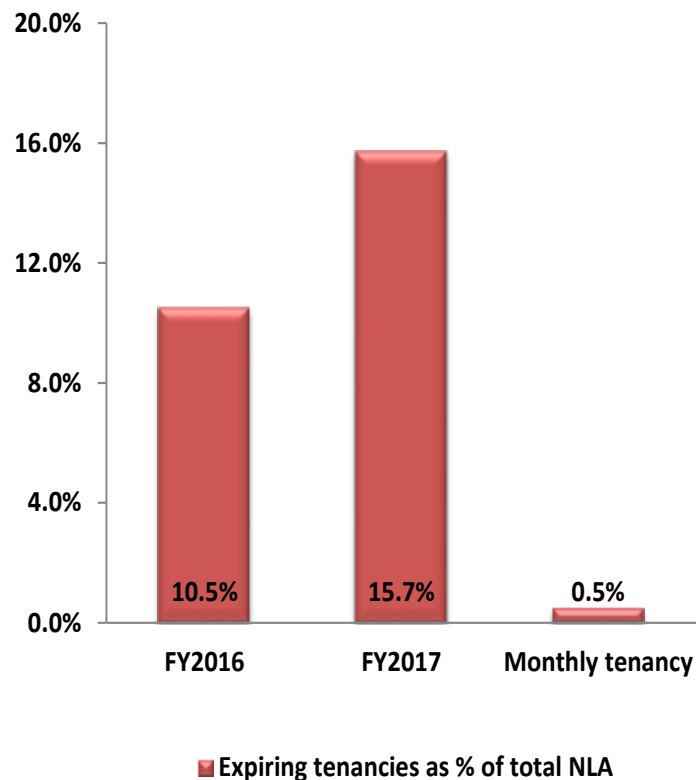
## SUNWAY PUTRA TOWER

### Historical occupancy rates

#### Average occupancy rate



### Projected lease expiry schedule

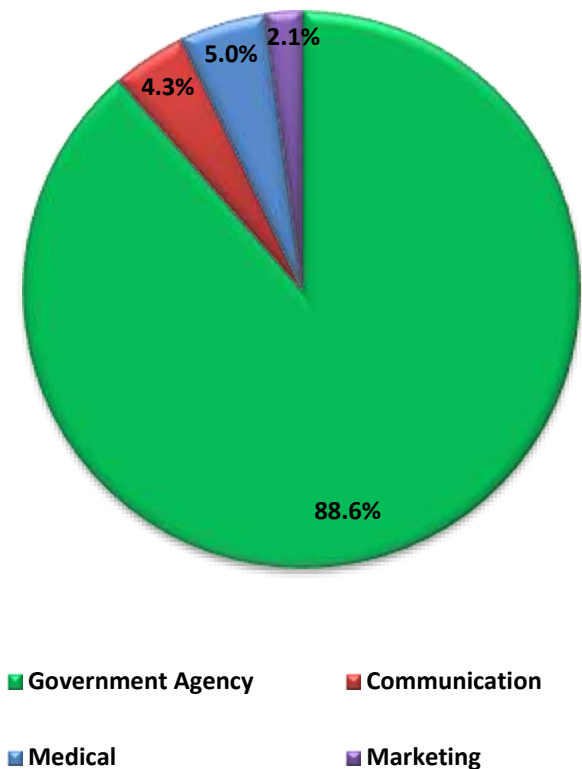


Note : The anchor tenant has moved out in the end of 2Q2015 and this has resulted in lower average occupancy rate for YTD1Q2016 compared to YTD1Q2015. The asset manager is actively seeking for replacement tenants while trying to further diversify tenancy mix to reduce tenant concentration risk and to attain more private sector tenants.

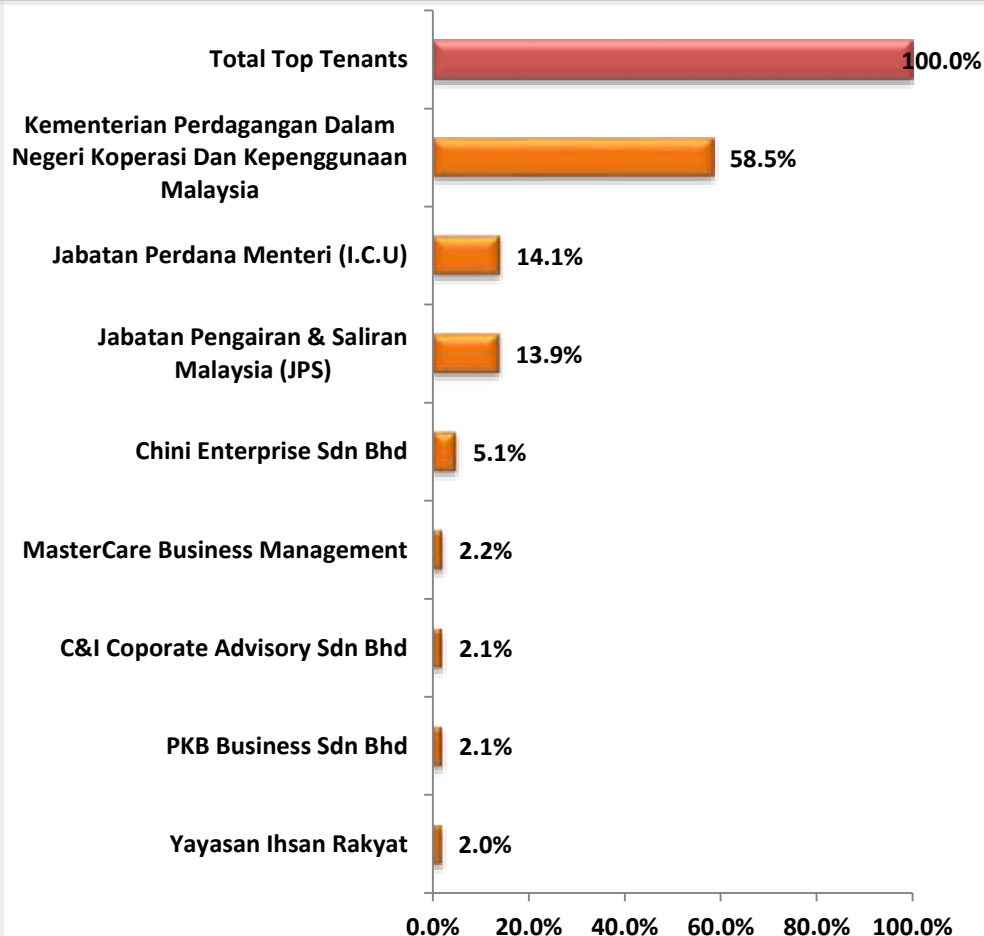
# OFFICE PROPERTIES

## SUNWAY PUTRA TOWER (Cont'd)

Tenant mix <sup>1</sup>



Top tenants <sup>1</sup>



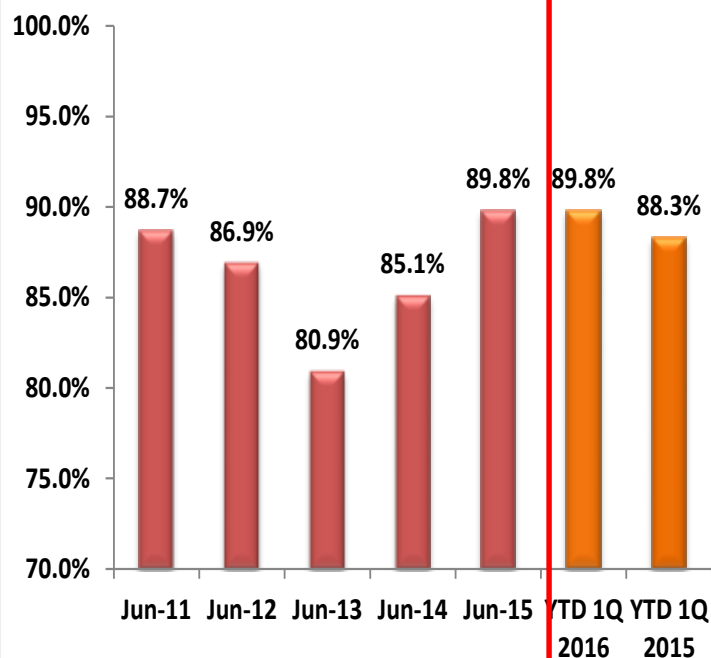
<sup>1</sup> Based on gross rental income for the month of September 2015.

# OFFICE PROPERTIES

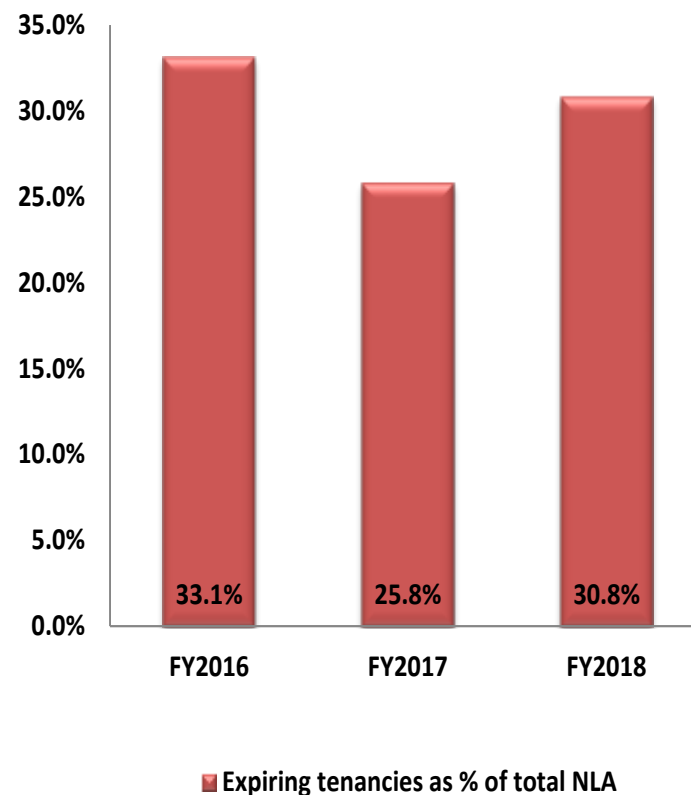
## WISMA SUNWAY

### Historical occupancy rates

#### Average occupancy rate



### Projected lease expiry schedule

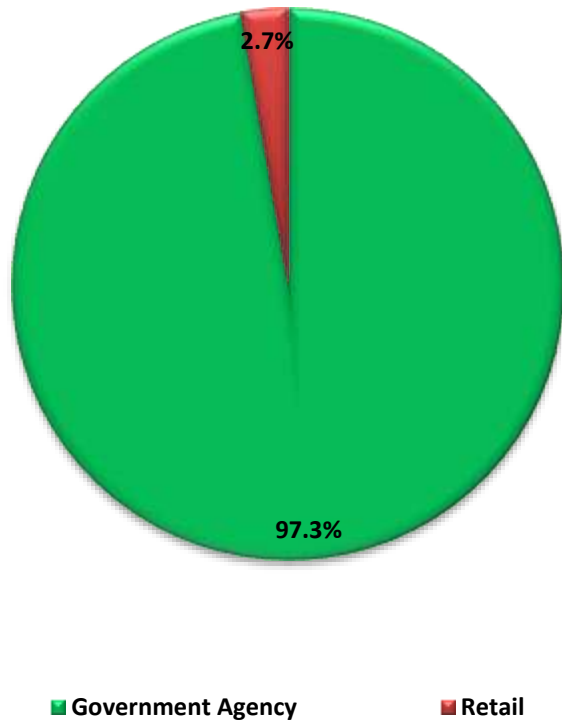


Note: The contribution from Wisma Sunway commenced on 23 March 2015. The information for Jun-15 shown above was for March 2015 to June 2015 following the completion of acquisition. The historical information (Jun-11 to Jun-14 and YTD1Q2015) are provided by the vendor, Sunway Berhad.

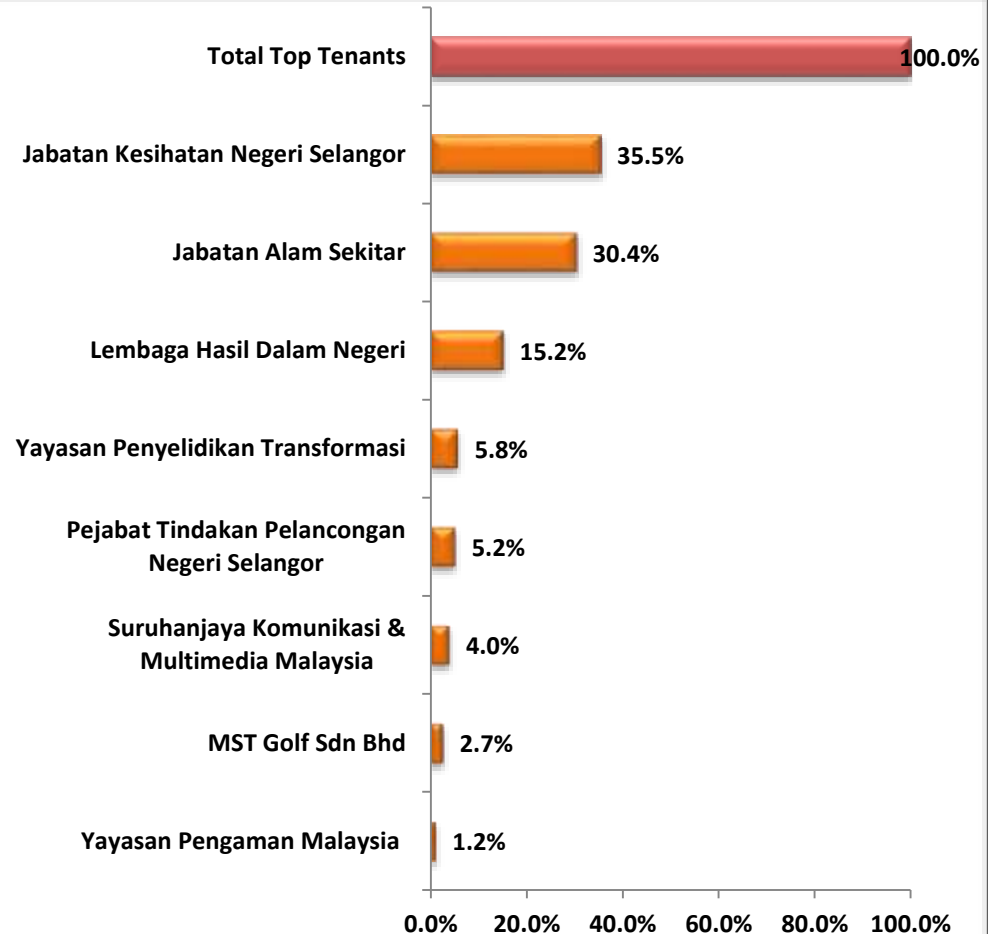
# OFFICE PROPERTIES

## WISMA SUNWAY (Cont'd)

Tenant mix <sup>1</sup>



Top tenants <sup>1</sup>



<sup>1</sup> Based on gross rental income for the month of September 2015.

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## 5. Market Outlook

# General Outlook

- The strength of global economy has softened in the first half of CY2015, reflecting a further slowdown in the emerging markets and weaker recovery in the advanced economies. Based on preliminary data, global economic growth is estimated at 2.9% in the first half of CY2015. According to the International Monetary Fund (“IMF”), downside risks to outlook have risen, particularly for emerging markets and developing economies in view of lower commodity prices, depreciating emerging market currencies and heightened financial market volatility. The IMF has revised global growth to 3.1% for CY2015, 20bps lower from the forecast in July 2015.
- The Malaysian economy has moderated to 4.9% y-o-y in the second quarter of CY2015 (1Q CY2015: 5.6%), supported by private sector demand and public consumption. Economic growth for the first half of CY2015 remained resilient at 5.3% y-o-y (1H CY2014: 5.6%). The domestic economy is expected to moderate further in the second half of CY2015 amidst weak business and consumers sentiment, low commodity prices and weak currency. Bank Negara Malaysia (“BNM”) has maintained a GDP growth of 4.5% - 5.5% for CY2015 (CY2014: 6.0%).
- After the recent peak in July 2015, headline inflation has eased marginally to 3.1% in August 2015. YTD August 2015 inflation remained benign at 1.8% due to the low inflationary regime in 1Q CY2015. BNM expects headline inflation to average between 2.0% to 3.0% in CY2015 and to peak in early CY2016 to reflect higher domestic fuel prices and impact of GST. Despite the reported headline inflation, the weak currency has adversely impacted consumers spending due to escalated prices especially for imported goods.

Source: International Monetary Fund and Bank Negara Malaysia

# General Outlook

- BNM remained accommodative in its monetary policy. In the recent Monetary Policy Meeting (“MPC”) on 11 September 2015, BNM has maintained the Overnight Policy Rate (“OPR”) at 3.25%. In view of the heightened risks in the global economic and financial environment, BNM continues to monitor and assess the implications on macroeconomic stability and the prospect of the Malaysian economy to ensure that the monetary policy stance is consistent with the sustainability of the overall growth prospects.
- In view of the slower economic outlook, as well as global and domestic uncertainties, Sunway REIT is cautious on the growth prospect for FY2016 and expect flattish DPU growth due to the following:
  - i) Weak consumer and business sentiment affecting all segments
  - ii) Rental rebates provided to Sunway Putra Mall
  - iii) Reduction of manager’s fee payable in units from 50% to 25% in FY2016
  - iv) Lower occupancy rate for the office sector
- The Manager is committed to distribute 100% of its distributable net income for FY2016.

# Retail

- Retail Group Malaysia (“RGM”) has revised its 2015 retail-sales-growth projection for the fourth time after the second quarter sales plunged by 11.9% from a year ago, the worst quarterly retail growth rate since the 1997/98 Asian financial crisis. Retail sales forecast was revised from 4.0% to 3.1% for CY2015. The outlook is due to weak consumer sentiment impacted by softening of the Ringgit, post GST implementation and domestic uncertainties.
- The challenging operating environment has led to some retailers consolidating business operations which may lead to difficulties for newly opened and retail malls scheduled for opening to secure tenants. The business consolidation may also involve closure of outlets in existing malls leading to lower occupancy rate for the affected retail malls.
- Rental and occupancy rates in the city centre and suburbs retail malls may come under pressure due to abundance of new supply of retail malls in the pipeline in the short to medium-term as well as the headwinds mentioned above. Well-established and regional retail malls are expected to perform with higher resiliency due to its position backed by good retail tenancy mix, promotions and good mall management team.
- Sunway Pyramid Shopping Mall’s average occupancy rate inched higher to 98.6% in 1QFY2016 compared to 98.0% in 1QFY2015. A total of 136,041 sq.ft. of net lettable area (“NLA”) was renewed in 1QFY2016 at a single-digit rental reversion rate over the three-year tenancy term.



## Retail (Cont'd)

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- Sunway Carnival Shopping Mall recorded lower average occupancy rate of 94.3% in 1QFY2016 due to reconfiguration of 2<sup>nd</sup> floor area of approximately 21,000 sq.ft. (equivalent to 4% of NLA) into food and beverage (“F&B”) area which is targeted to commence operation in 3QFY2016. During the quarter, a total of 30,152 sq.ft. of NLA was renewed at a double-digit rental reversion rate over the three-year tenancy term.
- The secured occupancy for Sunway Putra Mall has increased marginally to 83.9% as at 30 September 2015 compared to 82.4% as at 30 June 2015.
- The Manager expects modest growth contribution from the retail segment for FY2016 as rentals are locked in for the retail assets and new income contribution from Sunway Putra Mall. However, the Manager is cautious on the prospects of the retail segment in the mid-term in view of weak consumer sentiment amidst higher cost of living, escalating cost in doing business and intensifying competition.

# Hotel

- Tourist arrivals and outbound travelling have experienced a massive decline during the first six months of the year. According to the Malaysian Association of Tour and Travel Agents (MATTA), there had been a 30% decline for YTD 1HCY2015 compared to the corresponding period in the previous year.
- The Government has recently announced various measures to boost the tourism and health tourism sectors. Amongst the measures are an allocation of RM80 million to intensify promotional activities in ASEAN countries, China and India and exemption of visa applications for group tourists from China from October 2015 to March 2016.
- Despite the weak tourist arrivals in the first half of CY2015, Sunway Resort Hotel & Spa continued to enjoy the traditionally strong Middle Eastern holiday season. The average occupancy rate for Sunway Resort Hotel & Spa improved to 87.4% in 1QFY2016, from 80.9% in 1QFY2015. The hotel has enjoyed an extended peak period which commenced in mid- July this year as opposed to late July in the previous year.
- Pyramid Tower East (formerly known as Pyramid Tower Hotel)'s average occupancy rate declined to 79.8% in 1QFY2016 compared to 83.7% in 1QFY2015 due to decline in corporate segment arising from slowdown in the domestic economy, uncertainties in global economy and increasing supply of business hotels. However, this was mitigated by higher average daily rate ("ADR") achieved during the Middle Eastern holiday season.

# Hotel (Cont'd)

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- The average occupancy rate at Sunway Putra Hotel was stable at 36.5% in 1QFY2016 compared to 36.4% in 1QFY2015 following the re-opening of Sunway Putra Mall and substantially completed hotel refurbishment . The full completion of the hotel's refurbishment is targeted in 2QFY2016.
- Sunway Hotel Seberang Jaya recorded a lower average occupancy rate of 60.2% in 1QFY2016 versus 77.6% in 1QFY2015 due to global market uncertainties, moderation in domestic economy and increased competition arising from new hotels in Penang.
- Meanwhile, Sunway Hotel Georgetown's average occupancy rate was stable at 68.8% in 1QFY2016 compared to 68.7%<sup>1</sup> in 1QFY2015.
- The Manager expects the hotel segment to register stable growth in FY2016 mainly contributed by Sunway Putra Hotel and new income contribution from Sunway Hotel Georgetown.

<sup>1</sup> The historical information for 1QFY2015 is provided by the vendor, Sunway Berhad.

# Office

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- Klang Valley's office stock increased marginally from 107.86 million sq.ft. in 1QCY2015 to 108.26 million sq.ft. in 2QCY2015. A large incoming supply of 12 million sq.ft. is slated for completion between 2HCY2015 and 4QCY2017.
- The average occupancy rate in the Klang Valley is expected to remain stable, hovering around the 80% mark, in the short to medium-term. The office segment is expected to face a glut by 2017 due to the huge incoming supply of office space.
- Office rentals are expected to decline on the back of a weakened economy and oversupply concerns over the next few years.
- The average occupancy rate at Menara Sunway has declined from 97.7% in 1QFY2015 to 95.1% in 1QFY2016 due to non-renewal of expired lease of a tenant. The asset manager is actively seeking for replacement tenant.
- Sunway Tower's average occupancy rate slipped to 29.3% in 1QFY2016 compared to 76.1% in 1QFY2015 as the anchor tenant has progressively terminated a total of 163,870 sq.ft (61%) during the period.

## Office (Cont'd)

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- Sunway Putra Tower's average occupancy rate declined to 26.7% in 1QFY2016 compared to 76.9% in 1QFY2015 as a result of an anchor tenant that has moved out in December 2014.
- The average occupancy rate at Wisma Sunway inched higher to 89.8% in 1QFY2016 compared to 88.3%<sup>1</sup> in 1QFY2015.
- The Manager expects income contribution from the office segment to be lower in FY2016 due to the high vacancy rate, anticipated longer time and higher cost to secure new tenancies in an oversupply and weaker market environment. The Manager will remain focus on improving occupancy by offering competitive rental rates.

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<sup>1</sup>The historical information for 1QFY2015 is provided by the vendor, Sunway Berhad.

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## 6. Investor Relations

# Unit Price Performance - IPO to 30 September 2015

## Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 30 September 2015)



## Performance Statistics (8 July 2010 - 30 September 2015)

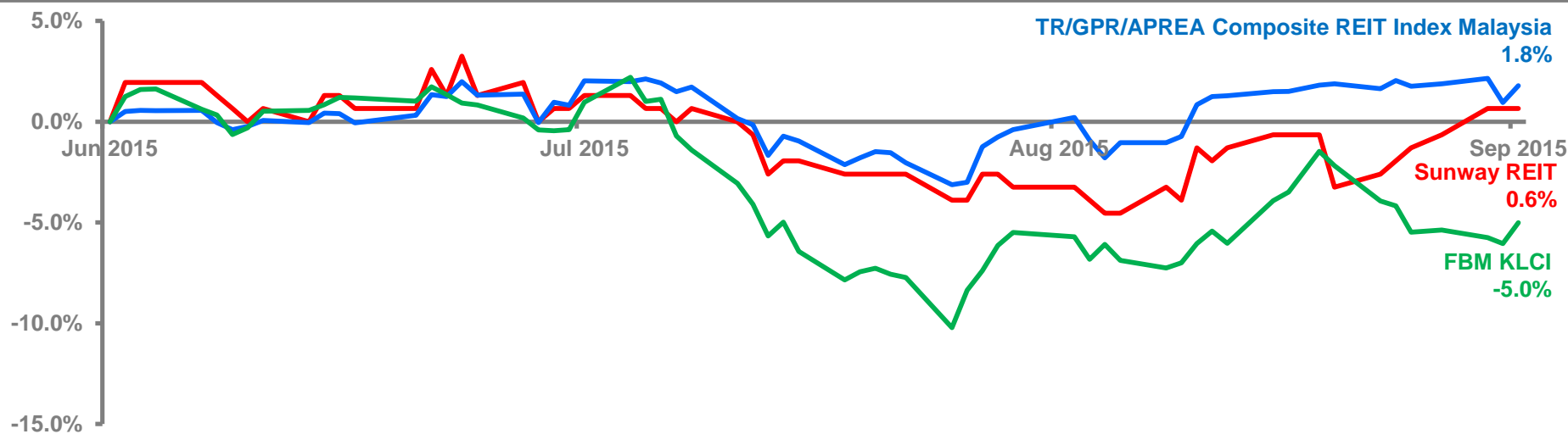
Price (as at 8/7/2010)	: RM0.90
Closing Price (as at 30/9/2015)	: RM1.55
Highest Price	: RM1.76
Lowest Price	: RM0.88
Daily Average Volume	: 1.95mil units
% Change in Unit Price	: 72.2%
% Change in FBM KLCI	: 23.2%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 87.6%

Source: Bloomberg

**SUNWAY**®

# Unit Price Performance – FY2016

## Unit Price Performance of Sunway REIT versus Benchmarks (30 June 2015 – 30 September 2015)



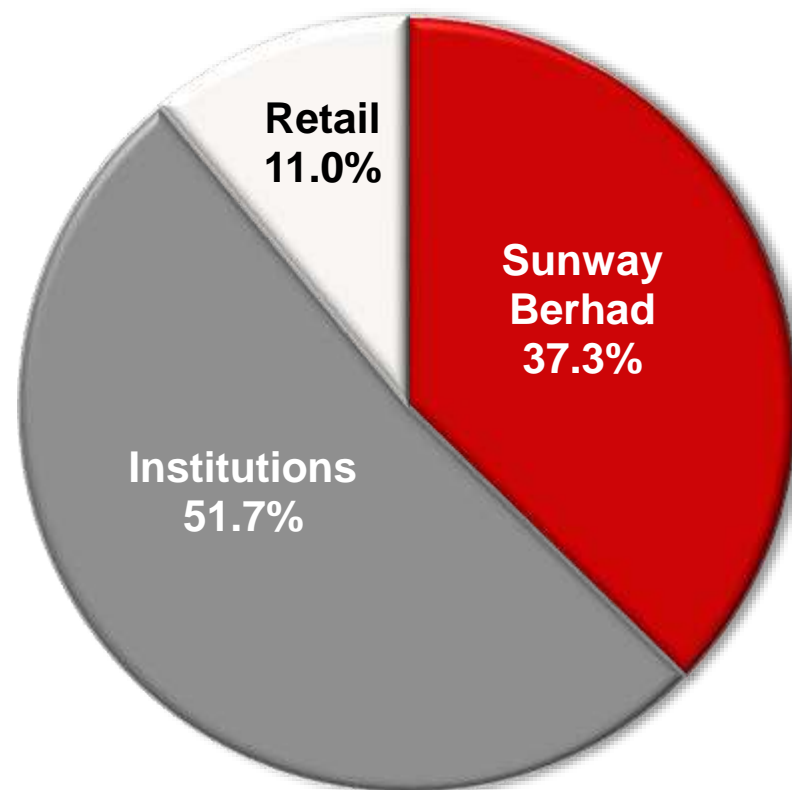
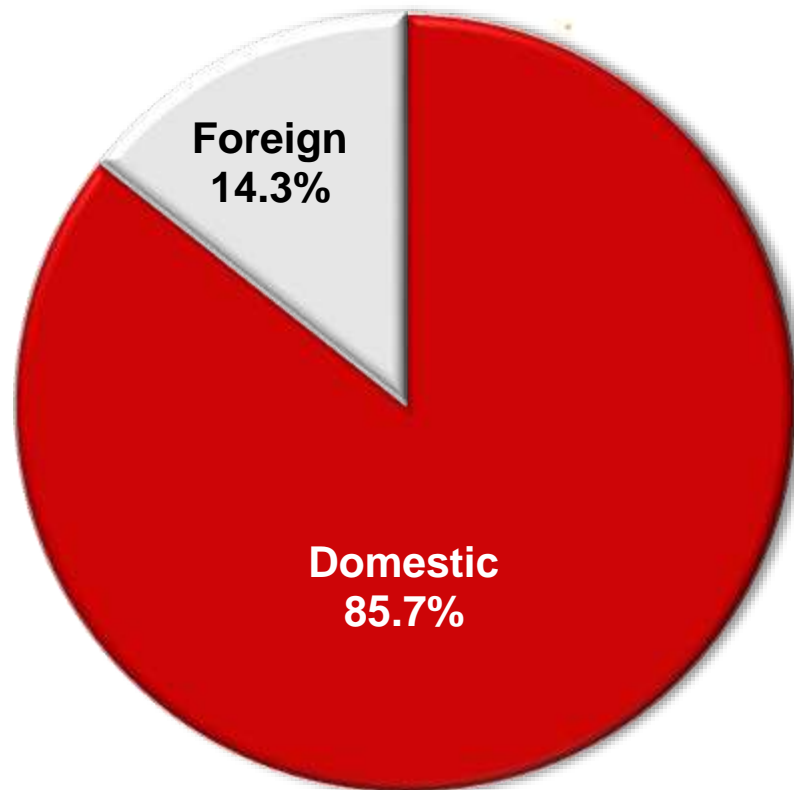
## Performance Statistics (30 June 2015 - 30 September 2015)

Price (as at 30/6/2015)	: RM1.54
Closing Price (as at 30/9/2015)	: RM1.55
Highest Price	: RM1.59
Lowest Price	: RM1.46
Daily Average Volume	: 4.57mil units
% Change in Unit Price	: 0.6%
% Change in FBM KLCI	: -5.0%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 1.8%

Source: Bloomberg

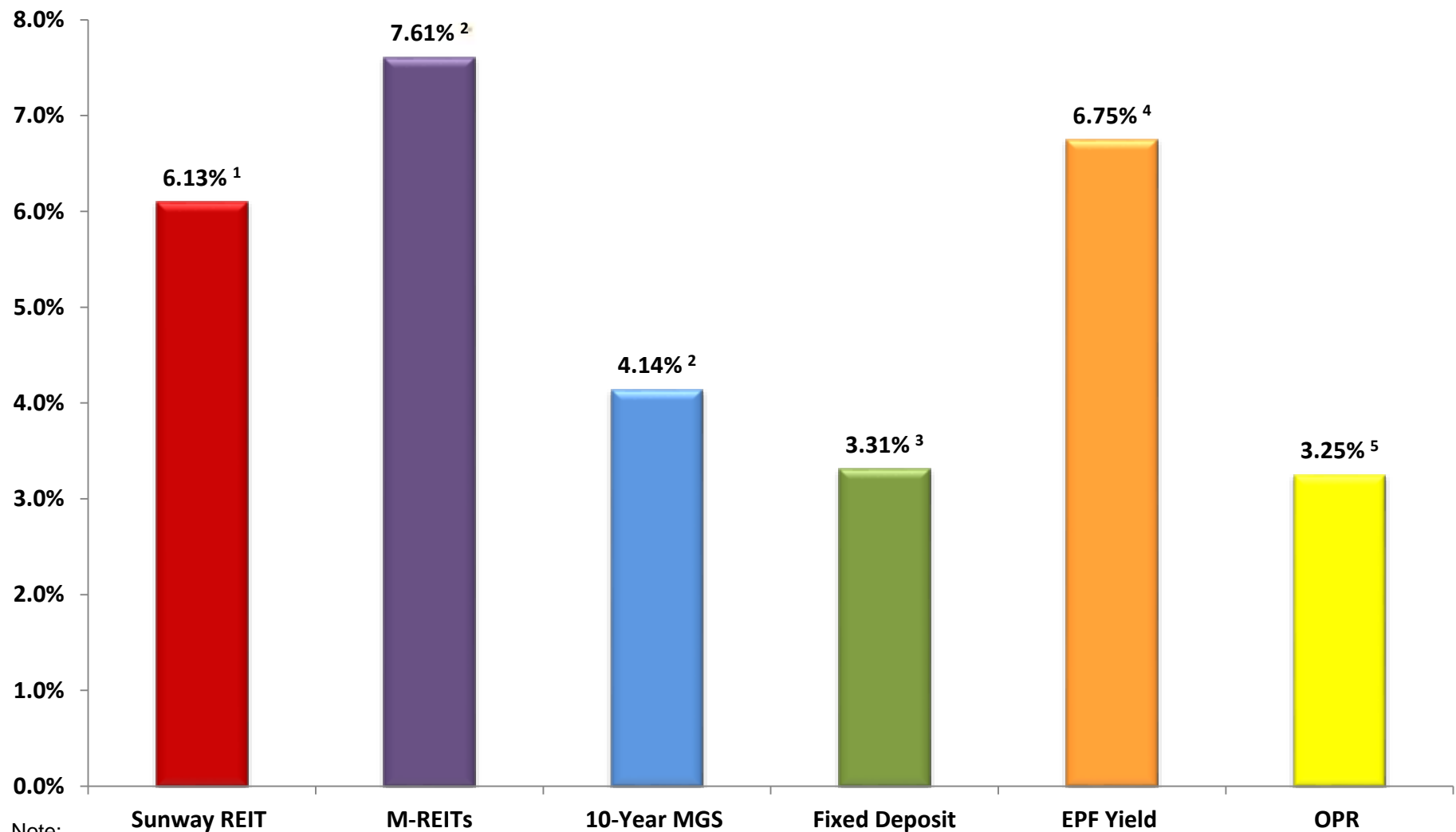


# Unitholders' Composition (as at 30 September 2015)



	September 2015	June 2015	Q-o-Q Change
No of unitholders	8,974	8,683	+291 (+3.4%)
Retail unitholders	11.0%	14.9%	-3.9%
Foreign unitholders	14.3%	19.6%	-5.3%
Sunway Berhad	37.3%	36.2%	+1.1%

# Comparative Yields for Various Assets



Note:

- 1. Distribution yield based on consensus DPU forecast of 9.5 sen (Source: Bloomberg)
- 2. Information as at 30 September 2015 (Source: Bloomberg)
- 3. 12-Month Fixed Deposit rates offered by commercial banks as at 31 August 2015 (Source: Bank Negara Malaysia)
- 4. Dividend yield declared by Employees Provident Funds for the year 2014 (Source: Employees Provident Fund)
- 5. As at 30 September 2015 (Source: Bank Negara Malaysia)

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**THANK YOU**