




# **SUNWAY**<sup>®</sup>

## **Sunway REIT**

### **Financial Results 2<sup>nd</sup> Quarter Ended 31 December 2016 (FYE 30 June 2017)**



**Announcement Date:  
14 February 2017**

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# 1. Financial Highlights

# Distribution Details

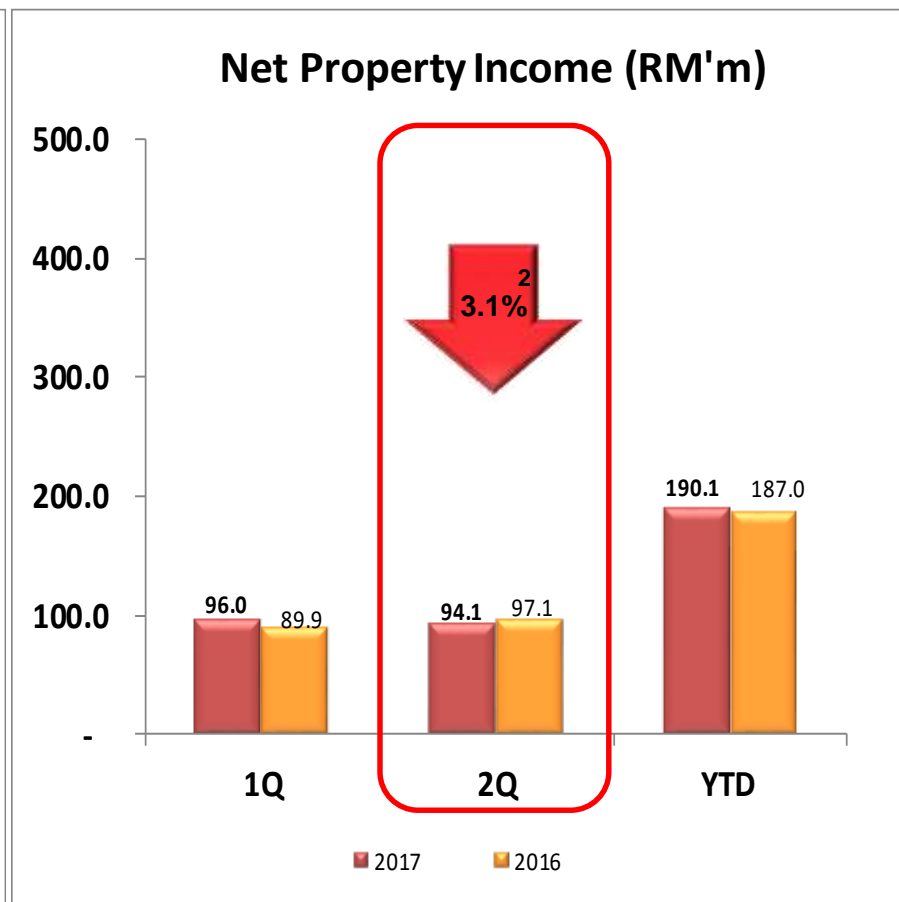
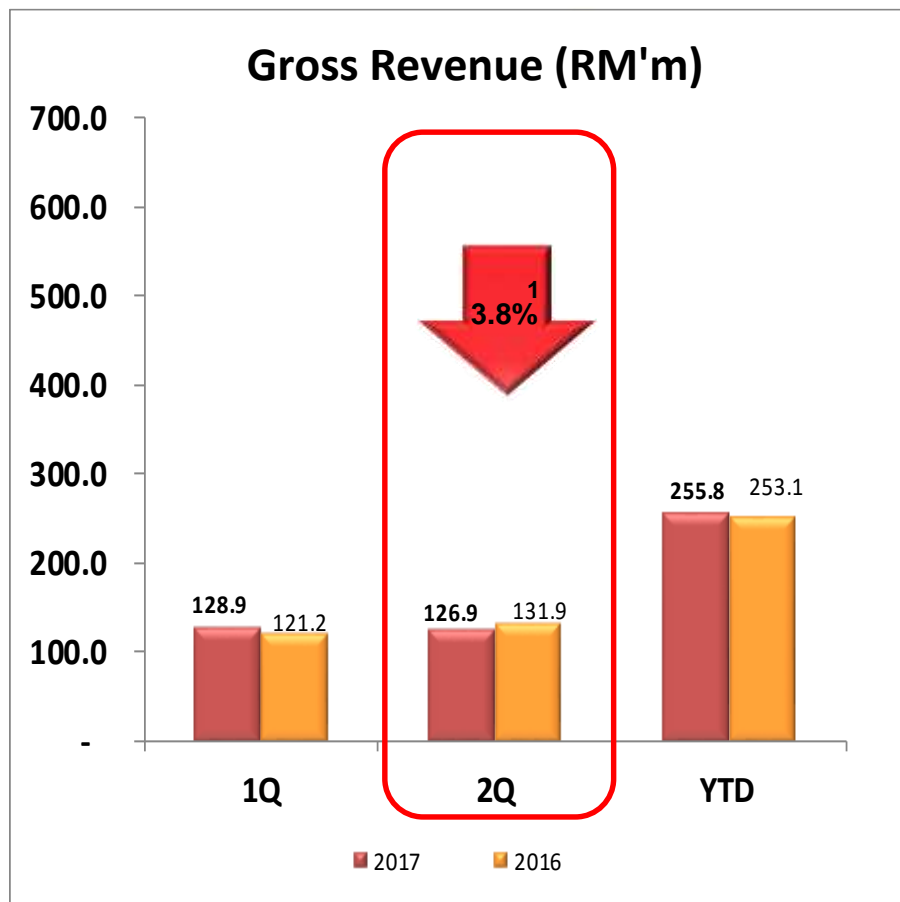
Dividend Distribution Details	
Distribution Period	1 October 2016 - 31 December 2016
Distribution Per Unit (DPU) (sen)	2.28 <sup>1</sup>
Notice of Entitlement	14 February 2017
Ex-Dividend Date	27 February 2017
Book Closure Date	1 March 2017
Payment Date	15 March 2017

<sup>1</sup> Proposed income distribution for 2Q2017 of 2.28 sen per unit (comprising taxable and non-taxable/tax exempt amount of 1.67 sen per unit and 0.61 sen per unit respectively).

# Financial Highlights

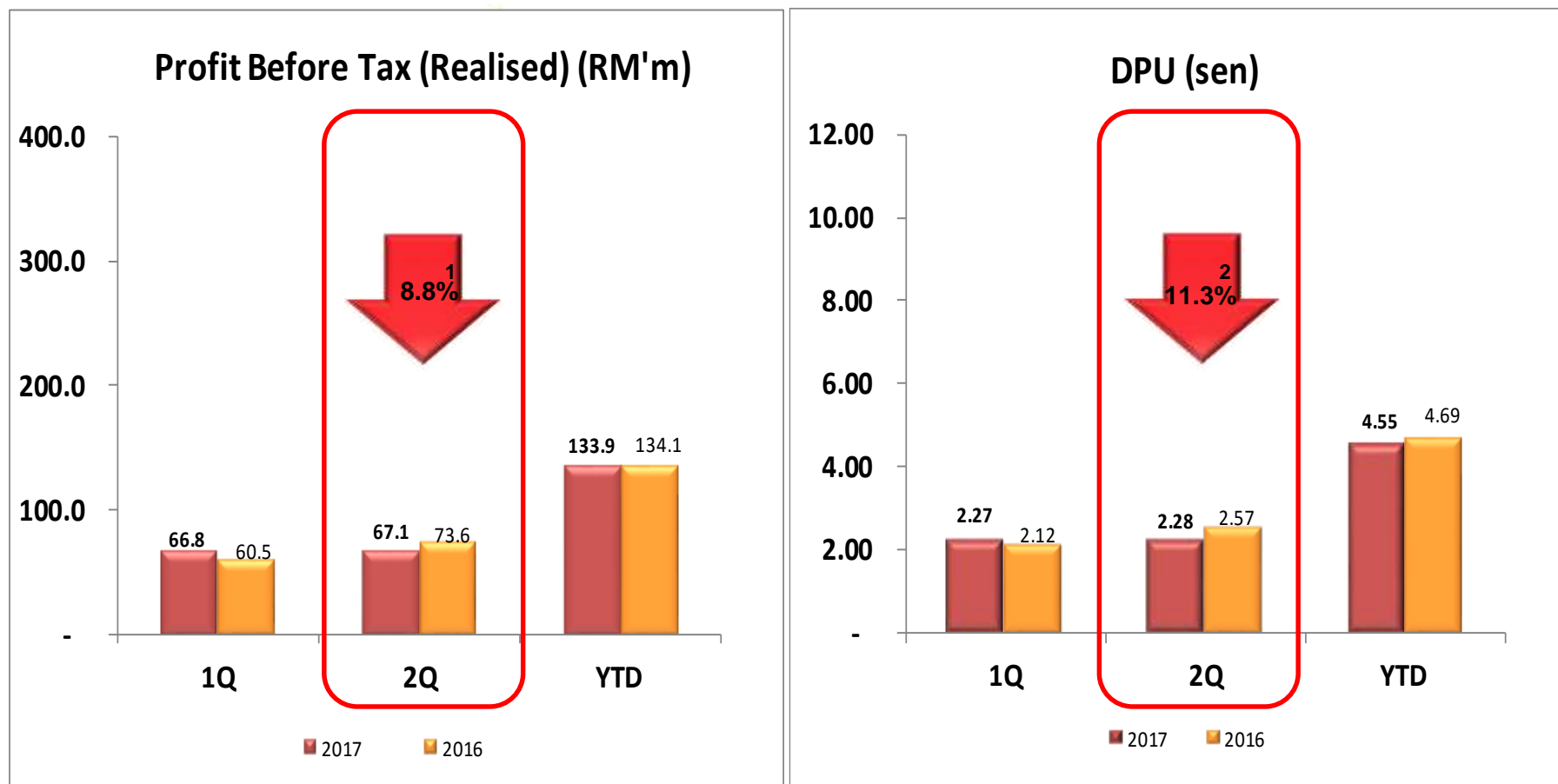
Highlights	2Q 2017	2Q 2016
No. of Properties	14	14
Property Value (RM'billion)	6.503	6.333
No. of Units in Circulation	2,945,078,000	2,941,335,300
Unit Price as at 31 Dec (RM)	1.72	1.46
Market Capitalisation (RM'billion)	5.066	4.294
Net Asset Value (NAV) Per Unit (RM) (After income distribution)	1.3553	1.3355
Premium to NAV	26.9%	9.3%
Realised Earnings Per Unit (EPU) (sen)	2.31	2.48
Distribution Per Unit (DPU) (sen)	2.28	2.57
Distribution Yield (Based on market price as at 31 Dec)	5.3%	6.4%
Management Expense Ratio (After income distribution)	0.85%	0.89%
YTD Total Return	8.9%	1.2%
Gearing	34.4%	34.4%
% of Fixed Rate Borrowings	92.4%	86.1%

# Financial Highlights (Cont'd)



- <sup>1</sup> Gross Revenue for 2Q2017 decreased by 3.8% or RM5.0 million compared to 2Q2016 mainly due to weaker performance by the hotel segment following the closure of Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East) in 4Q2016 for refurbishment.
- <sup>2</sup> Net Property Income for 2Q2017 decreased by 3.1% or RM3.0 million compared to 2Q2016 mainly attributable to lower Gross Revenue, partially offset by lower operating expenses by the retail segment (RM2.1 million).

# Financial Highlights (Cont'd)



<sup>1</sup> Profit Before Tax (Realised) for 2Q2017 decreased by 8.8% or RM6.5 million compared to 2Q2016 due to lower Net Property Income and lower other income. Sunway REIT recognised RM3.2 million other income being court award for Sunway Putra's legal case in the current quarter whilst RM6.2 million was recognised in the preceding year corresponding quarter.

<sup>2</sup> DPU for 2Q2017 is lower by 11.3% or 0.29 sen compared to 2Q2016 in line with the lower Profit Before Tax (Realised) and cessation of payment of Manager's fees in units with effect from FY2017.



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## 2. 2Q 2017 Financial Results

# Statement of Comprehensive Income – Consolidated

	1Q 2017 RM'000	1Q 2016 RM'000	2Q 2017 RM'000	2Q 2016 RM'000	Change %	YTD 2017 RM'000	YTD 2016 RM'000	Change %
Gross revenue	128,879	121,216	126,880	131,867	-3.8%	255,759	253,083	1.1%
Less : Property operating expenses	(32,814)	(31,274)	(32,825) <sup>1</sup>	(34,813)	-5.7%	(65,639)	(66,087)	-0.7%
<b>Net property income</b>	<b>96,065</b>	<b>89,942</b>	<b>94,055</b>	<b>97,054</b>	<b>-3.1%</b>	<b>190,120</b>	<b>186,996</b>	<b>1.7%</b>
Changes in fair value of investment properties	-	-	-	-	0.0%	-	-	0.0%
Other income	921	4,941	5,191 <sup>2</sup>	4,793	8.3%	6,112	9,734	-37.2%
Manager's fee	(7,845)	(7,630)	(7,805)	(7,842)	-0.5%	(15,650)	(15,472)	1.2%
Trustee's fee	(307)	(303)	(308)	(304)	1.3%	(615)	(607)	1.3%
Other trust expenses	(2,934)	(952)	2,086 <sup>3</sup>	(563)	-470.5%	(848)	(1,515)	-44.0%
Finance costs	(21,757)	(21,485)	(22,076)	(21,618)	2.1%	(43,833)	(43,103)	1.7%
<b>Profit before tax</b>	<b>64,143</b>	<b>64,513</b>	<b>71,143</b>	<b>71,520</b>	<b>-0.5%</b>	<b>135,286</b>	<b>136,033</b>	<b>-0.5%</b>
Income tax expense	-	-	-	-	0.0%	-	-	-
<b>Profit for the period</b>	<b>64,143</b>	<b>64,513</b>	<b>71,143</b>	<b>71,520</b>	<b>-0.5%</b>	<b>135,286</b>	<b>136,033</b>	<b>-0.5%</b>
<b>Profit for the period comprises the following:</b>								
Realised	66,732	60,565	67,130	73,576	-8.8%	133,862	134,141	-0.2%
Unrealised	(2,589)	3,948	4,013 <sup>4</sup>	(2,056)	-295.2%	1,424	1,892	-24.7%
	<b>64,143</b>	<b>64,513</b>	<b>71,143</b>	<b>71,520</b>	<b>-0.5%</b>	<b>135,286</b>	<b>136,033</b>	<b>-0.5%</b>
No. of units in circulation (million units)	2,945	2,940	2,945	2,941	0.1%	2,945	2,941	0.1%
<b>EPU (sen)</b>								
- Realised	<b>2.24</b>	<b>2.06</b>	<b>2.31</b>	<b>2.48</b>	-6.9%	4.55	4.54	0.2%
- Unrealised	<b>(0.09)</b>	<b>0.13</b>	<b>0.14</b>	<b>(0.07)</b>	-300.0%	0.05	0.06	-16.7%
	<b>2.15</b>	<b>2.19</b>	<b>2.45</b>	<b>2.41</b>	<b>1.7%</b>	<b>4.60</b>	<b>4.60</b>	<b>0.0%</b>
Proposed/declared income distribution	<b>66,853</b>	<b>62,330</b>	<b>67,148</b>	<b>75,592</b>	<b>-11.2%</b>	<b>134,001</b>	<b>137,922</b>	<b>-2.8%</b>
<b>Proposed/declared DPU (sen)</b>	<b>2.27</b>	<b>2.12</b>	<b>2.28</b>	<b>2.57</b>	<b>-11.3%</b>	<b>4.55</b>	<b>4.69</b>	<b>-3.0%</b>

Please refer to next page for explanatory notes.

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

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## Explanation:

- 1 Property operating expenses for 2Q2017 decreased by RM2.0 million compared to 2Q2016 mainly due to lower operating expenses in Sunway Pyramid Shopping Mall and Sunway Putra Mall.
- 2 Included in other income for 2Q2017 was fair value gain on interest rate swap amounting to RM1.4 million and recognition of Court award for Sunway Putra's case of RM3.2 million. Excluding these items, other income would be RM0.6 million. Similarly, included in other income for 2Q2016 was recognition of RM6.2 million, being the court award for loss of income for Sunway Putra litigation case, partially offset by unrealised fair value loss on mark-to-market of interest rate swap amounting to RM2.1 million. Excluding these items, other income for 2Q2016 was RM0.7 million.
- 3 Included in other trust expenses for 2Q2017 was a reclassification of fair value gain on interest rate swap amounting to RM2.6 million to other income. Excluding this reclassification, other trust expenses would amount to RM0.5 million.
- 4 Represent fair value gain on interest rate swap.

# Statement of Financial Position – Consolidated

	31.12.16 RM'000	30.09.16 RM'000	30.06.16 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	9,046	9,088	8,698
Investment properties	6,502,892	6,458,982	6,433,000
Derivatives <sup>1</sup>	26,387	-	-
	6,538,325	6,468,070	6,441,698
<b>Current assets</b>			
Receivables, deposits and prepayments	26,003	31,333	25,842
Cash and bank balances	41,437	80,378	69,719
	67,440	111,711	95,561
	6,605,765	6,579,781	6,537,259
<b>EQUITY AND LIABILITIES</b>			
<b>Unitholders' funds</b>			
Unitholders' capital	2,727,829	2,727,829	2,725,933
Undistributed income	1,330,713	1,328,759	1,325,297
	4,058,542	4,056,588	4,051,230
<b>Non-current liabilities</b>			
Borrowings	1,048,600	1,413,550	1,403,150
Long term liabilities	62,274	63,189	56,256
Deferred tax liability	5,896	5,896	5,896
Derivatives <sup>2</sup>	1,928	12,665	22,189
	1,118,698	1,495,300	1,487,491
<b>Current liabilities</b>			
Trade and other payables	205,697	230,493	226,138
Borrowings	1,222,387	797,400	772,400
Derivatives <sup>2</sup>	441	-	-
	1,428,525	1,027,893	998,538
	6,605,765	6,579,781	6,537,259

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

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

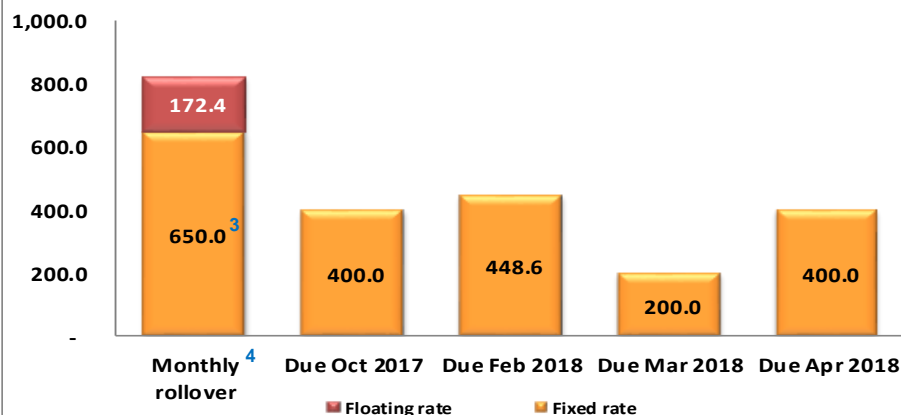
# Debt Profile

	Facility Limit RM'million	RM'million
Term Loan	422.0	448.6 <sup>1</sup>
Commercial Papers (CP) / Revolving Loan (RL)	1,100.0 <sup>2</sup>	822.4
Unrated MTNs	1,000.0	1,000.0
<b>Total Gross Borrowings</b>		<b>2,271.0</b>
Discount on CP		-
<b>Total Borrowings at carrying amount</b>		<b>2,271.0</b>

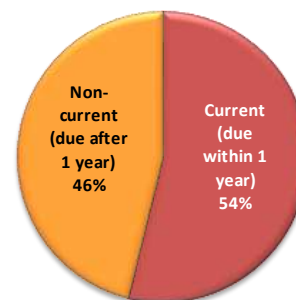
	RM'million
<b>Classification of Borrowings:</b>	
Current (due within 1 year)	1,222.4
Non-current (due after 1 year)	1,048.6
<b>Total Gross Borrowings</b>	<b>2,271.0</b>

<b>Average Cost of Debt</b>	<b>3.92%</b>
<b>Average Maturity Period (Years)</b>	<b>0.7</b>
<b>Debt Service Cover Ratio (DSCR)</b>	<b>4.6</b>
<b>Gearing Ratio</b>	<b>34.4%</b>

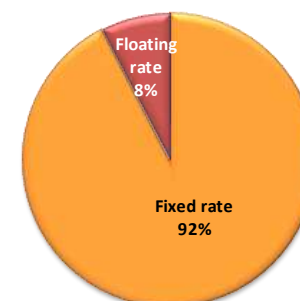
## Loan Maturity Profile (RM'm)



## Current versus Non-current



## Fixed versus Floating



<sup>1</sup> Includes unrealised forex loss of RM26.6 million. The 3-year USD100m term loan is fully hedged with 2-year cross currency swap contracts and interest rate swap contracts up to its expiry on 5 February 2018.

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

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

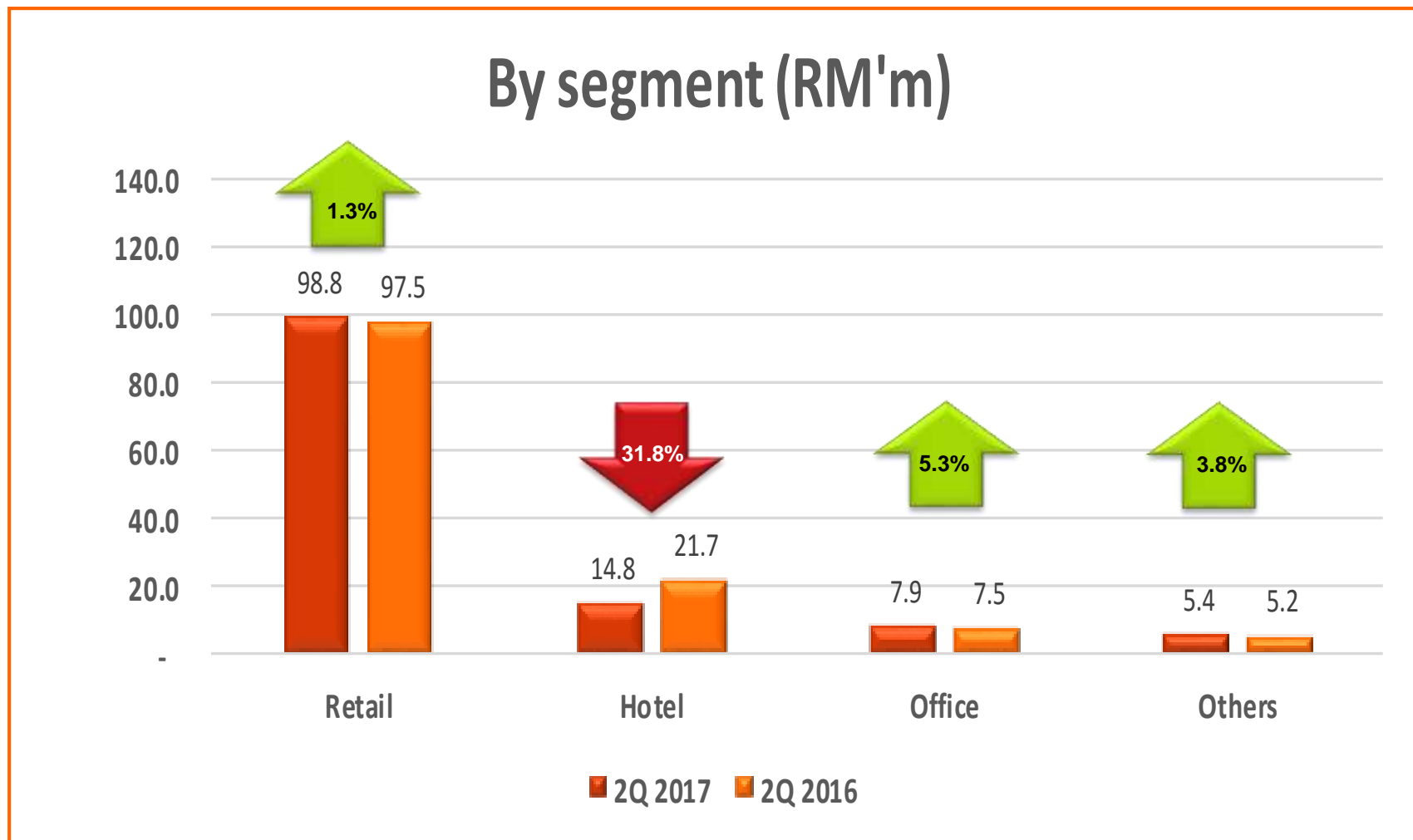
<sup>4</sup> No refinancing risk as the CP Programme is fully underwritten by a local financial institution for the entire duration of the programme.

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## 3. 2Q 2017 Portfolio Performance

# 2Q 2017 Revenue Contribution

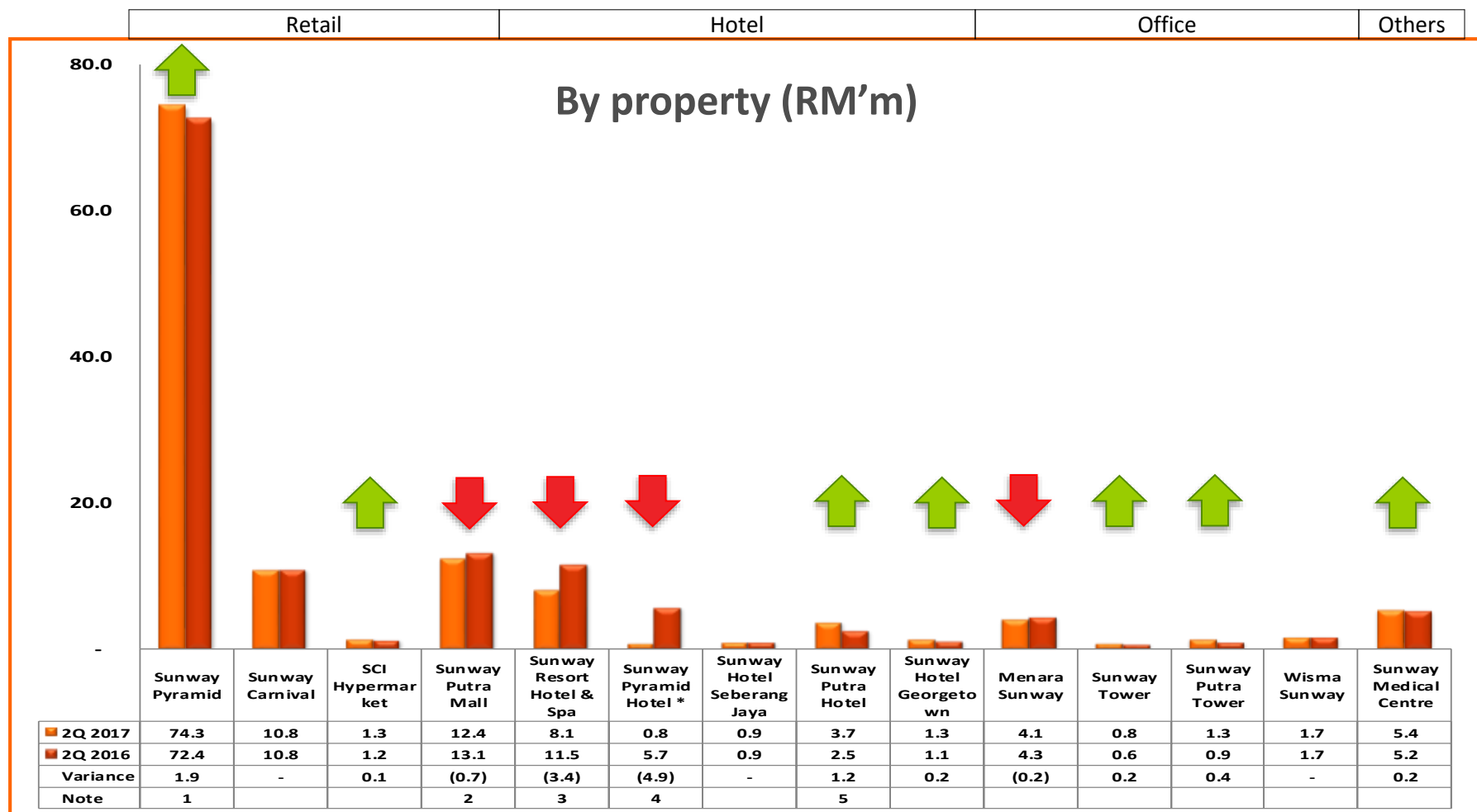
2Q 2017 (RM'million)	126.9
2Q 2016 (RM'million)	131.9



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

# 2Q 2017 Revenue Contribution (Cont'd)

2Q 2017 (RM'million) 126.9  
 2Q 2016 (RM'million) 131.9



Please refer to next page for explanatory notes.

\* Formerly known as Sunway Pyramid Hotel East



# 2Q 2017 Revenue Contribution (Cont'd)

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## Explanation:

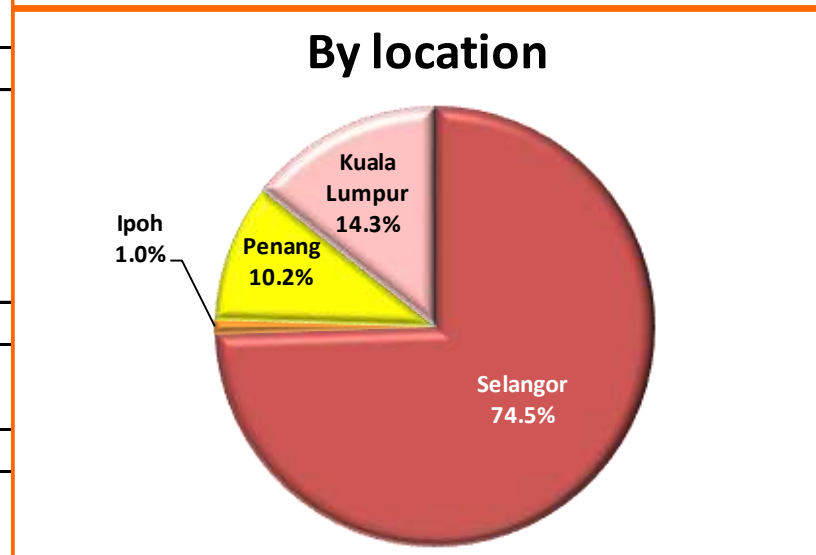
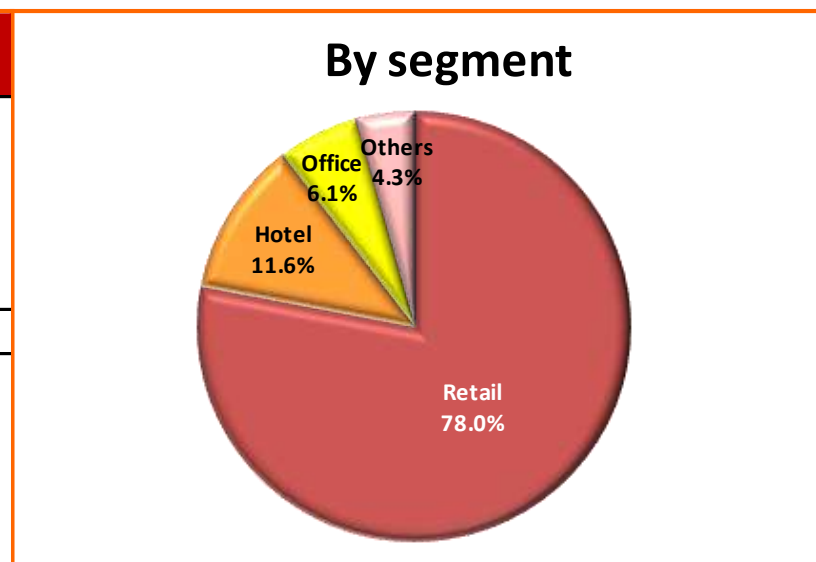
- 1 **Sunway Pyramid** – Higher revenue mainly due to higher average gross rent per sq. ft..
- 2 **Sunway Putra Mall** – Lower revenue mainly due to rebates granted during the quarter.
- 3 **Sunway Resort Hotel & Spa** – Lower revenue as performance was affected by softer leisure market and business sentiment in respect of both rooms and F&B division.
- 4 **Sunway Pyramid Hotel\*** – Closed for refurbishment since April 2016. Rooms are re-opened in November 2016 on a progressive basis. Available rooms as at 31 December 2016 was 316 rooms.
- 5 **Sunway Putra Hotel** – Achieved an average occupancy rate of 71.7% in 2Q2017 compared to 45.0% in 2Q2016 as the hotel completed its refurbishment in the preceding year corresponding quarter. Post completion of refurbishment, the hotel has embarked on active marketing activities and promotional rates to regain market share across all customer segments.

\* Formerly known as Sunway Pyramid Hotel East

Note: Calculation of % of increase/decrease varies marginally compared to 2Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

# 2Q 2017 Revenue Contribution (Cont'd)

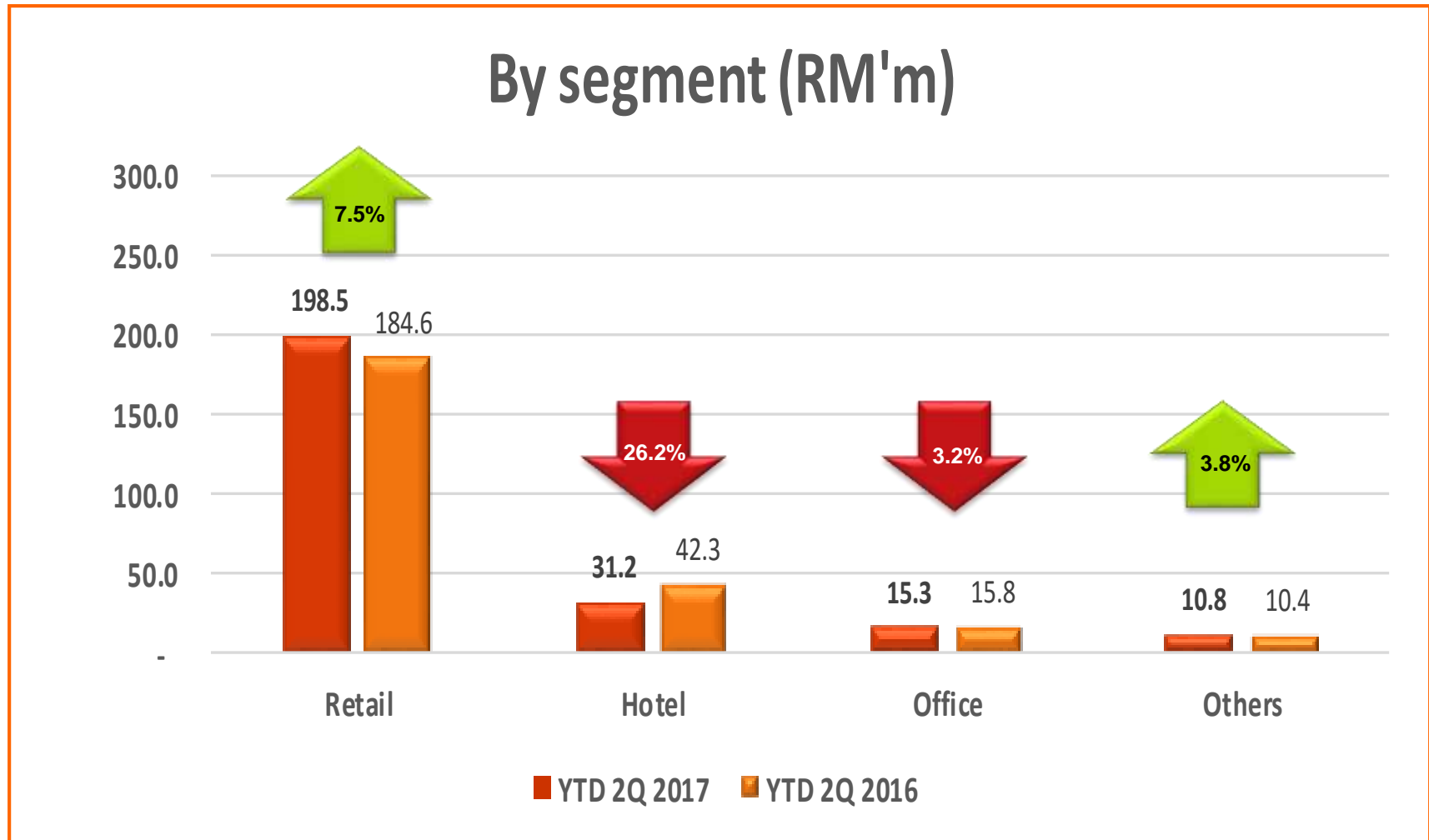
By Property	2Q 2017 %
Sunway Pyramid	58.7%
Sunway Carnival	8.5%
SCI Hypermarket	1.0%
Sunway Putra Mall	9.8%
<b>Total Retail</b>	<b>78.0%</b>
Sunway Resort Hotel & Spa	6.4%
Sunway Pyramid Hotel *	0.6%
Sunway Hotel Seberang Jaya	0.7%
Sunway Putra Hotel	2.9%
Sunway Hotel Georgetown	1.0%
<b>Total Hotel</b>	<b>11.6%</b>
Menara Sunway	3.2%
Sunway Tower	0.6%
Sunway Putra Tower	1.0%
Wisma Sunway	1.3%
<b>Total Office</b>	<b>6.1%</b>
Sunway Medical Centre	4.3%
<b>Total Others</b>	<b>4.3%</b>
	<b>100.0%</b>



\* Formerly known as Sunway Pyramid Hotel East

# YTD 2Q 2017 Revenue Contribution

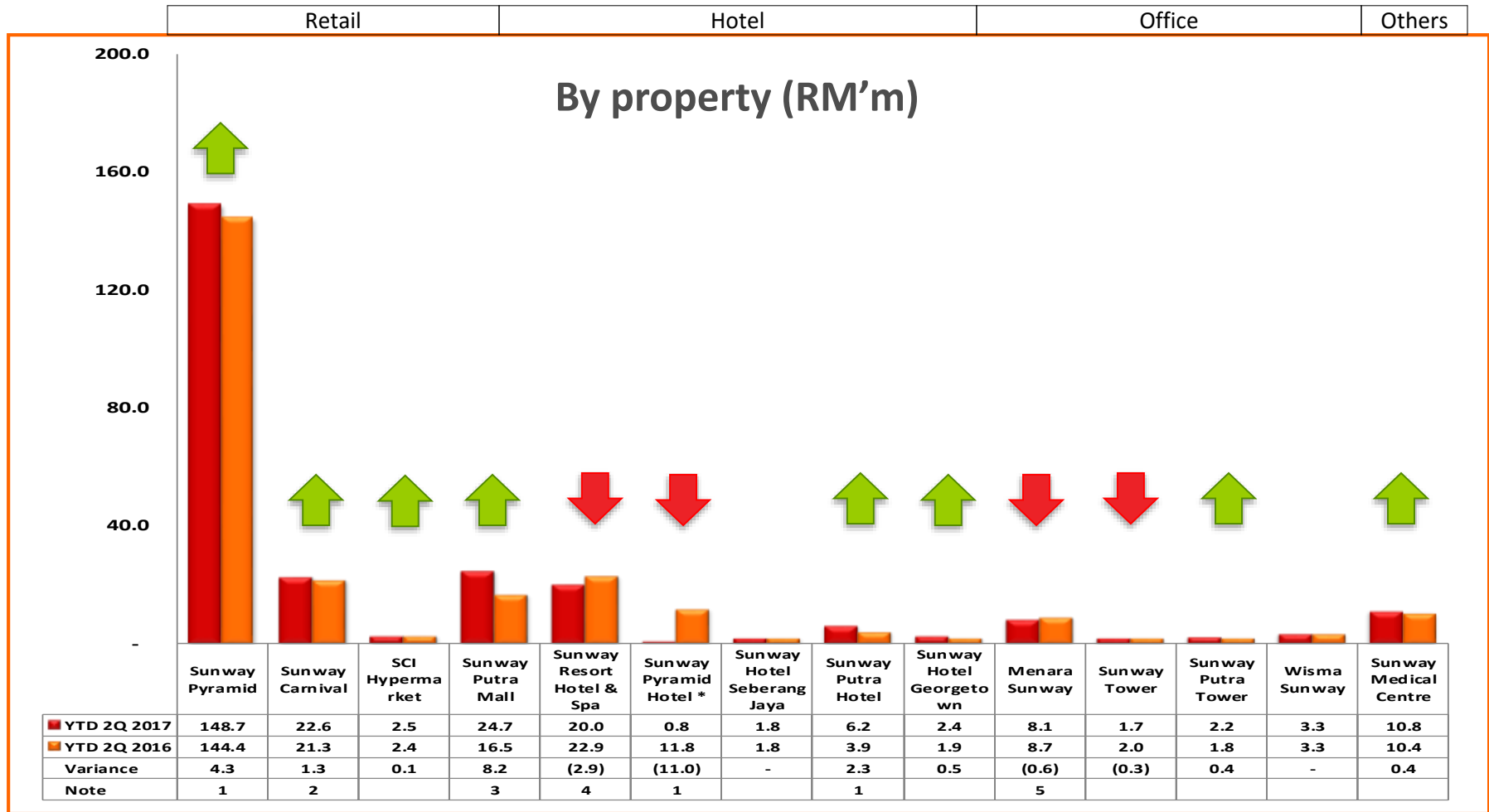
YTD 2Q 2017 (RM'million)	255.8
YTD 2Q 2016 (RM'million)	253.1



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

# YTD 2Q 2017 Revenue Contribution (Cont'd)

<span style="color: red;">■</span> YTD 2Q 2017 (RM'million)	255.8
<span style="color: orange;">■</span> YTD 2Q 2016 (RM'million)	253.1



Please refer to next page for explanatory notes.

\* Formerly known as Sunway Pyramid Hotel East

# YTD 2Q 2017 Revenue Contribution (Cont'd)

## Explanation:

- Sunway Pyramid, Sunway Pyramid Hotel\* and Sunway Putra Hotel** – Explanation similar to page 17.
- Sunway Carnival** – Better performance following the completion of the new food and beverage (“F&B”) area with NLA of approximately 16,000 sq. ft. (3% of total NLA).
- Sunway Putra Mall** - Higher revenue for YTD 2Q2017 compared to preceding year corresponding quarter as tenants were given a 2.5 months rent-free period in 1Q2016.
- Sunway Resort Hotel & Spa** – Lower gross revenue for YTD 2Q2017 mainly due to lower contribution from the F&B division but mitigated by both higher average occupancy rate and average daily rate (“ADR”). Performance of the F&B division was adversely affected by the prevailing soft leisure market and business sentiment. The higher occupancy and ADR was substantially attributable to 1Q2017 due to the strong demand during Middle Eastern holiday season.
- Menara Sunway** – Lower revenue for YTD 2Q2017 due to non-renewal of a tenant who occupied 46,000 sq. ft. (16% of total NLA) since December 2015 but mitigated by replacement tenants of approximately 32,500 sq. ft. (11% of total NLA) who have commenced in 4Q2016.

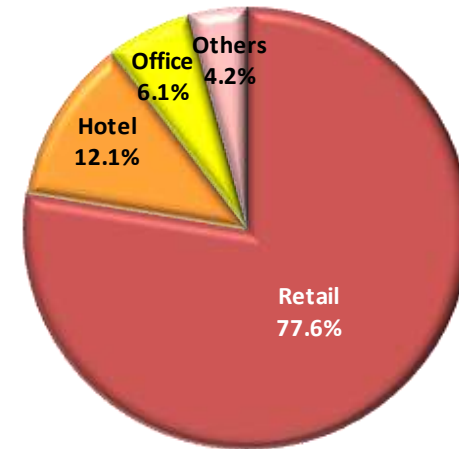
\* Formerly known as Sunway Pyramid Hotel East

Note: Calculation of % of increase/decrease varies marginally compared to 2Q2017 Quarterly Announcement Pack in Bursa Malaysia’s website due to rounding difference.

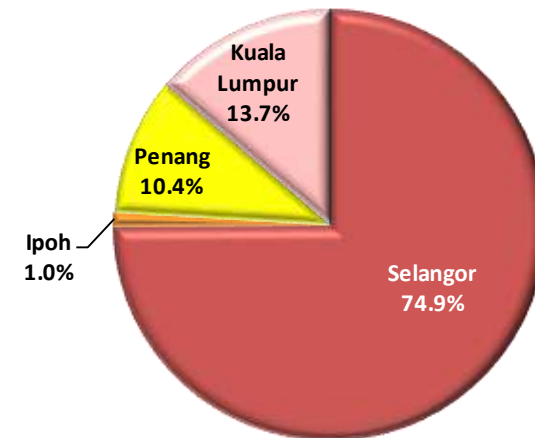
# YTD 2Q 2017 Revenue Contribution (Cont'd)

By Property	YTD 2Q 2017 %
Sunway Pyramid	58.1%
Sunway Carnival	8.8%
SCI Hypermarket	1.0%
Sunway Putra Mall	9.7%
<b>Total Retail</b>	<b>77.6%</b>
Sunway Resort Hotel & Spa	7.8%
Sunway Pyramid Hotel *	0.3%
Sunway Hotel Seberang Jaya	0.7%
Sunway Putra Hotel	2.4%
Sunway Hotel Georgetown	0.9%
<b>Total Hotel</b>	<b>12.1%</b>
Menara Sunway	3.2%
Sunway Tower	0.7%
Sunway Putra Tower	0.9%
Wisma Sunway	1.3%
<b>Total Office</b>	<b>6.1%</b>
Sunway Medical Centre	4.2%
<b>Total Others</b>	<b>4.2%</b>
	<b>100.0%</b>

By segment



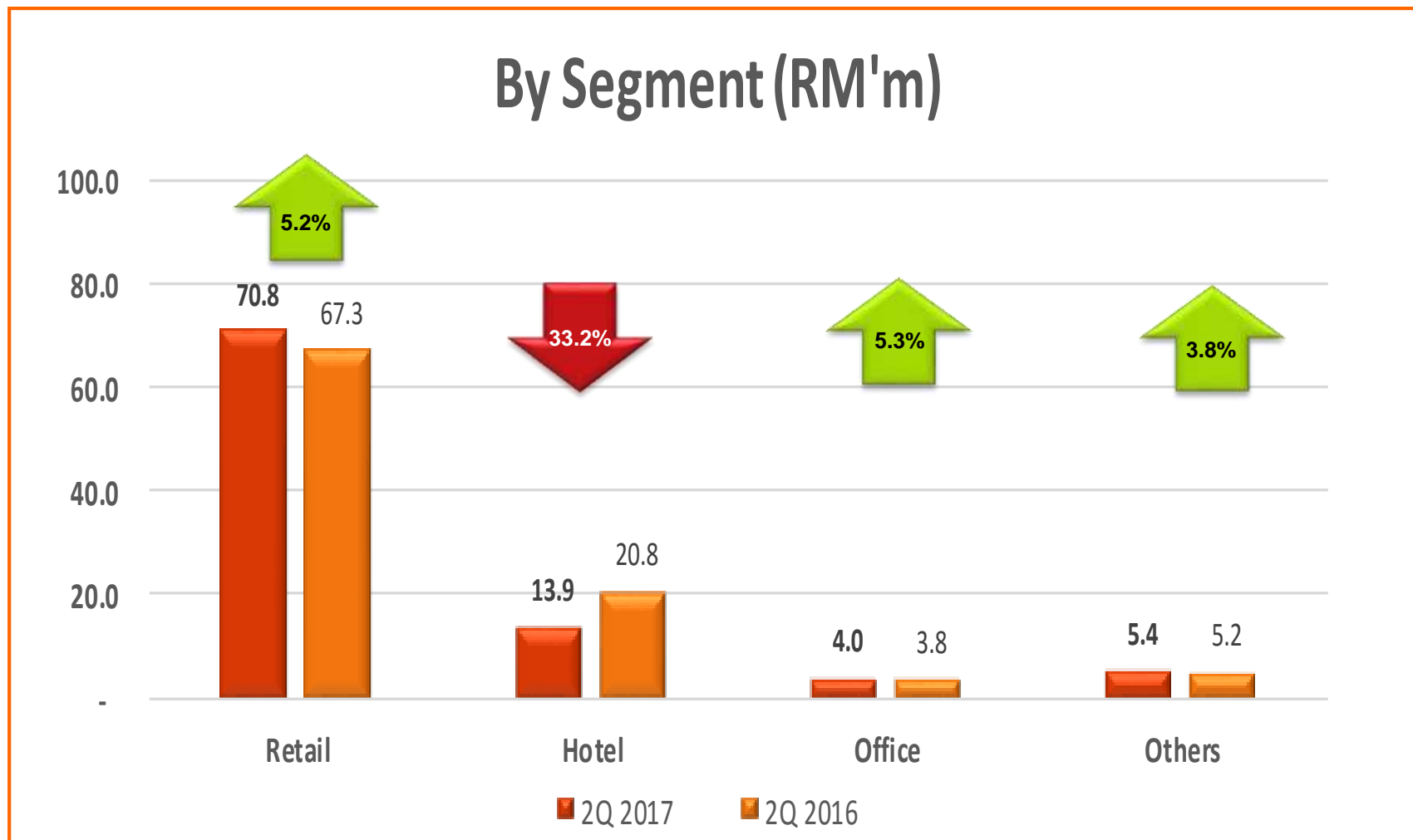
By location



\* Formerly known as Sunway Pyramid Hotel East

# 2Q 2017 NPI Contribution

	<u>NPI</u>	<u>Margin</u>
2Q 2017 (RM'million)	94.1	74.2%
2Q 2016 (RM'million)	97.1	73.6%



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

# 2Q 2017 NPI Contribution (Cont'd)

	NPI	Margin
2Q 2017 (RM'million)	94.1	74.2%
2Q 2016 (RM'million)	97.1	73.6%



Please refer to next page for explanatory notes.

\* Formerly known as Sunway Pyramid Hotel East



# 2Q 2017 NPI Contribution (Cont'd)

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## Explanation:

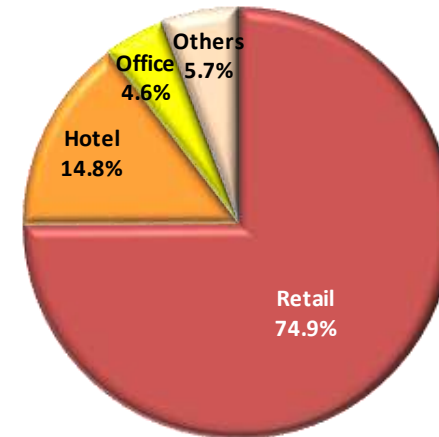
- 1 **Sunway Pyramid** – Higher NPI by RM3.1 million due to higher revenue by RM1.9 million and lower operating expenses incurred.
- 2 **Sunway Carnival** – Higher NPI by RM0.3 million due to recovery of doubtful debt in the current quarter.
- 3 **Sunway Putra Mall** – Higher NPI by RM0.1 million despite lower revenue of RM0.7 million due to recovery of doubtful debt and lower service and maintenance expense.
- 4 **Sunway Resort Hotel & Spa, Sunway Pyramid Hotel\* and Sunway Putra Hotel** - Explanation for NPI performance for 2Q2017 compared to 2Q2016 is similar to that on page 17.

\* Formerly known as Sunway Pyramid Hotel East

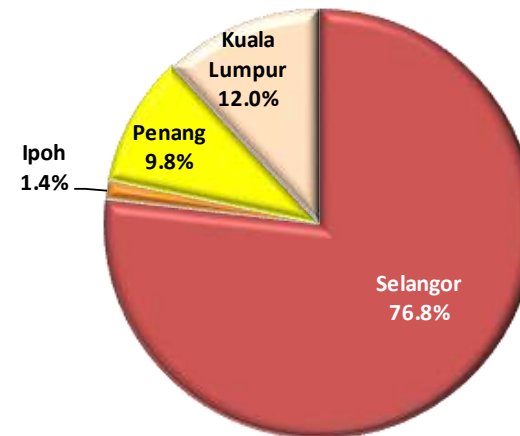
# 2Q 2017 NPI Contribution (Cont'd)

By Property	2Q 2017 %
Sunway Pyramid	58.4%
Sunway Carnival	7.4%
SCI Hypermarket	1.4%
Sunway Putra Mall	7.7%
<b>Total Retail</b>	<b>74.9%</b>
Sunway Resort Hotel & Spa	8.2%
Sunway Pyramid Hotel *	0.6%
Sunway Hotel Seberang Jaya	1.0%
Sunway Putra Hotel	3.6%
Sunway Hotel Georgetown	1.4%
<b>Total Hotel</b>	<b>14.8%</b>
Menara Sunway	2.8%
Sunway Tower	0.0%
Sunway Putra Tower	0.7%
Wisma Sunway	1.1%
<b>Total Office</b>	<b>4.6%</b>
Sunway Medical Centre	5.7%
<b>Total Others</b>	<b>5.7%</b>
	<b>100.0%</b>

### By segment



### By location

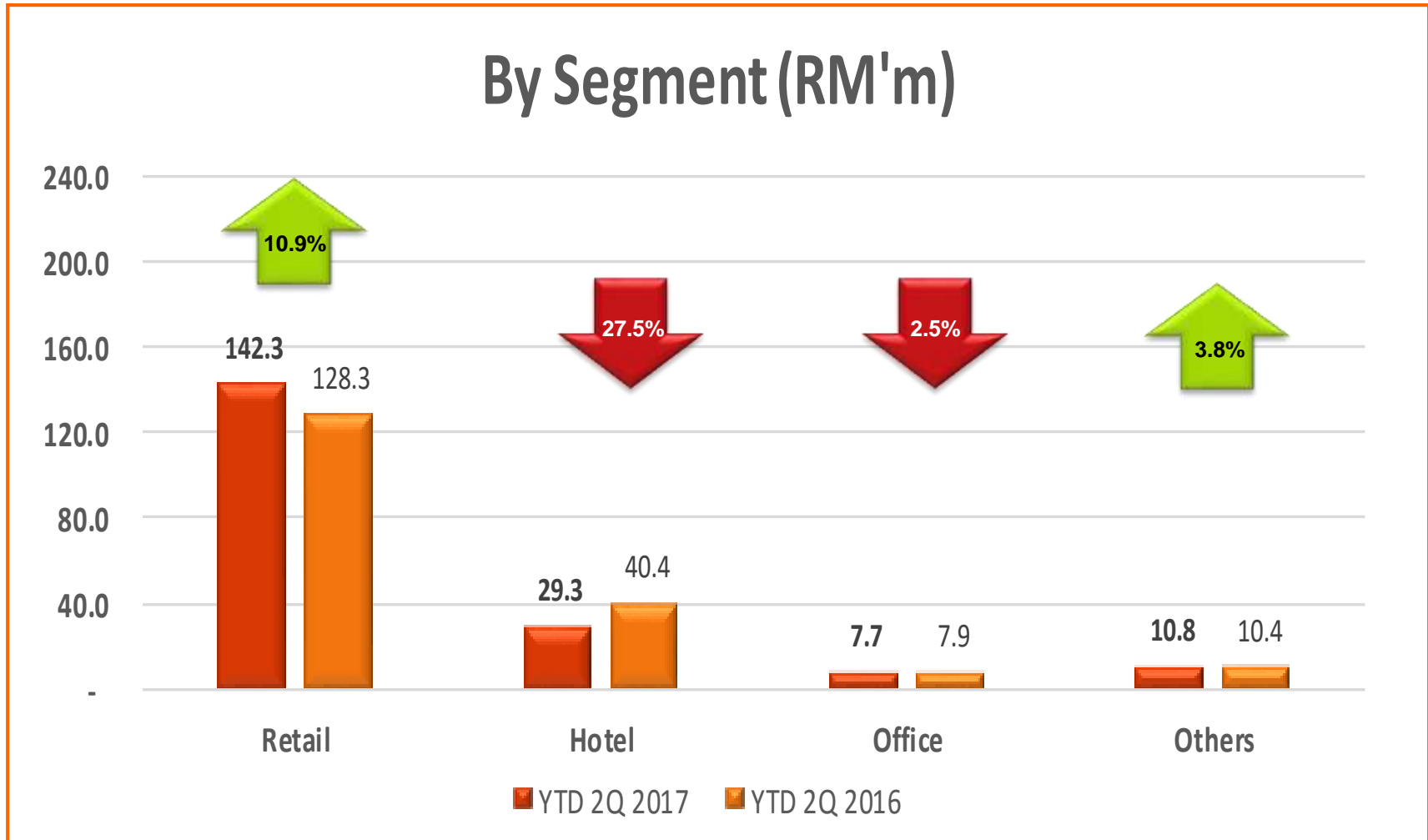


\* Formerly known as Sunway Pyramid Hotel East

# YTD 2Q 2017 NPI Contribution

	<u>NPI</u>	<u>Margin</u>
YTD 2Q 2017 (RM'million)	190.1	74.3%
YTD 2Q 2016 (RM'million)	187.0	73.9%

## By Segment (RM'm)



Note: Calculation of % of increase/decrease above varies marginally compared to 2Q2017 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

# YTD 2Q 2017 NPI Contribution (Cont'd)

	<u>NPI</u>	<u>Margin</u>
YTD 2Q 2017 (RM'million)	190.1	74.3%
YTD 2Q 2016 (RM'million)	187.0	73.9%



\* Formerly known as Sunway Pyramid Hotel East

# YTD 2Q 2017 NPI Contribution (Cont'd)

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## Explanation:

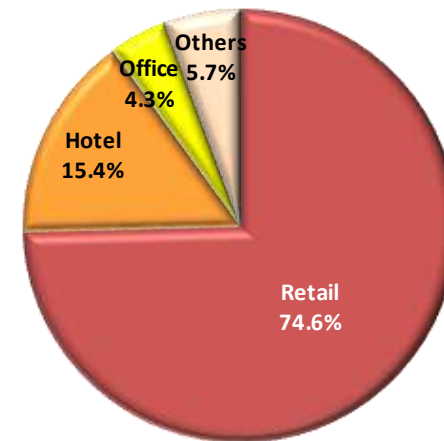
- 1 **Sunway Pyramid** – NPI for YTD 2Q2017 was higher by RM5.3 million due to higher YTD 2Q2017 revenue by RM4.3 million and lower operating expenses incurred.
- 2 **Sunway Carnival** – NPI for YTD 2Q2017 was higher by RM0.8 million contributed by higher YTD 2Q2017 revenue of RM1.3 million partially offset by higher advertising and promotion expenses as well as administrative expenses.
- 3 **Sunway Putra Mall** – NPI for YTD 2Q2017 was higher by RM7.8 million contributed by higher YTD 2Q2017 revenue of RM8.2 million partially offset by higher utilities expense.
- 4 **Sunway Resort Hotel & Spa, Sunway Pyramid Hotel\*, Sunway Putra Hotel and Menara Sunway** - Explanation for NPI performance for YTD 2Q2017 compared to YTD 2Q2016 is similar to that on page 21.
- 5 **Sunway Putra Tower** – NPI for YTD 2Q2017 was higher by RM0.9 million due to higher revenue by RM0.4 million and lower service contracts and maintenance expenses incurred.

\* Formerly known as Sunway Pyramid Hotel East

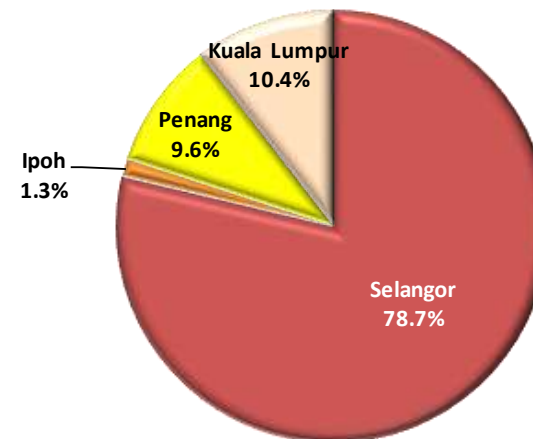
# YTD 2Q 2017 NPI Contribution (Cont'd)

By Property	YTD 2Q 2017 %
Sunway Pyramid	58.6%
Sunway Carnival	7.6%
SCI Hypermarket	1.3%
Sunway Putra Mall	7.1%
<b>Total Retail</b>	<b>74.6%</b>
Sunway Resort Hotel & Spa	10.1%
Sunway Pyramid Hotel *	0.3%
Sunway Hotel Seberang Jaya	0.8%
Sunway Putra Hotel	2.9%
Sunway Hotel Georgetown	1.3%
<b>Total Hotel</b>	<b>15.4%</b>
Menara Sunway	2.8%
Sunway Tower	0.0%
Sunway Putra Tower	0.5%
Wisma Sunway	1.0%
<b>Total Office</b>	<b>4.3%</b>
Sunway Medical Centre	5.7%
<b>Total Others</b>	<b>5.7%</b>
	<b>100.0%</b>

## By segment



## By location



\* Formerly known as Sunway Pyramid Hotel East

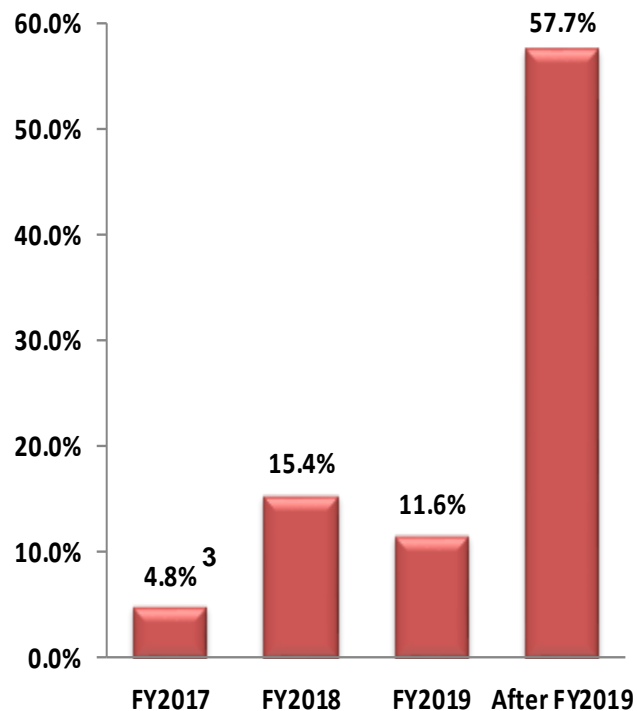
# Resilient Income Stream

Well spread-out lease expiry profile and diverse tenant base

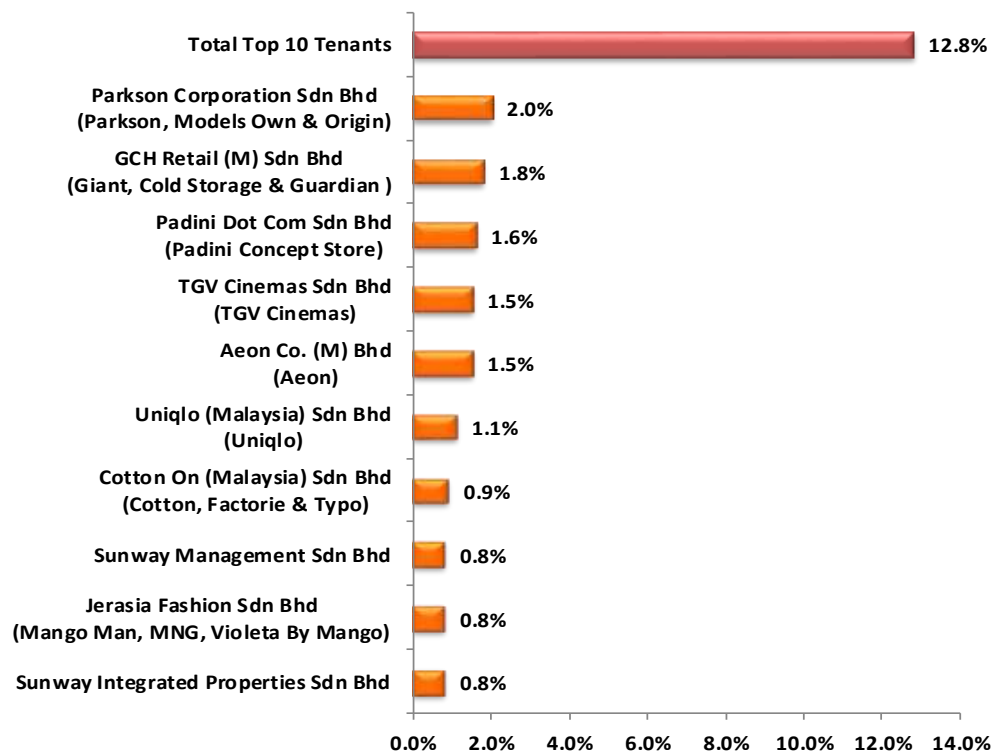
WALE <sup>1</sup> as at 31 December 2016 – 2.04 years

Top 10 tenants contribute approximately 12.8% 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 and Hospital Properties.

<sup>3</sup> Include monthly tenancies occupying 1.1% of total space.

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

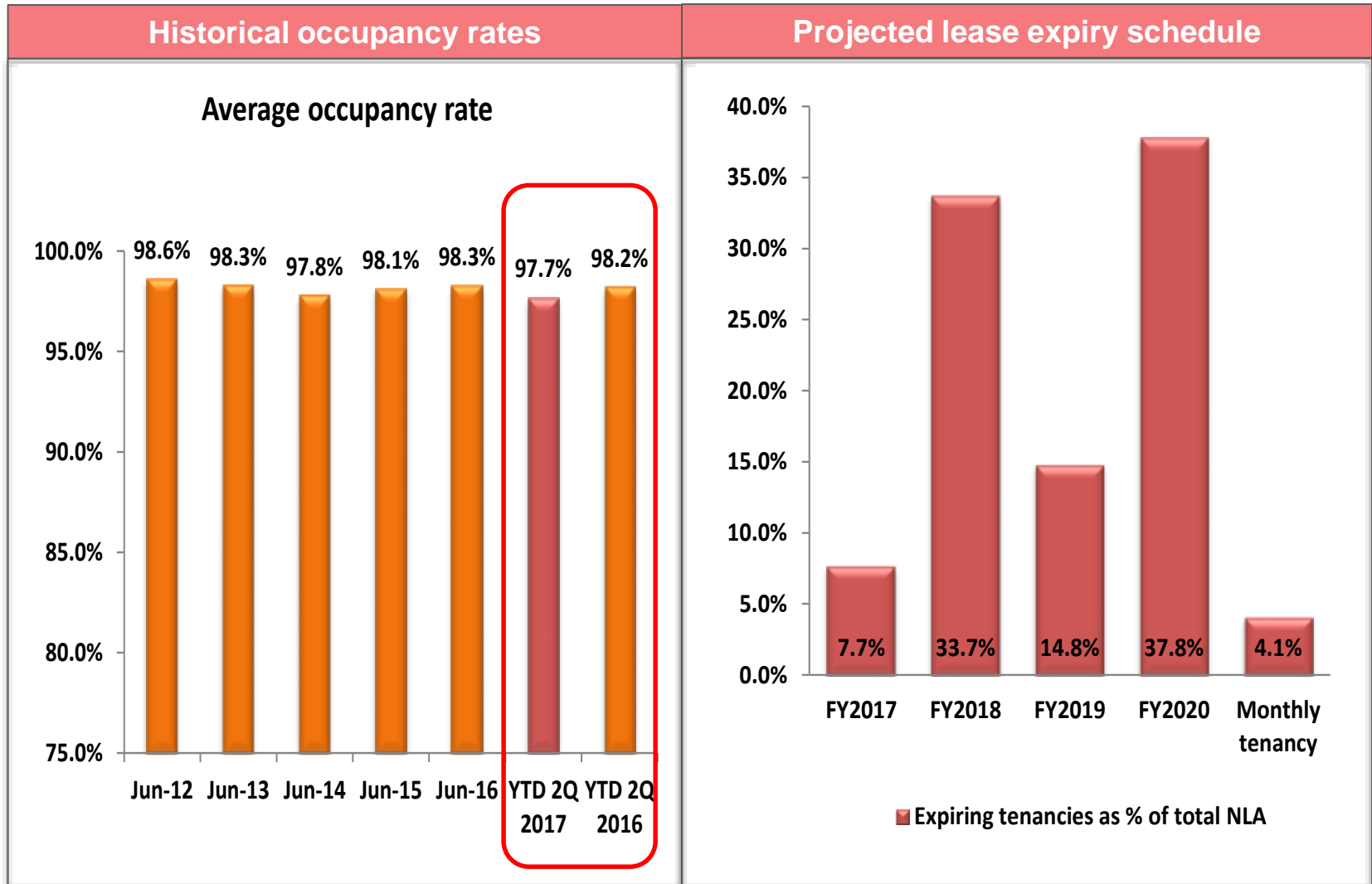
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## 4. 2Q 2017 Property Performance



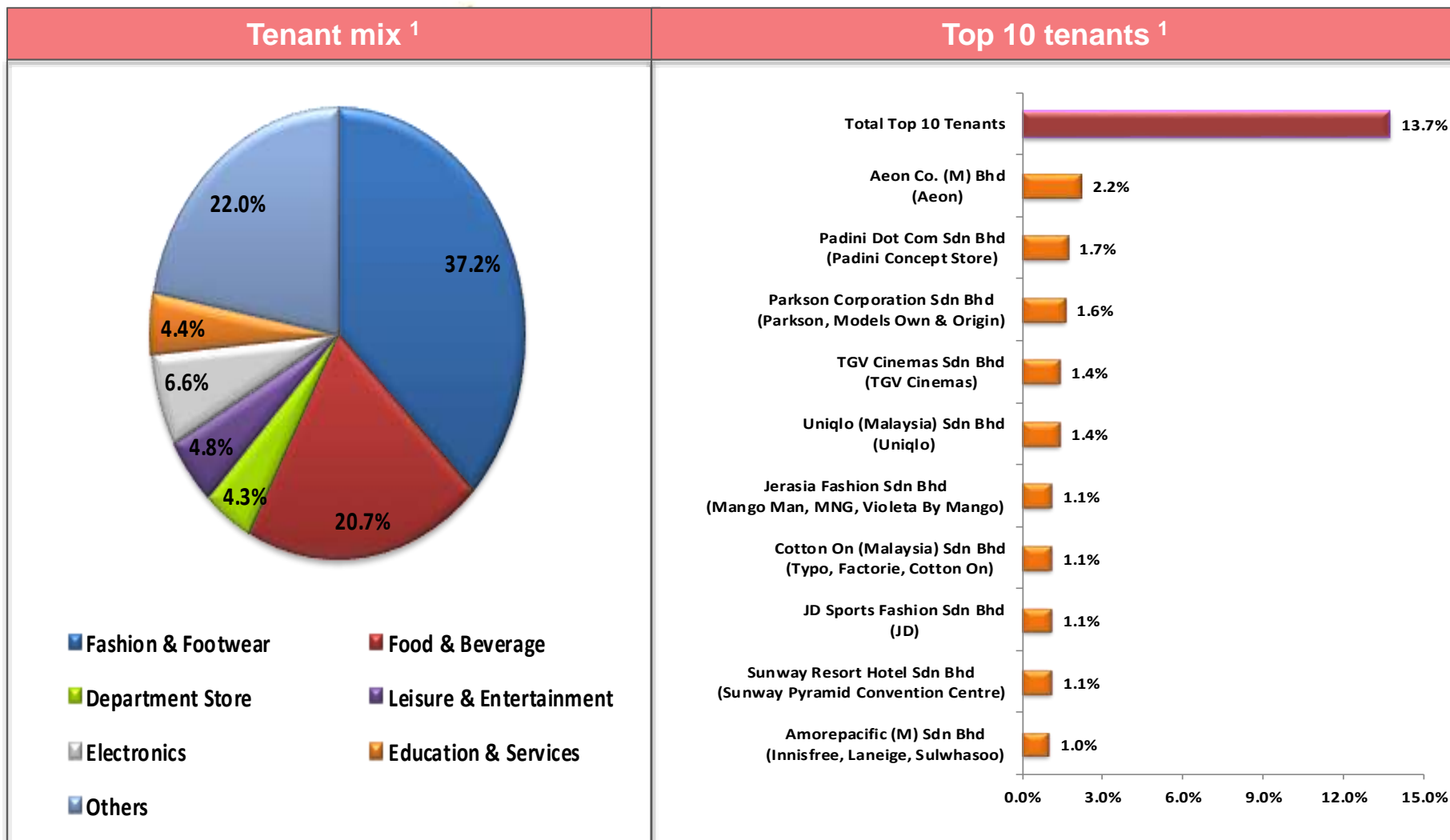
# RETAIL PROPERTIES

## SUNWAY PYRAMID SHOPPING MALL



# RETAIL PROPERTIES

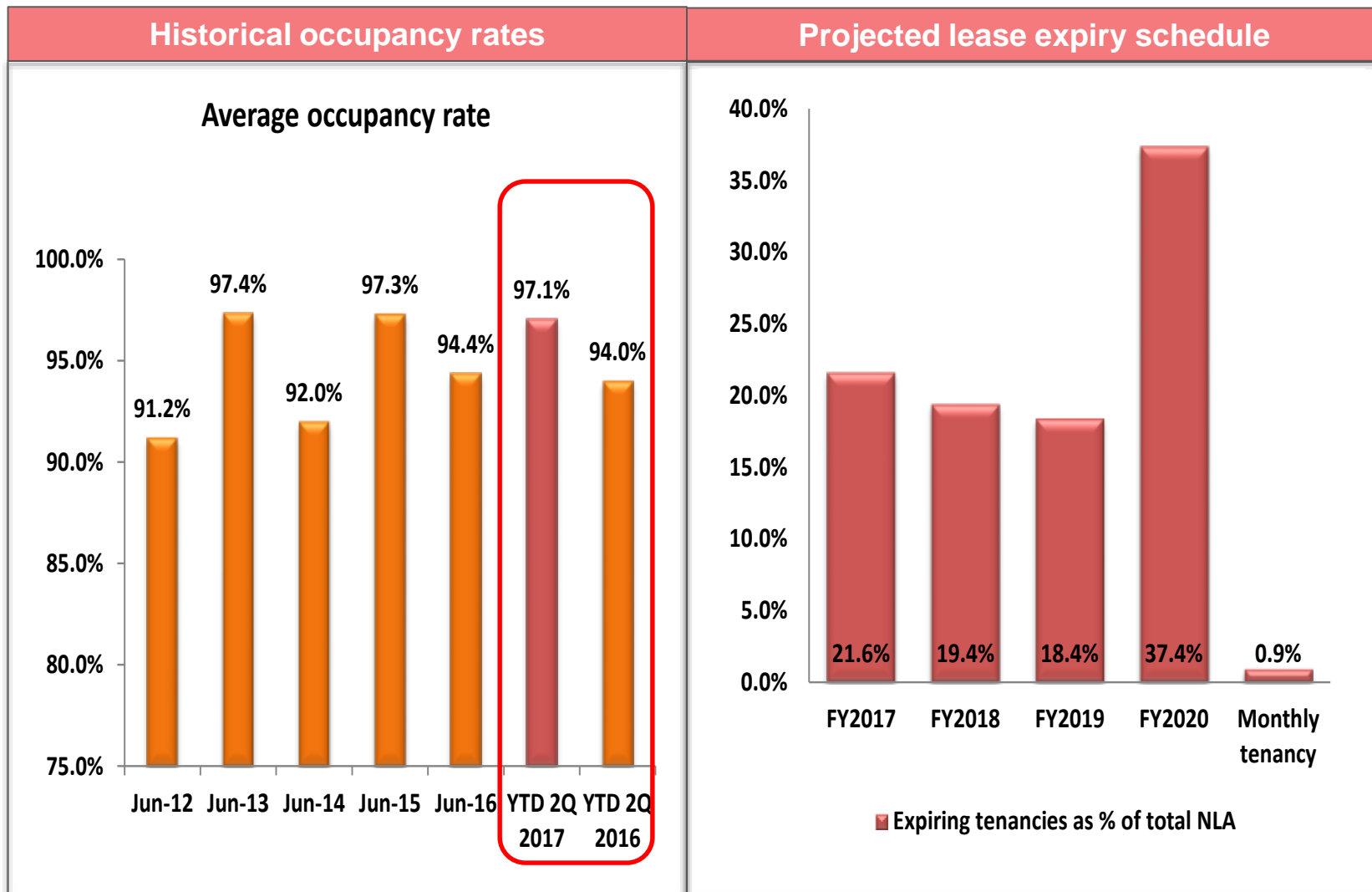
## SUNWAY PYRAMID SHOPPING MALL (Cont'd)



<sup>1</sup> Based on gross rental income for the month of December 2016.

# RETAIL PROPERTIES

## SUNWAY CARNIVAL SHOPPING MALL

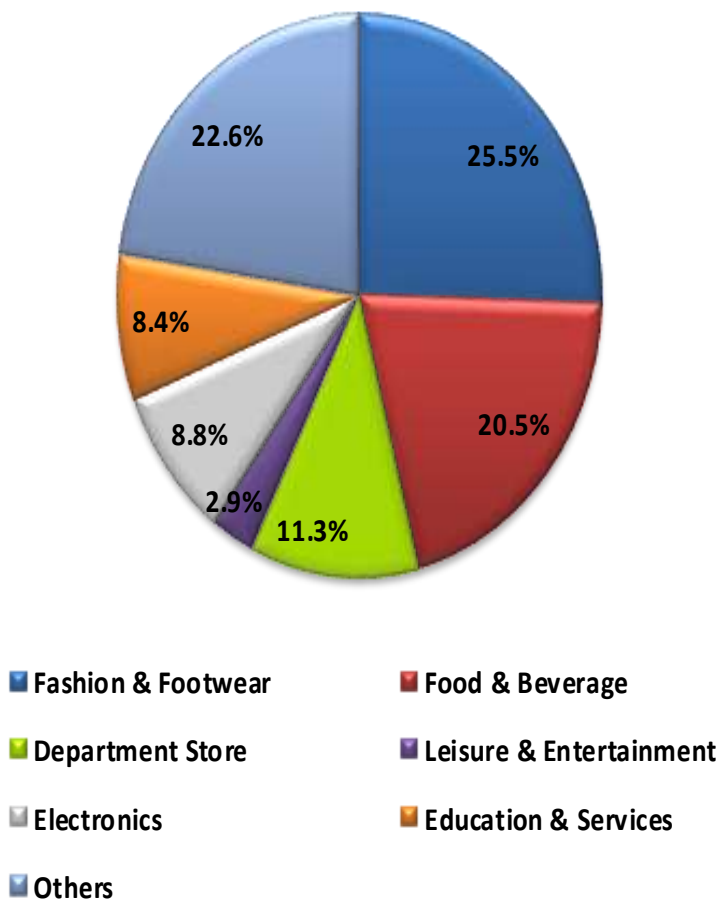


Note: Average occupancy rate for YTD2Q2017 was higher following the completion of the new food and beverage (“F&B”) area with NLA of approximately 16,000 sq. ft. (3% of total NLA).

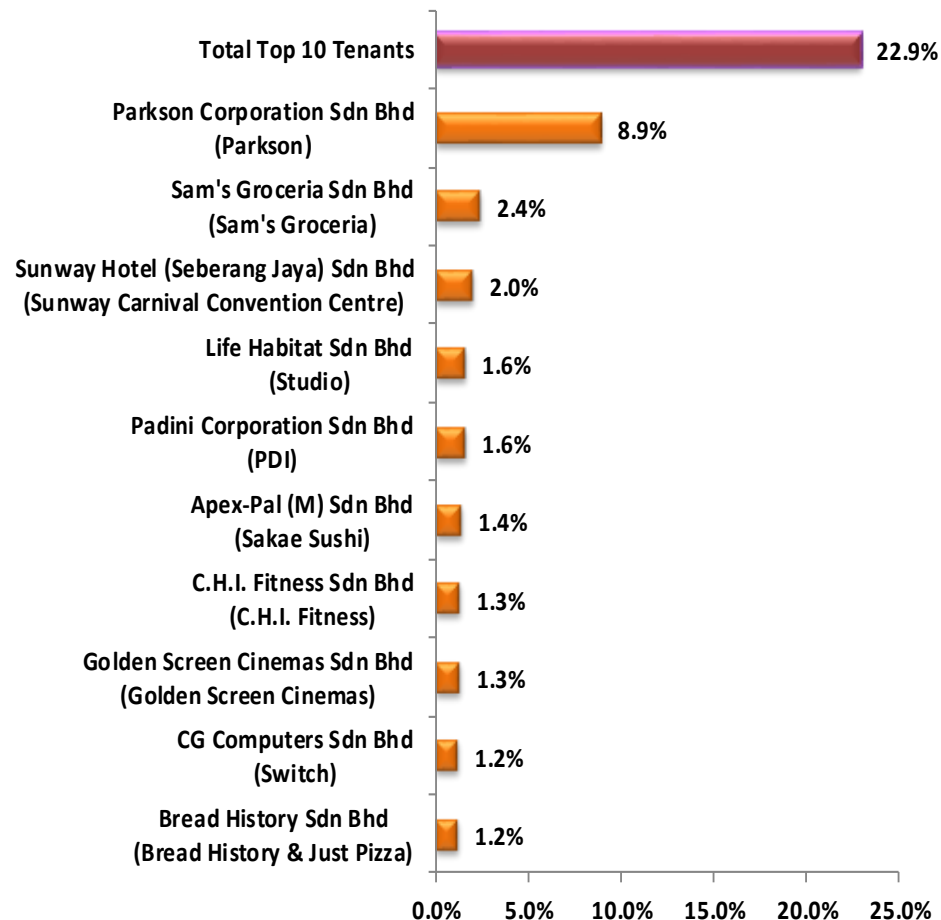
# RETAIL PROPERTIES

## SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix <sup>1</sup>



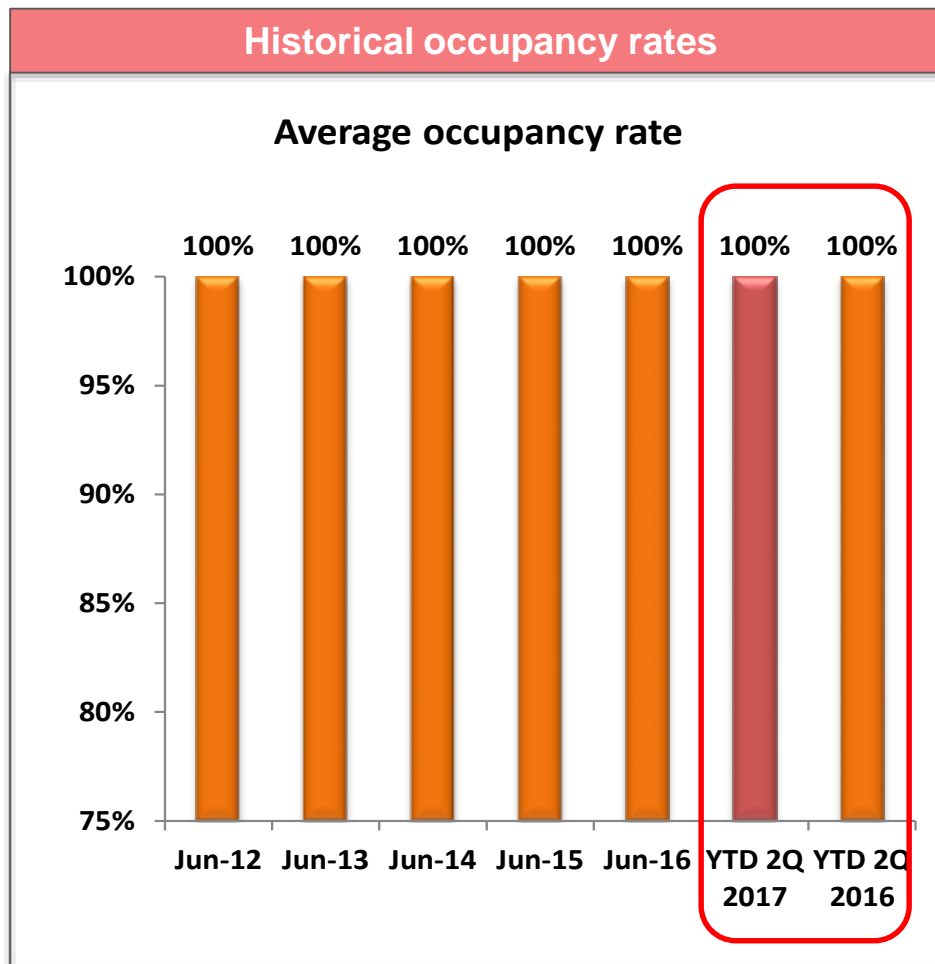
Top 10 tenants <sup>1</sup>



<sup>1</sup> Based on gross rental income for the month of December 2016.

# RETAIL PROPERTIES

## SUNCITY IPOH HYPERMARKET

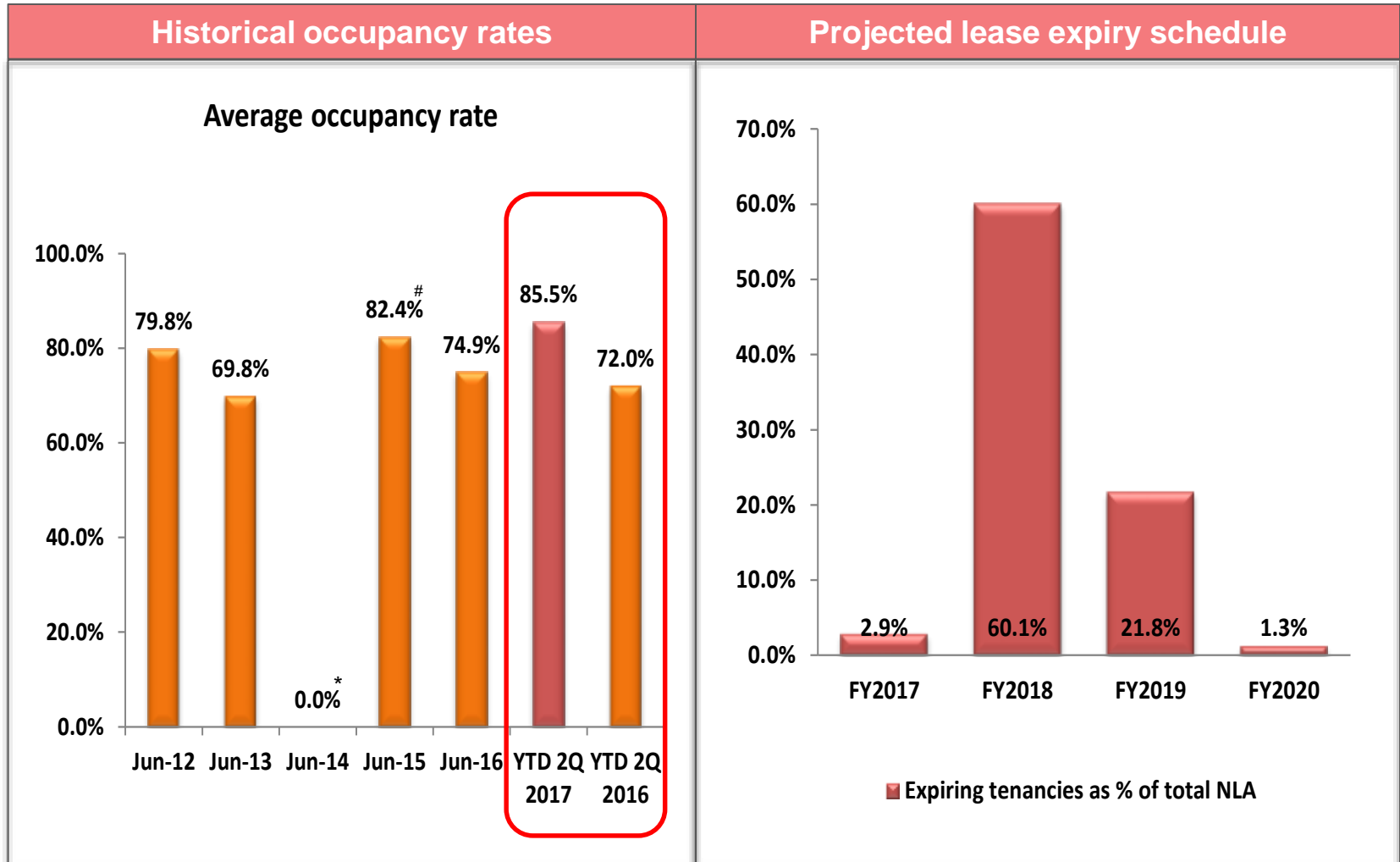


Suncity Ipoh Hypermarket is tenanted to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand.

The next renewal for the tenancy is April 2017.

# RETAIL PROPERTIES

## SUNWAY PUTRA MALL



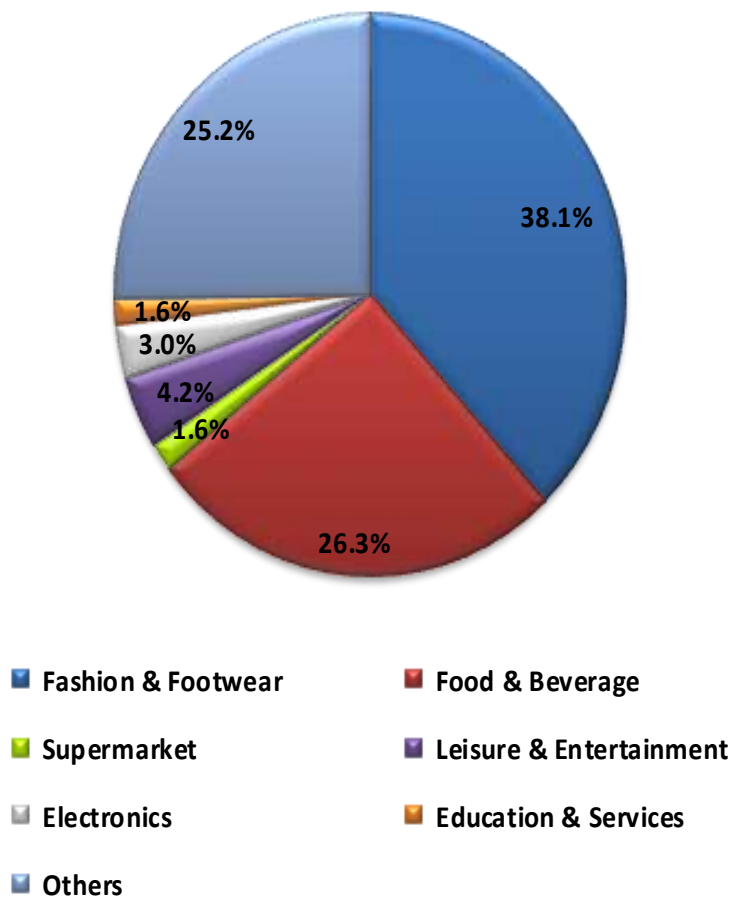
\* Sunway Putra Mall was closed for refurbishment from May 2013 to May 2015 and re-opened on 28 May 2015.

# Based on secured occupancy.

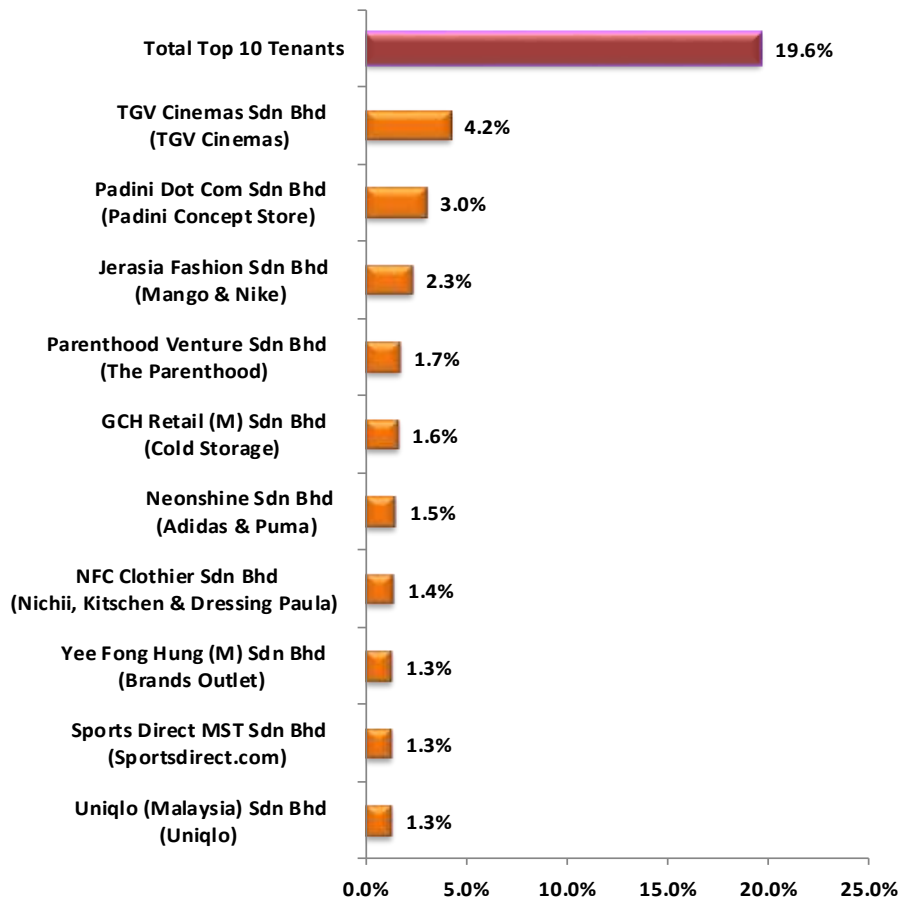
# RETAIL PROPERTIES

## SUNWAY PUTRA MALL (Cont'd)

Tenant mix <sup>1</sup>



Top 10 tenants <sup>1</sup>



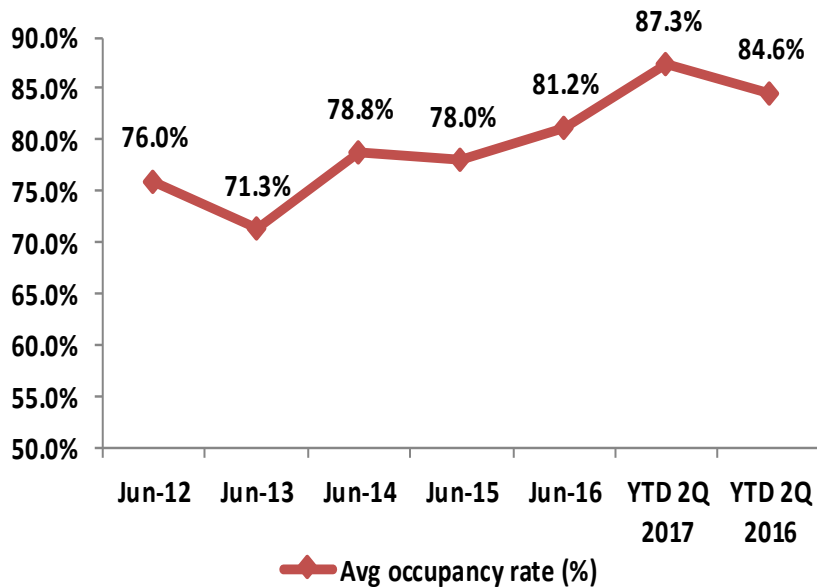
<sup>1</sup> Based on gross rental income for the month of December 2016.

# HOSPITALITY PROPERTIES

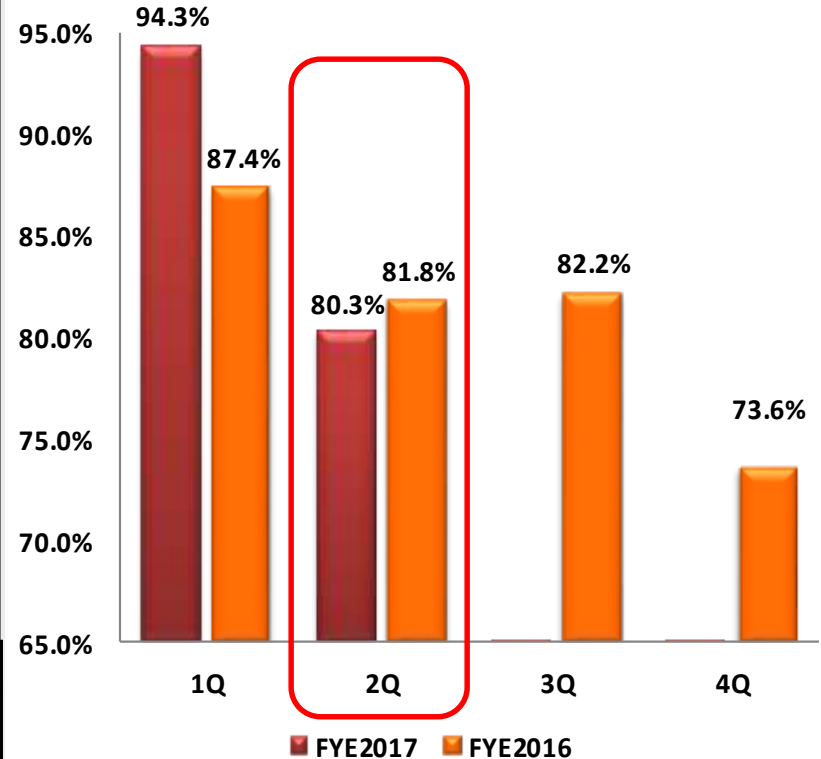
## SUNWAY RESORT HOTEL & SPA

### Historical occupancy rate

#### Average occupancy rate



#### Average occupancy rate (%)



#### Customer contribution (Room revenue)

Corporate	23.4%
Leisure	76.6%

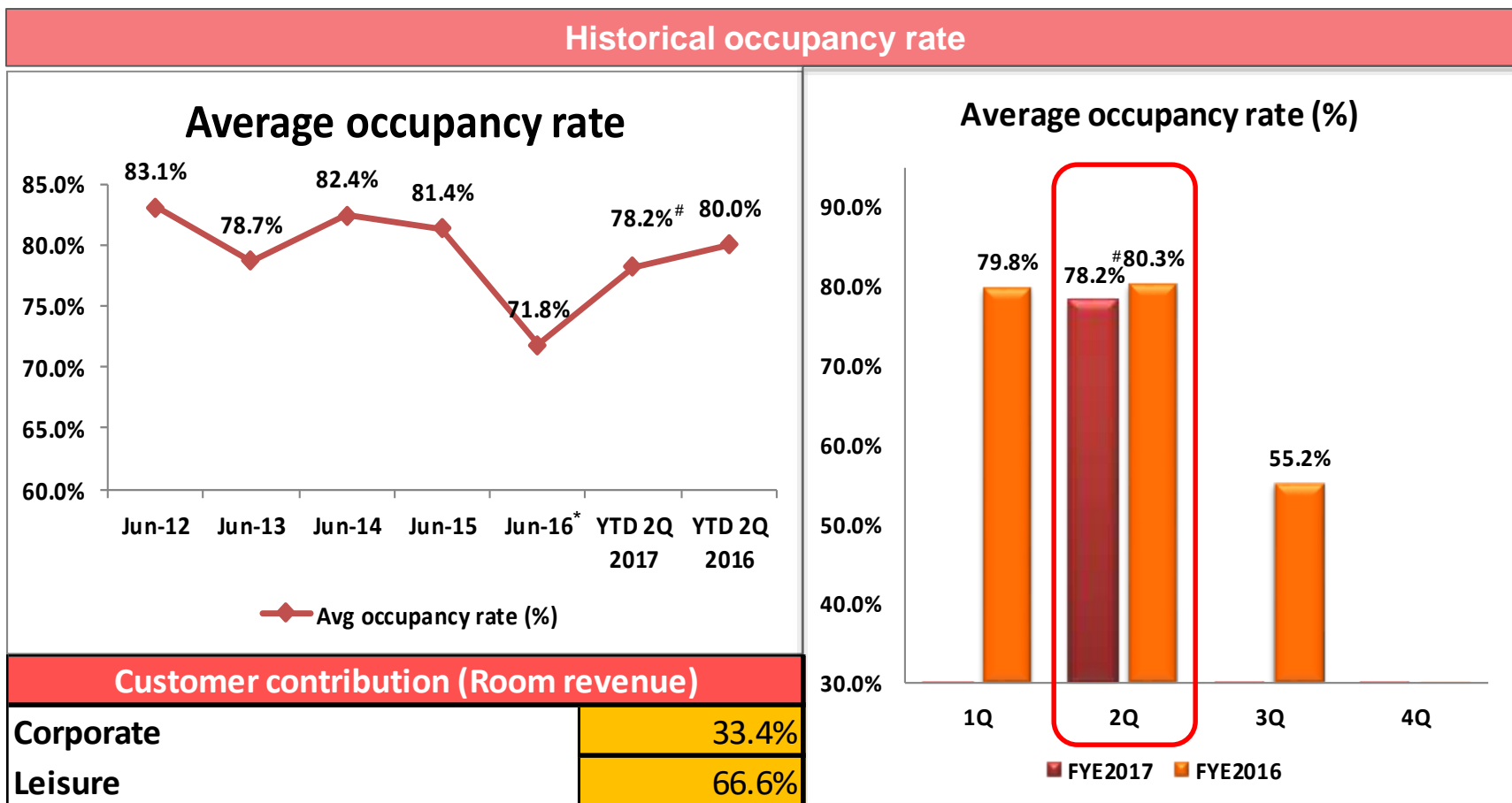
Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Sunway Pyramid Hotel (formerly Sunway Pyramid Hotel East) master lease is expiring in July 2020.

Note 2: Sunway Resort Hotel & Spa registered a lower average occupancy rate for 2Q2017 compared to 2Q2016 due to softer leisure market and business sentiment.



# HOSPITALITY PROPERTIES

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



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

# Average occupancy based on available rooms (as at 31 December 2016 : 316 rooms).

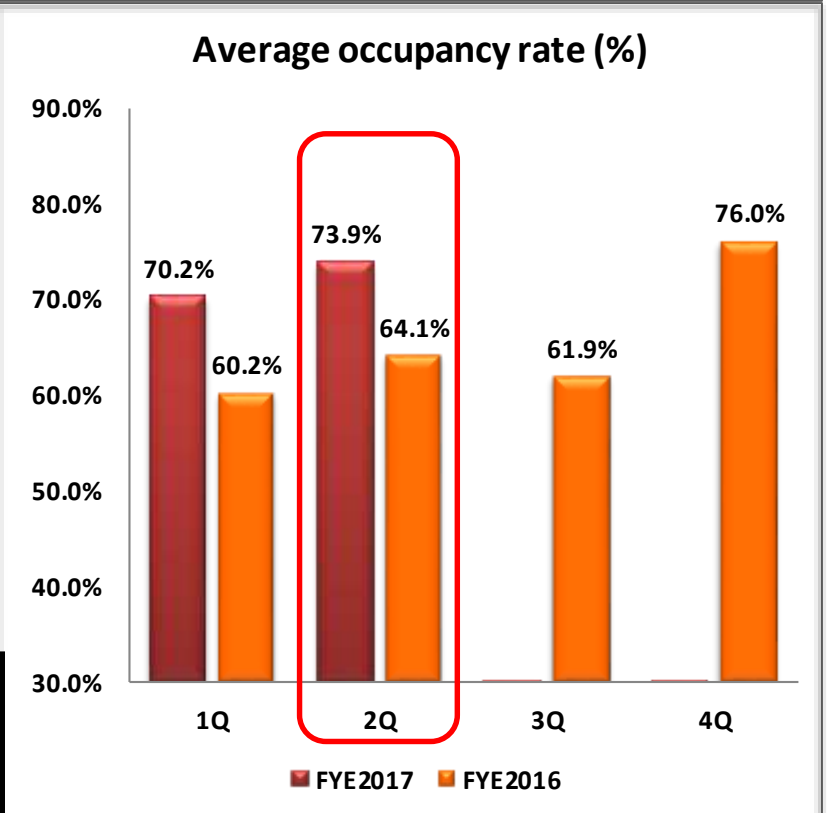
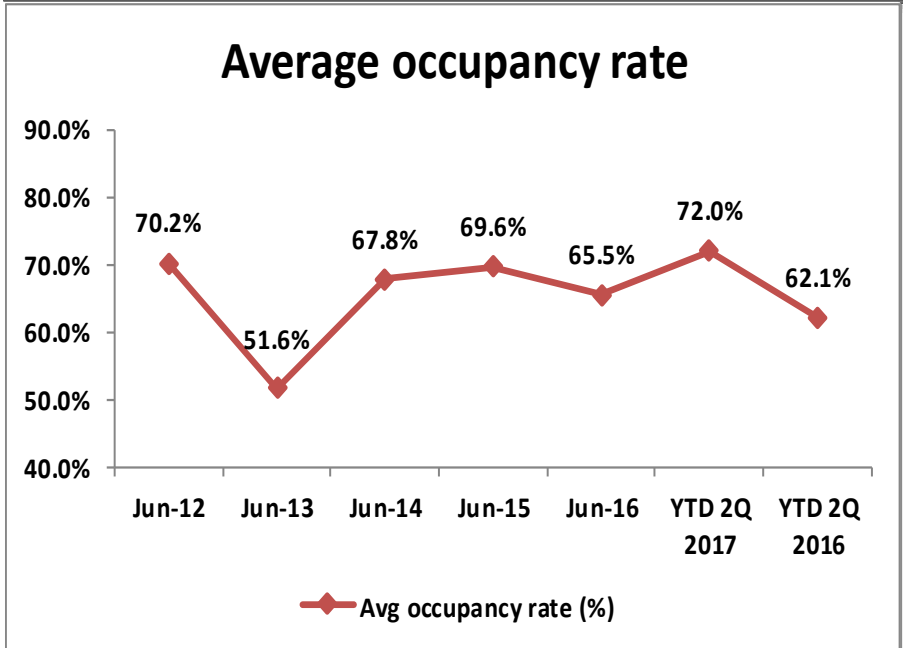
Note 1: The hotel properties are under 10-years master leases. The Sunway Resort Hotel & Spa and Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East) master lease is expiring in July 2020.

Note 2: There are no comparative figures for 4Q2016 and 1Q2017 as the hotel was fully closed for refurbishment since April 2016 and has re-opened in November 2016 on a progressive basis. The hotel is expected to be fully re-opened by 4Q2017.

# HOSPITALITY PROPERTIES

## SUNWAY HOTEL SEBERANG JAYA

### Historical occupancy rate



Customer contribution (Room revenue)	
Corporate	94.8%
Leisure	5.2%

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

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

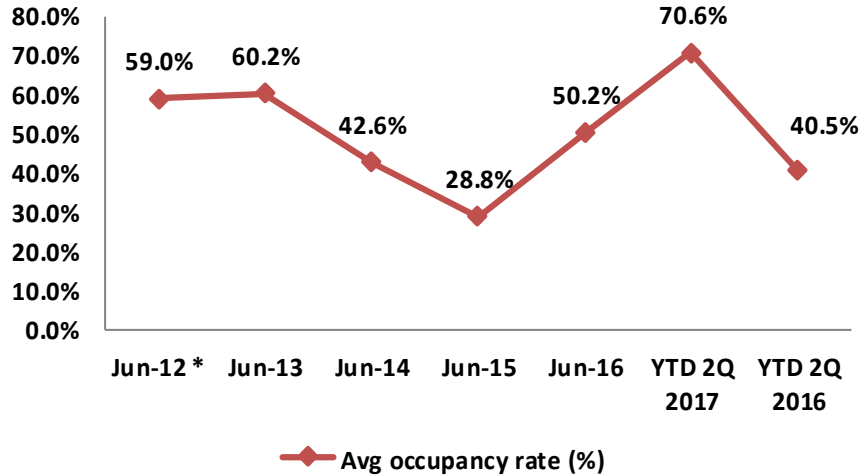


# HOSPITALITY PROPERTIES

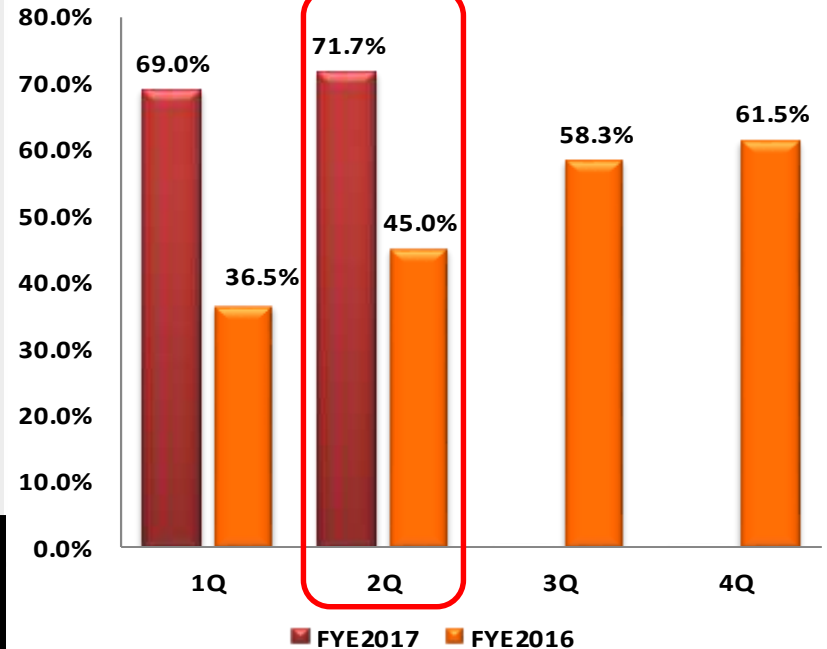
## SUNWAY PUTRA HOTEL

### Historical occupancy rate

#### Average occupancy rate



#### Average occupancy rate (%)



#### Customer contribution (Room revenue)

Corporate	32.2%
Leisure	67.8%

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

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

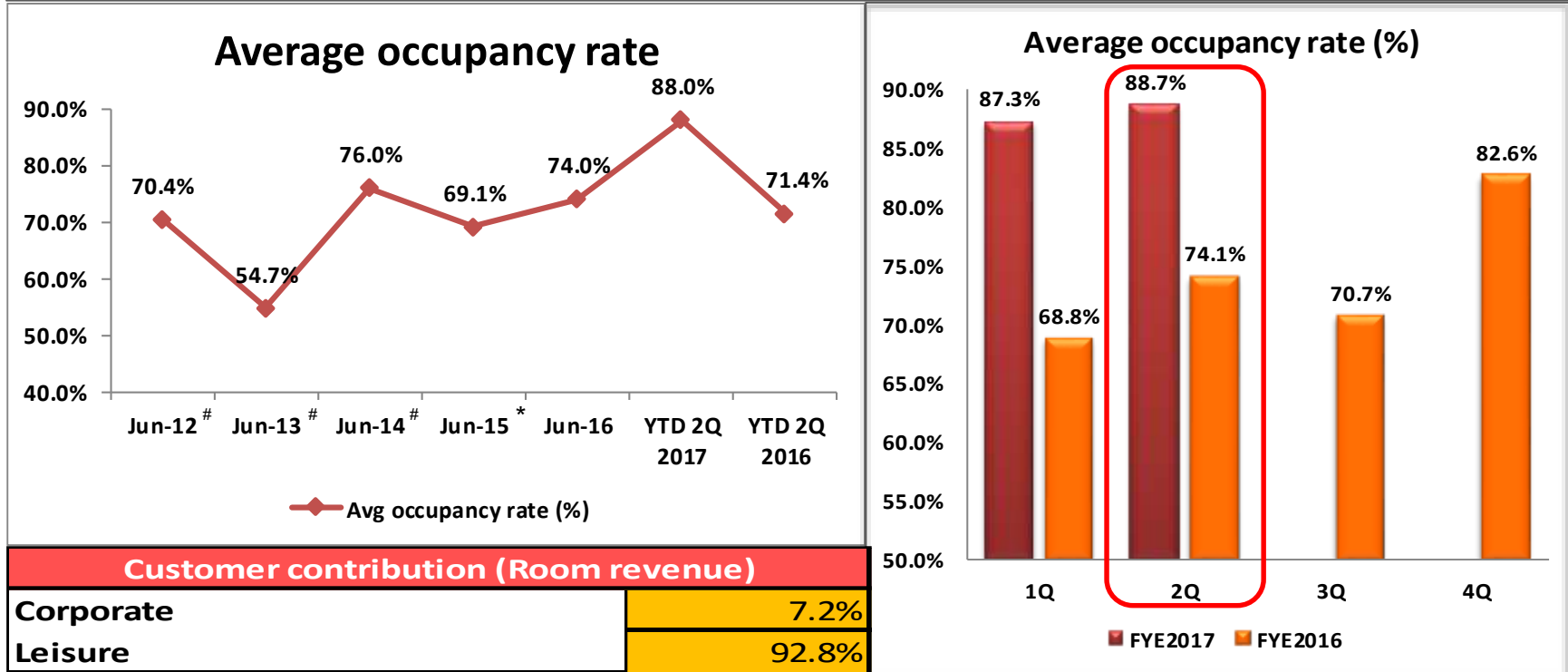
Note 2: The performance since Jun-14 was adversely affected by the refurbishment at the adjoining Sunway Putra Mall from May 2013 to May 2015, and the hotel's own refurbishment works. The refurbishment of Sunway Putra Hotel commenced in 1Q2014 and was completed in 2Q2016.

Note 3: The average occupancy rate has improved to 71.7% in 2Q2017 compared to 45.0% in 2Q2016 as the hotel completed its refurbishment in the preceding year corresponding quarter. Post completion of refurbishment, the hotel has embarked on active marketing activities and promotional rates to regain market share across all customer segments.

# HOSPITALITY PROPERTIES

## SUNWAY HOTEL GEORGETOWN

### Historical occupancy rate



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

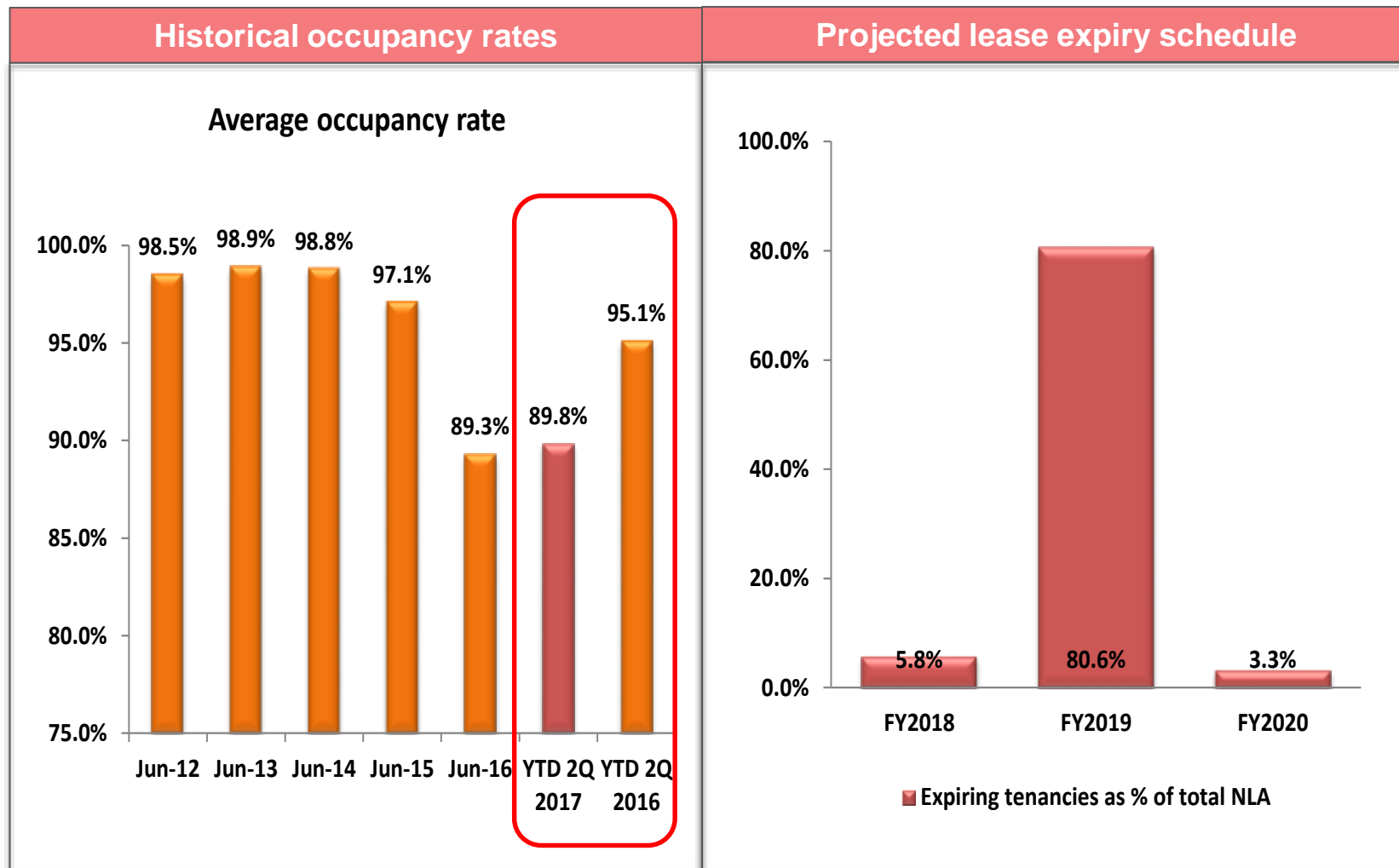
# The historical information (Jun-12 to Jun-14) are provided by the vendor, Sunway Berhad.

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

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

# OFFICE PROPERTIES

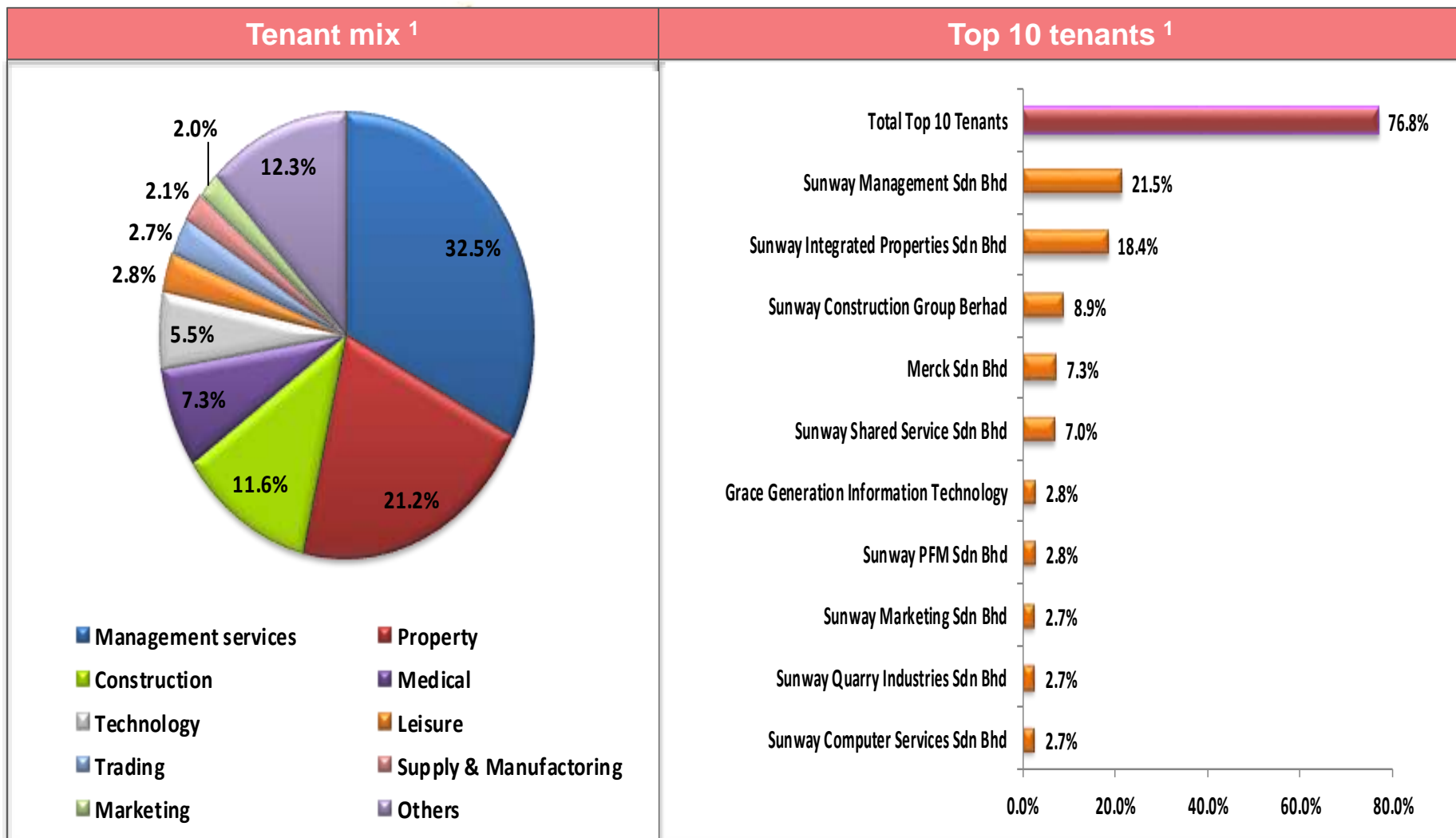
## MENARA SUNWAY



Note: Average occupancy rate for YTD2Q2017 was lower compared to YTD2Q2016 mainly due to non-renewal by a tenant who occupied 46,000 sq. ft. (16% of total NLA) in 2Q2016 but mitigated by replacement tenants of approximately 32,500 sq. ft. (11% of total NLA) who have commenced in 4Q2016. The Manager has secured new tenants totaling 18,000 sq. ft. (6% of total NLA) which will commence their tenancies in 3Q2017 and this will improve the occupancy rate to approximately 96%.

# OFFICE PROPERTIES

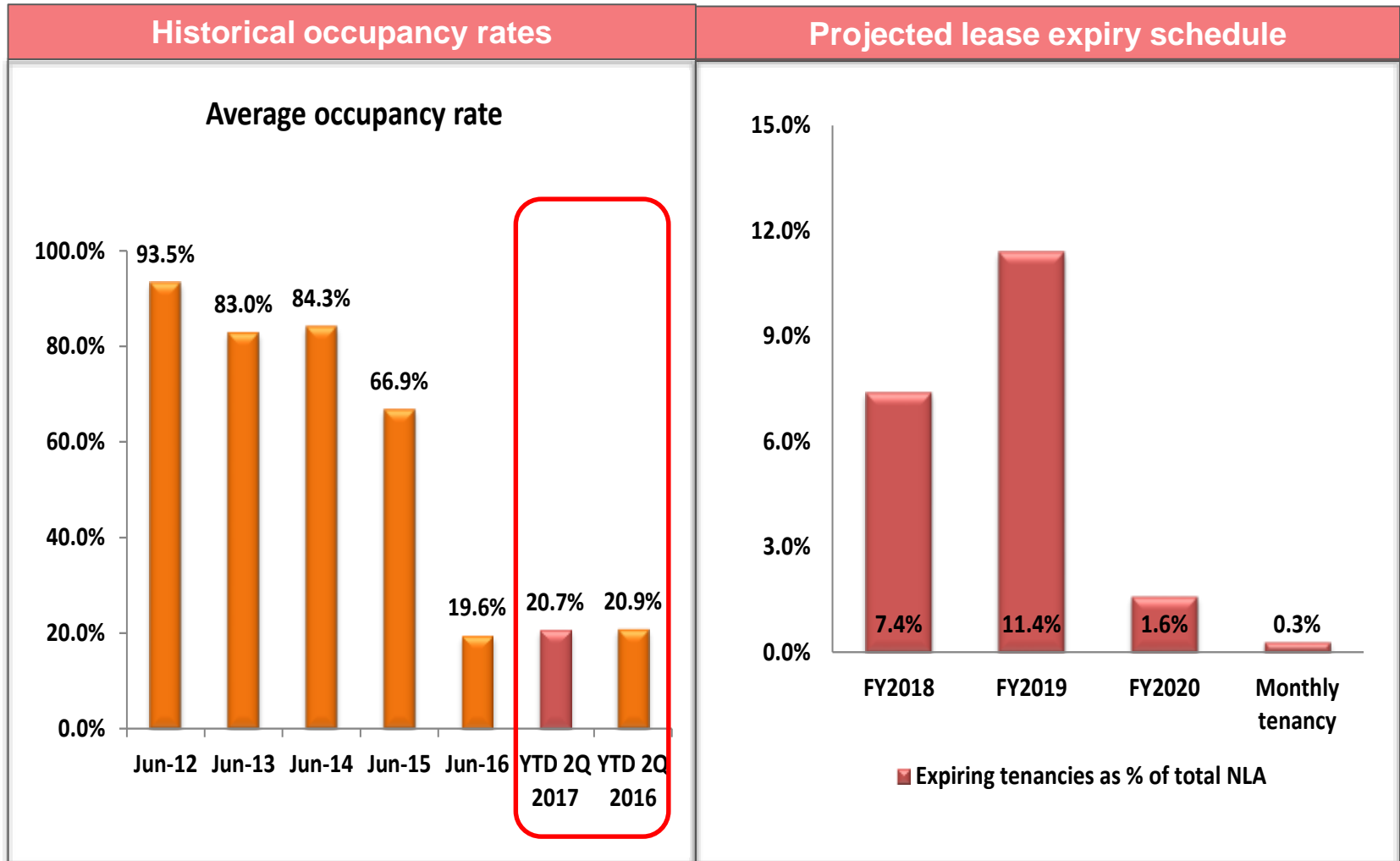
## MENARA SUNWAY (Cont'd)



<sup>1</sup> Based on gross rental income for the month of December 2016.

# OFFICE PROPERTIES

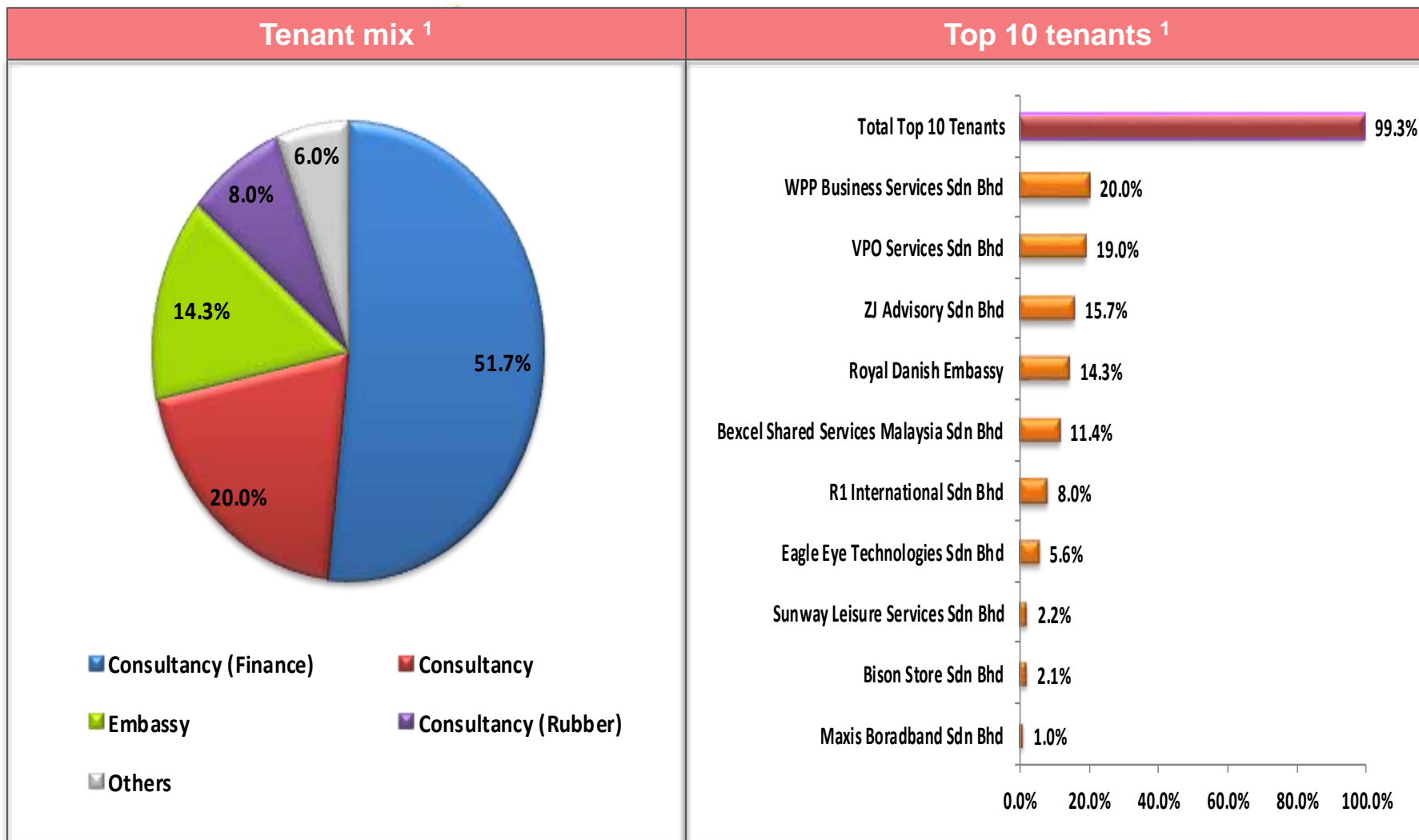
## SUNWAY TOWER



Note: The asset manager is actively seeking for new tenants to improve its occupancy.

# OFFICE PROPERTIES

## SUNWAY TOWER (Cont'd)

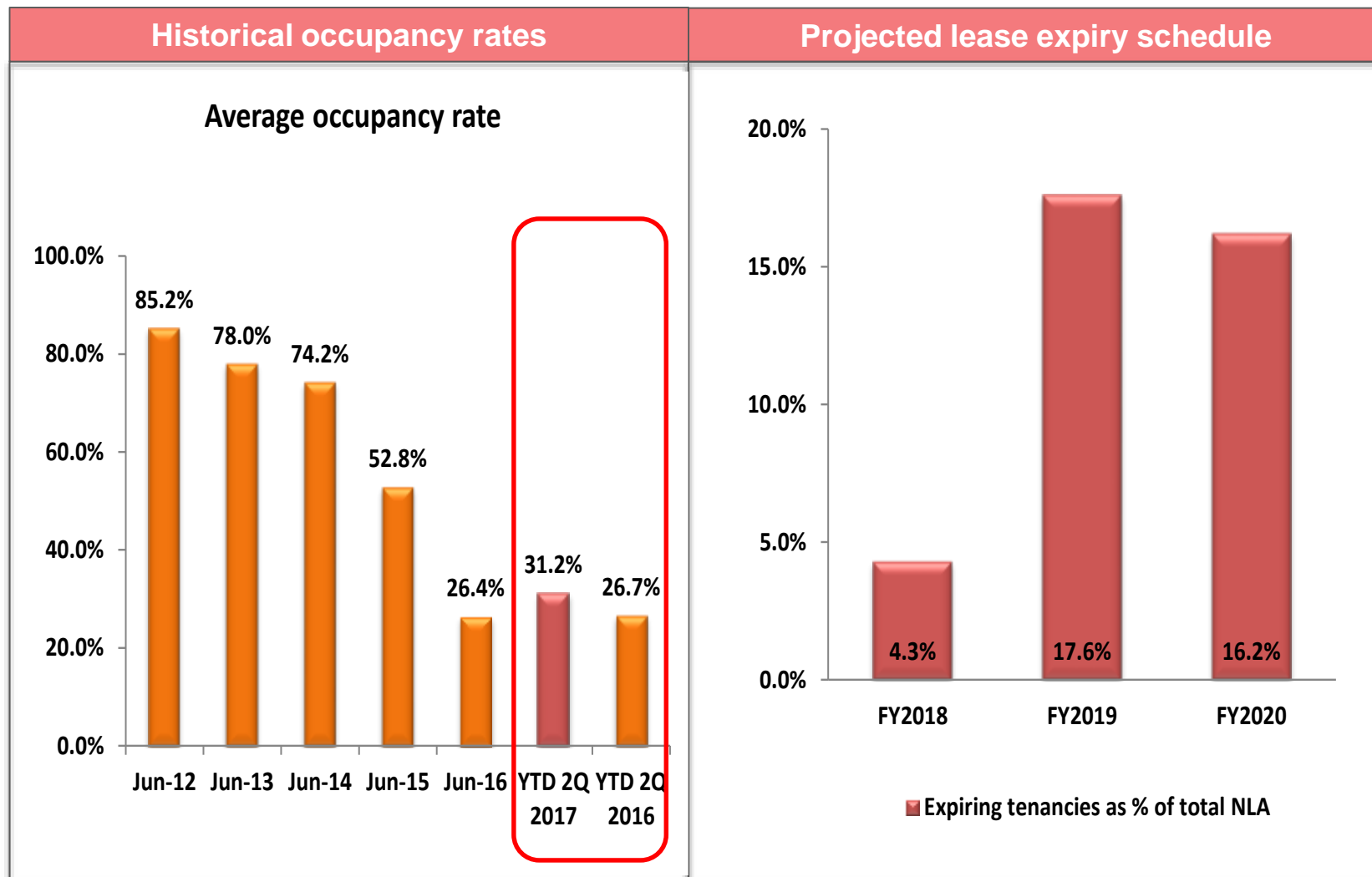


<sup>1</sup> Based on gross rental income for the month of December 2016.



# OFFICE PROPERTIES

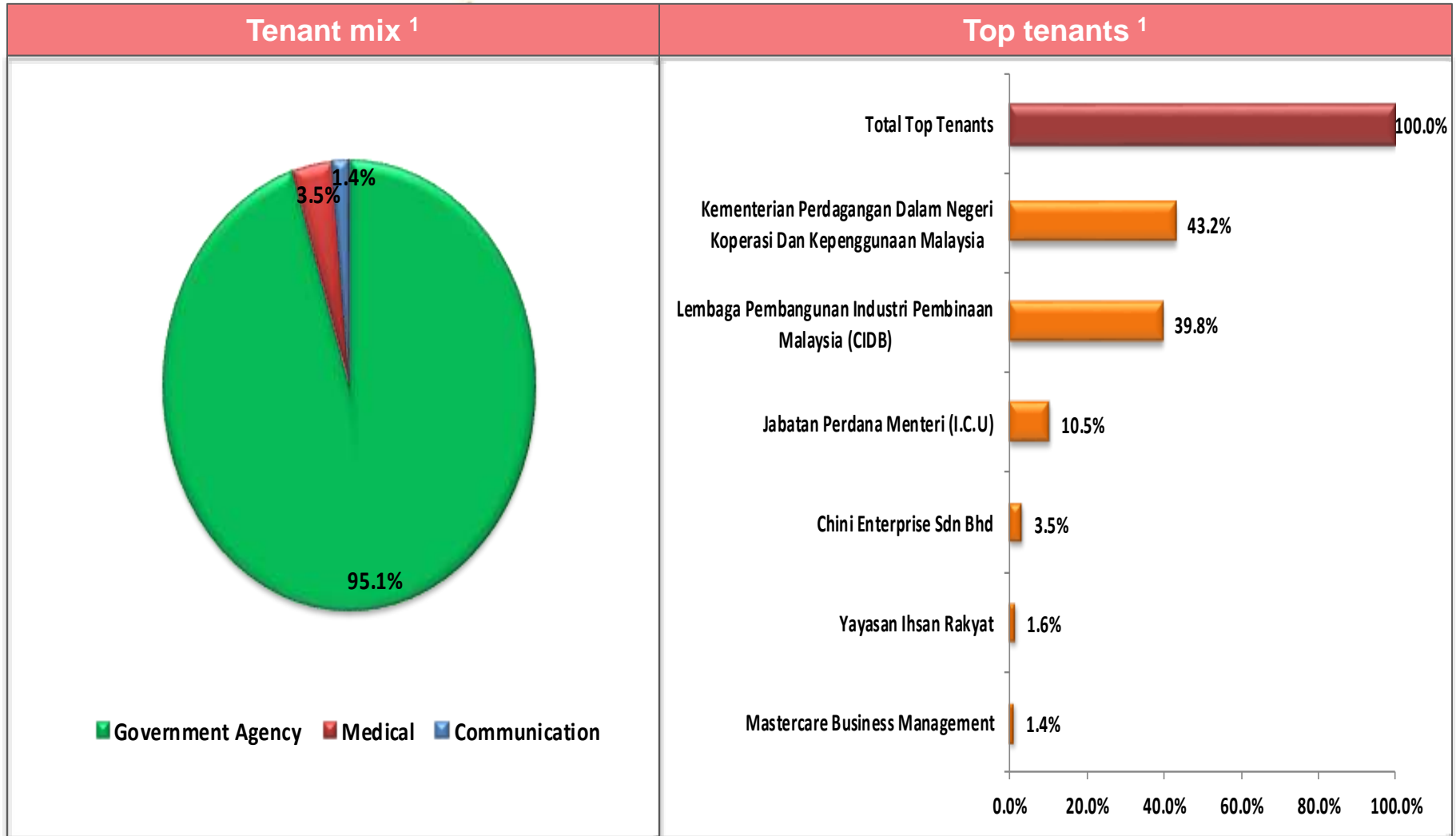
## SUNWAY PUTRA TOWER



Note : Average occupancy rate for YTD2Q2017 was higher compared to YTD2Q2016 due to new tenant occupying 51,500 sq. ft. (16% of total NLA) has commenced in 2Q2017. Another new tenant has been secured for approximately 12,000 sq. ft. (4% of total NLA) to commence in 3Q2017 and this will improve the occupancy rate to approximately 42%. The asset manager continues to seek for more new tenants to improve its occupancy.

# OFFICE PROPERTIES

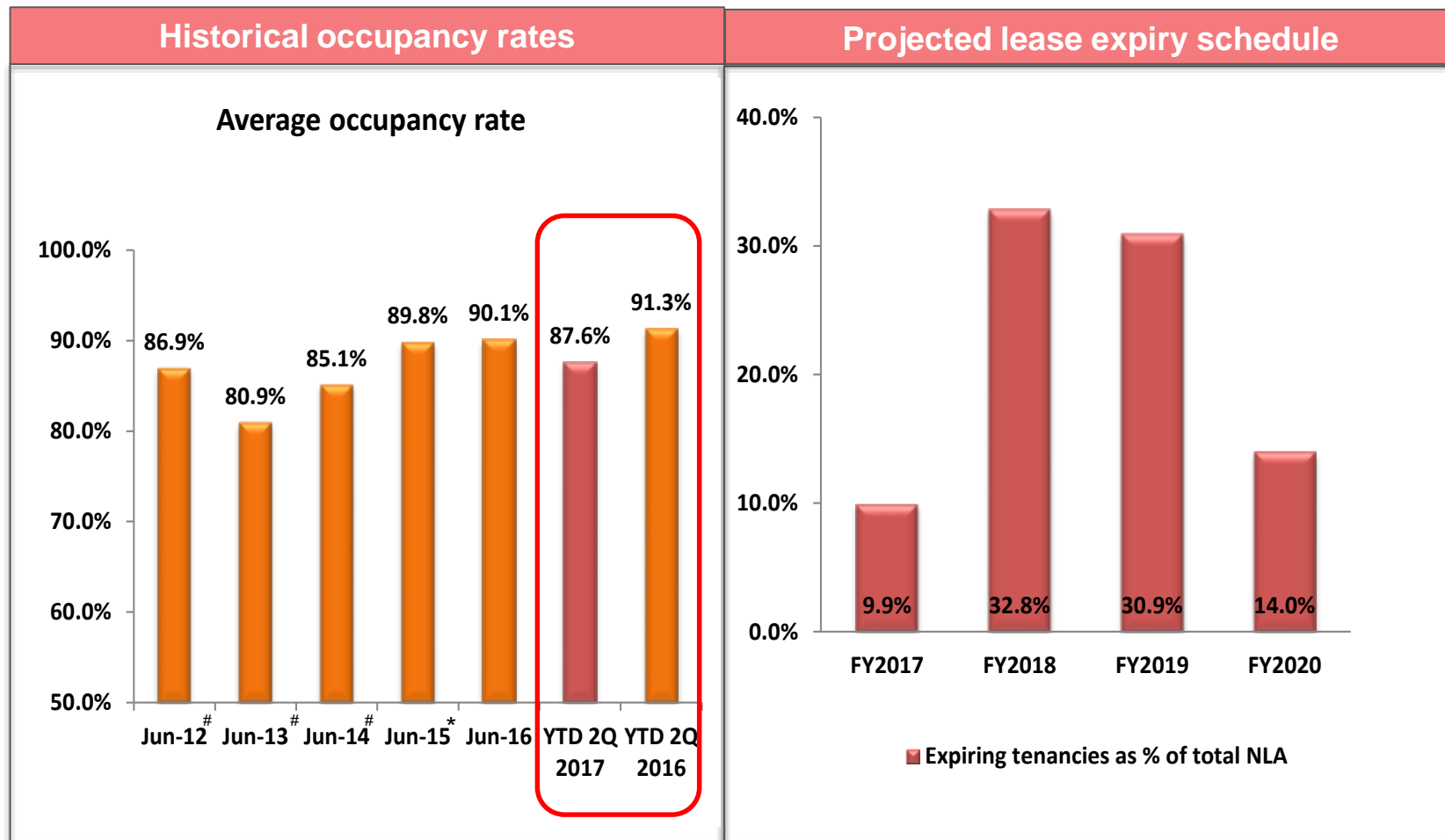
## SUNWAY PUTRA TOWER (Cont'd)



<sup>1</sup> Based on gross rental income for the month of December 2016.

# OFFICE PROPERTIES

## WISMA SUNWAY



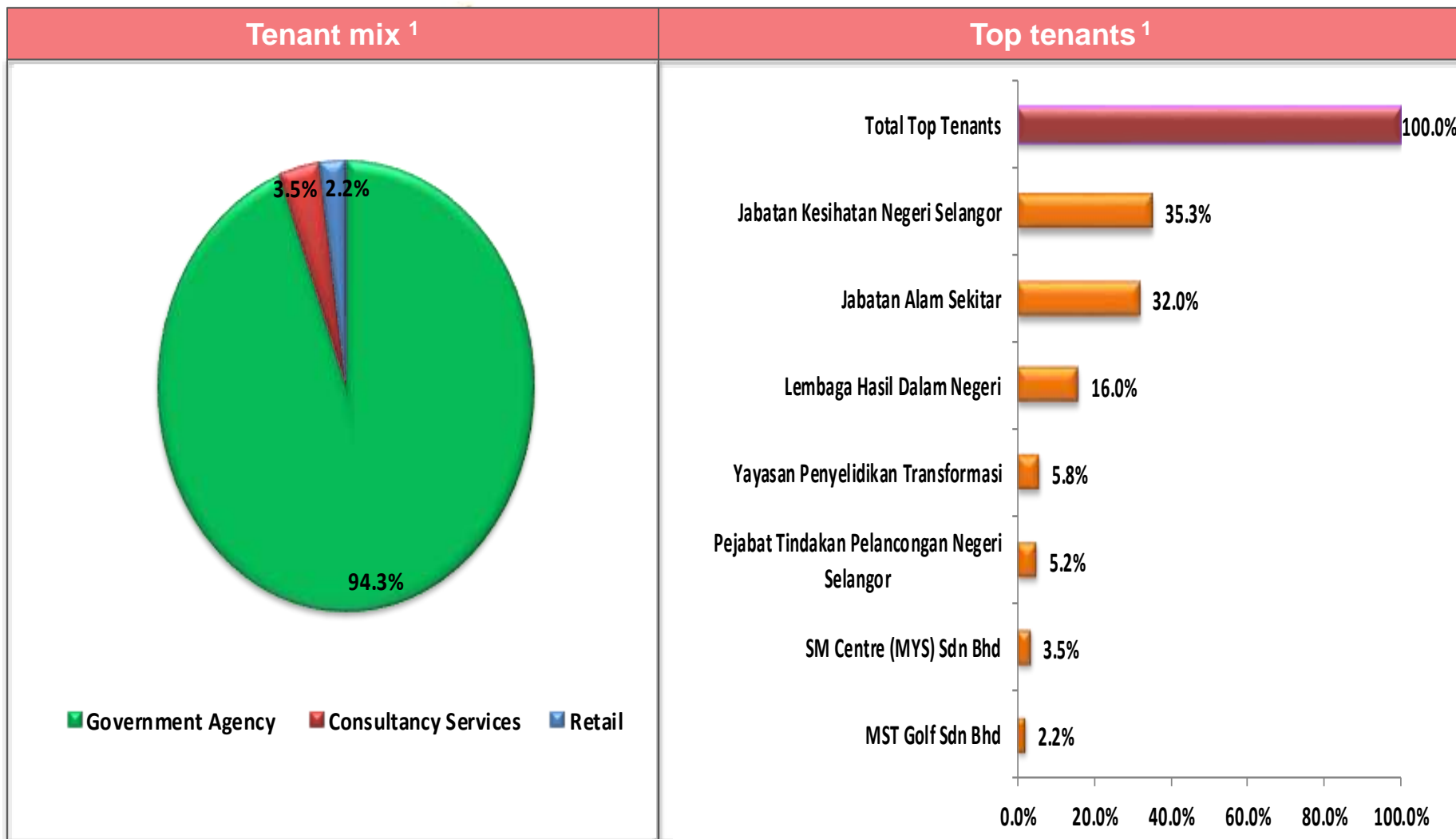
\* The contribution from Wisma Sunway commenced on 23 March 2015. The information for Jun-15 shown above was for the period from March 2015 to June 2015, following the completion of its acquisition.

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

Note: Average occupancy rate for YTD2Q2017 was lower due to non-renewal of tenants for approximately 9,000 sq. ft. (5% of total NLA) in 2Q2016 and 4Q2016. The asset manager is actively seeking for replacement tenants.

# OFFICE PROPERTIES

## WISMA SUNWAY (Cont'd)



<sup>1</sup> Based on gross rental income for the month of December 2016.

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## 5. Market Outlook

# General Outlook

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- Global economic growth in CY2016 is estimated to grow at a slower pace of 2.3% (CY2015: 2.4%), the weakest performance since global financial crisis. Advanced economies continue to be plagued by weak growth and low inflation coupled with heightened uncertainties on future policy direction. Fiscal stimulus in key major economies, the United States, in particular, may boost growth in the near term. The World Bank expects global economic growth to pick up to 2.7% in CY2017, however, at a slower pace compared to its earlier projection of 2.8%.
- The Malaysian economy expanded by 4.3% year-on-year in 3Q CY2016 underpinned by sustained growth in private sector activities. Although the gross domestic product (“GDP”) has picked up compared to 2Q CY2016’s GDP growth of 4.0%, economic growth in 3Q CY2016 was weaker than the same period last year (3Q CY2015: 4.7%). Year-to-date cumulative 9M CY2016 Malaysia’s economic growth averaged at 4.2%, in line with the official GDP target of between 4.0% to 4.5%. The government expects the economy to expand between 4.0% to 5.0% in CY2017.
- Headline inflation averaged at 2.1% in CY2016 (2015 CPI: 2.1%), largely due to higher food and non-alcoholic price and partially mitigated by lower transport prices. This is in line with Bank Negara’s (“BNM”) expectation of between 2.0% to 2.5% for CY2016. Going forward, BNM has indicated that inflationary pressure may inch higher in CY2017 amid the prospect of higher global oil prices.

# General Outlook

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- The BNM has maintained the Overnight Policy Rate (“OPR”) at 3.00% at the recent Monetary Policy Committee (“MPC”) meeting on 19 January 2017. At the current level of the OPR, the degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid stable inflation. The MPC will continue to assess the risks surrounding the outlook for domestic growth and inflation.
  
- The Manager expects a marginal decrease in DPU in FY2017 compared to FY2016 mainly on the back of:
  - i) Lower contribution from the hotel segment due to the closure of Sunway Pyramid Hotel to undertake refurbishment
  - ii) Cessation of payment of Manager’s fees in units with effect from FY2017
  
- The Manager is committed to distribute 100% of its distributable net income for FY2017.

# Retail Segment

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- The Retail Group Malaysia (“RGM”) reported that the Malaysia’s retail industry recorded a dismal growth of 1.9% in the 3Q CY2016 (3Q FY2015: 1.6%), as retailers enjoyed minimal impact from the Hari Raya and higher minimum wages implementation in July 2016. For the nine months of 2016 (“9M CY2016”), retail sale grew by 1.6%.
- RGM, for the second time, has revised downwards the retail industry sales growth from 3.5% to 3.0% for CY2016 to reflect the poor retail sales performance during the 3Q CY2016. RGM expects retail sales in Malaysia to grow by 5.0% in CY2017 with expected recovery in second half of CY2017.
- On the supply side, the total existing stock of retail space within purpose built retail centre in the Klang Valley stood at 59.9 million sq.ft. with an average occupancy of 80.1% in 3Q CY2016.
- Sunway Pyramid Shopping Mall remained resilient during the financial year. The average occupancy rate was stabled at 97.7% for YTD 2Q FY2017 compared to 97.9% in 1Q FY2017. Based on the total net lettable area (“NLA”) of 979,276 sq.ft. which is due for renewal in this financial year, a total NLA of 766,849 sq.ft. was renewed for YTD 2Q FY2017 at a single-digit rental reversion rate over the three-year tenancy term. The renewal has included the two anchor tenants in the mall which were renewed in 1Q FY2017.



## Retail Segment (Cont'd)

- Average occupancy rate at Sunway Carnival Shopping Mall inched higher to 97.1% for YTD 2Q FY2017 following the completion of the remodeling of 2<sup>nd</sup> floor area of approximately 16,000 sq.ft. (equivalent to 3% of total NLA) into food and beverage (“F&B”) area. Based on the total NLA of 327,408 sq.ft. which is due for renewal in this financial year, a total of 221,788 sq.ft. of NLA was renewed for YTD 2Q FY2017 at a single-digit rental reversion rate over the three-year tenancy term. The renewal has included an anchor tenant in the mall which was renewed in 1Q FY2017.
- Sunway Putra Mall’s average occupancy rate improved marginally to 85.5% for YTD 2Q FY2017 compared to 85.2% in 1Q FY2017.
- The outlook for FY2017 remains challenging, as consumer sentiment remains weak mainly due to the escalating cost of living and weakened Ringgit. Although unemployment rate remains healthy, consumers are expected to remain cautious in their spending in the near term.
- The manager expects a modest growth for Sunway REIT’s retail assets in FY2017 contributed by the resilient performance from the flagship asset, Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall as well as expected gradual improvement in the performance of Sunway Putra Mall.

# Hotel Segment

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- Tourist arrivals for the 11M CY2016 came in lower at 22.06 million tourists compared to 23.12 million tourists during the same period last year, representing a decline of 4.6%. Extrapolation of the 11M data indicates that tourist arrivals will be significantly below the CY2016 official target of 30.5 million.
- Tourism activities may improve in view of the weak Ringgit and implementation of eVisa and visa waiver programme for Chinese tourists. The Tourism and Culture Ministry had cited that there are plans to increase the frequency of flights from major cities in China to Malaysia to promote tourism activities in the country.
- The average occupancy rate for Sunway Resort Hotel & Spa eased marginally to 80.3% in 2Q FY2017 compared to 81.8% in 2Q FY2016, mainly due to lower corporate and leisure demand.
- Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East) has progressively re-opened since 2Q FY2017. A total of 316 rooms were fully refurbished and has progressively re-opened for business as at 31 December 2016. In 2Q FY2017, the average occupancy rate for the hotel stood at 78.2% based on available rooms inventory of 316 rooms. The hotel is expected to fully re-open in 4Q FY2017.

# Hotel Segment (Cont'd)

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- The average occupancy rate at Sunway Putra Hotel improved significantly to 71.7% in 2Q FY2017, from 45.0% during the corresponding period in the preceding year. Following the completion of the refurbishment of the hotel, the hotel operator embarked on active marketing activities and promotional rates to regain market share across all customer segments.
- In Penang, the tactical strategy embarked by Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown continued to gain traction. The average occupancy rate for Sunway Hotel Seberang Jaya rebounded / improved further to 73.9% in 2Q FY2017, from 64.1% in 2Q FY2016. Likewise, Sunway Hotel Georgetown recorded encouraging average occupancy rate of 88.7% in 2Q FY2017 compared to 74.1% in 2Q FY2016.
- In all, the Manager expects a lower contribution from the hotel segment in FY2017 primarily due to competitive market environment, weak corporate and leisure market as well as the closure of Sunway Pyramid Hotel which was closed since April 2016 to undertake an accelerated refurbishment.

# Office Segment

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- The oversupply situation in the Klang Valley office market is expected to continue with the huge incoming supply of approximately 13.32 million sq.ft. of office space scheduled to be completed by the end of 2018. The existing office stock in the Klang Valley stood at 114.4 million sq.ft. in 3Q CY2016.
- The disequilibrium between the demand and supply is unlikely to be resolved in the absence of any strong economic catalysts. This may adversely impact on the occupancy and rental rates in a highly challenging market landscape. The situation may deteriorate further in view of consolidation of major industries such as the oil & gas, financial institutions and relocation of multinationals out of Malaysia.
- The average occupancy rate for Menara Sunway was maintained at 89.8% for YTD 2Q FY2017 compared to 1Q FY2017. The Manager has secured new tenants totalling 18,000 sq.ft. (equivalent to 6% of total NLA) which will commence their tenancies in 3Q FY2017 and this will improve the occupancy rate to approximately 96%.
- The average occupancy rate for Sunway Tower was unchanged at 20.7% for YTD 2Q FY2017 compared to the previous quarter.

## Office segment (Cont'd)

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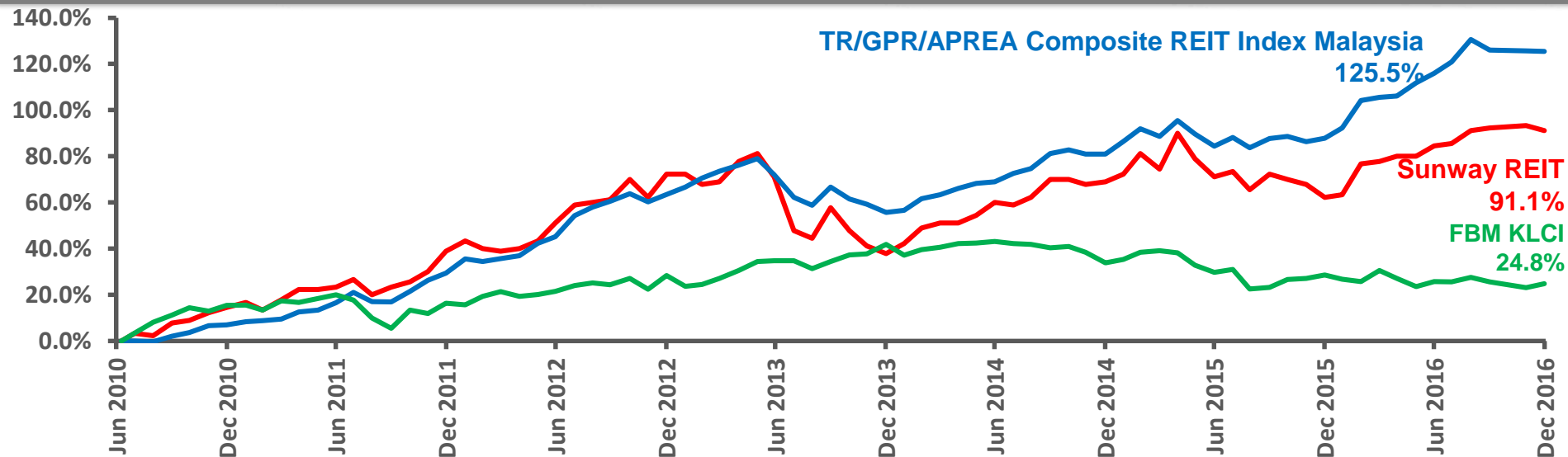
- The average occupancy rate at Sunway Putra Tower has improved from 25.7% in 1Q FY2017 to 31.2% for YTD 2Q FY2017. The improvement was attributable to commencement of a new tenant occupying 51,500 sq.ft. (equivalent to 16% of total NLA) in 2Q FY2017. As at 31 December 2016, the occupancy rate for Sunway Putra Tower stood at 38.1%. In addition, the Manager has secured another 12,000 sq.ft. (equivalent to 4% of total NLA) which will commence its tenancy in 3Q FY2017 and this will improve the occupancy rate to approximately 42%.
- The average occupancy for Wisma Sunway was stable at 87.6% for YTD 2Q FY2017.
- The asset manager is actively seeking replacement tenants to improve the occupancy of the office towers.
- The Manager expects the office segment to remain challenging as reflected by the challenges clouding the office sub-sector in the Klang Valley. However, the Manager expects the performance of Sunway REIT's office segment to gradually improve in FY2017 following the gradual improvement in Sunway Putra Tower.

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## 6. Investor Relations

# Unit Price Performance from IPO to YTD2Q2017

## Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 31 December 2016)



## Performance Statistics (8 July 2010 – 31 December 2016)

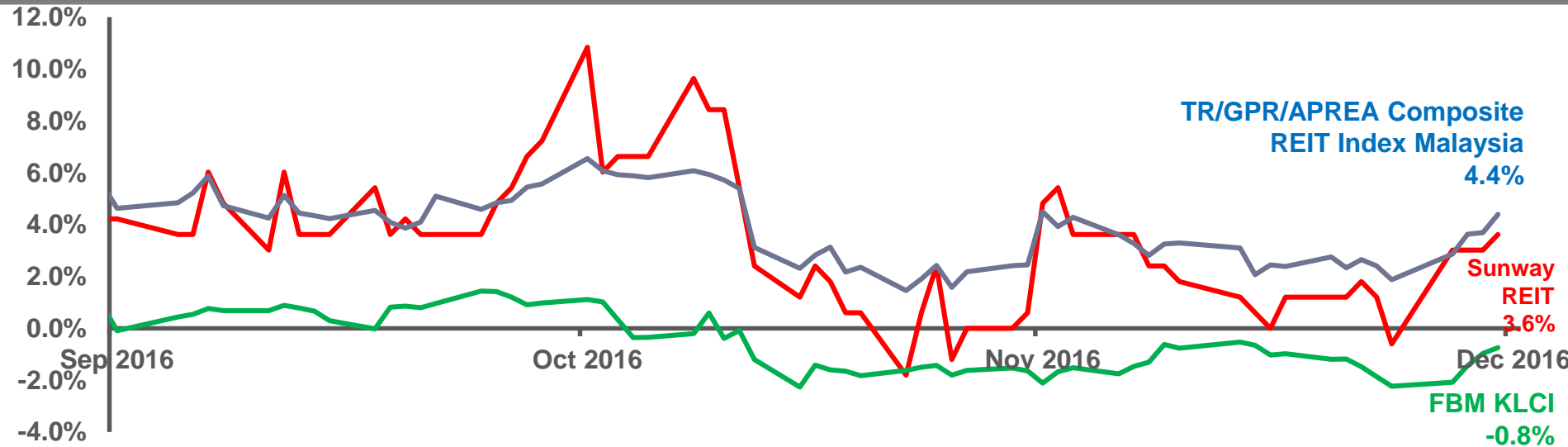
Price (as at 8 July 2010)	: RM0.90
Closing Price (as at 31 December 2016)	: RM1.72
Highest Price	: RM1.84
Lowest Price	: RM0.88
Daily Average Volume	: 2.02 million units
% Change in Unit Price	: 91.1%
% Change in FBM KLCI	: 24.8%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 125.5%

Source: Bloomberg

**SUNWAY**<sup>®</sup>

# Unit Price Performance for YTD2Q2017

## Unit Price Performance of Sunway REIT versus Benchmarks (30 September 2016 – 31 December 2016)



## Performance Statistics (30 September 2016 – 31 December 2016)

Price (as at 30 September 2016)	: RM1.73
Closing Price (as at 31 December 2016)	: RM1.72
Highest Price	: RM1.84
Lowest Price	: RM1.63
Daily Average Volume	: 3.20 million units
% Change in Unit Price	: 3.6%
% Change in FBM KLCI	: -0.8%
% Change in TR/GPR/APREA Composite REIT Index Malaysia	: 4.4%

Source: Bloomberg

**SUNWAY**<sup>®</sup>

Driving values through sustainable growth



# Indices Representation

- Sunway REIT is represented in the following indices:

**FTSE Bursa Malaysia Mid 70 Index**

**FTSE4Good Bursa Malaysia Index**

**TR / GPR / APREA Composite REIT Index Malaysia**

**FTSE EPRA / NAREIT Global REIT Index**

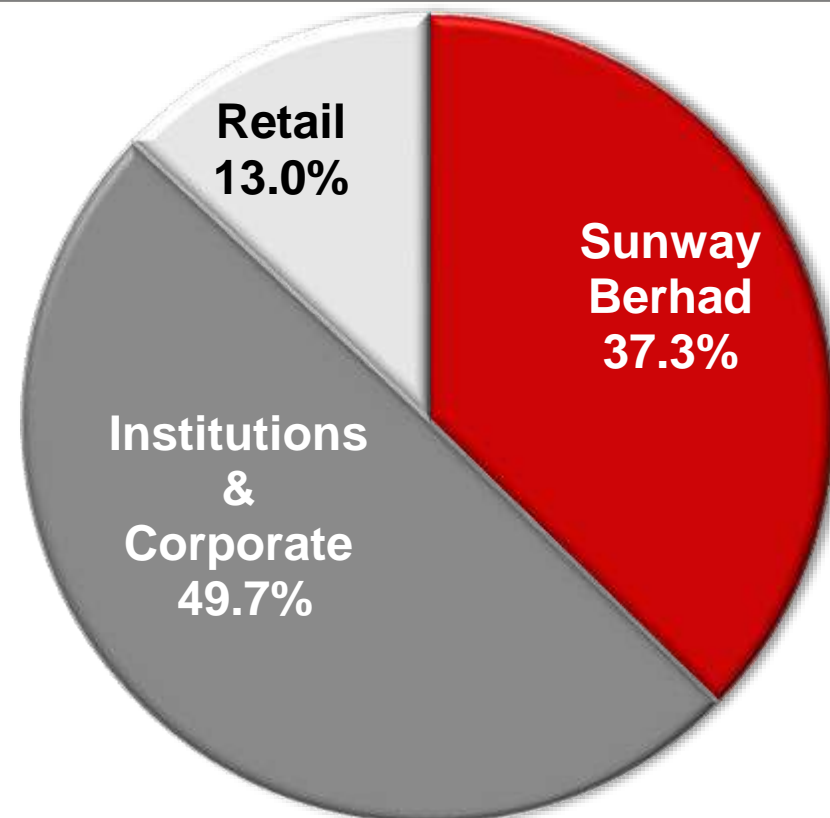
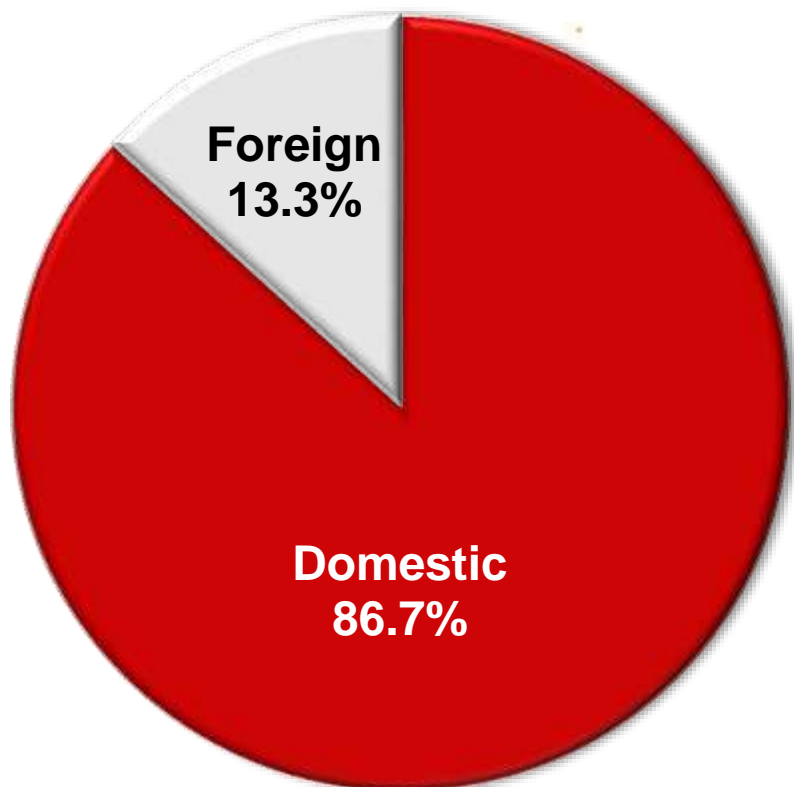
**FTSE EPRA / NAREIT Global Index**

**FTSE EPRA / NAREIT Asia ex Japan Index**

**FTSE EPRA / NAREIT Asia Pacific Index**

**FTSE EPRA / NAREIT Emerging REIT Index**

# Unitholders' Composition (as at 31 December 2016)



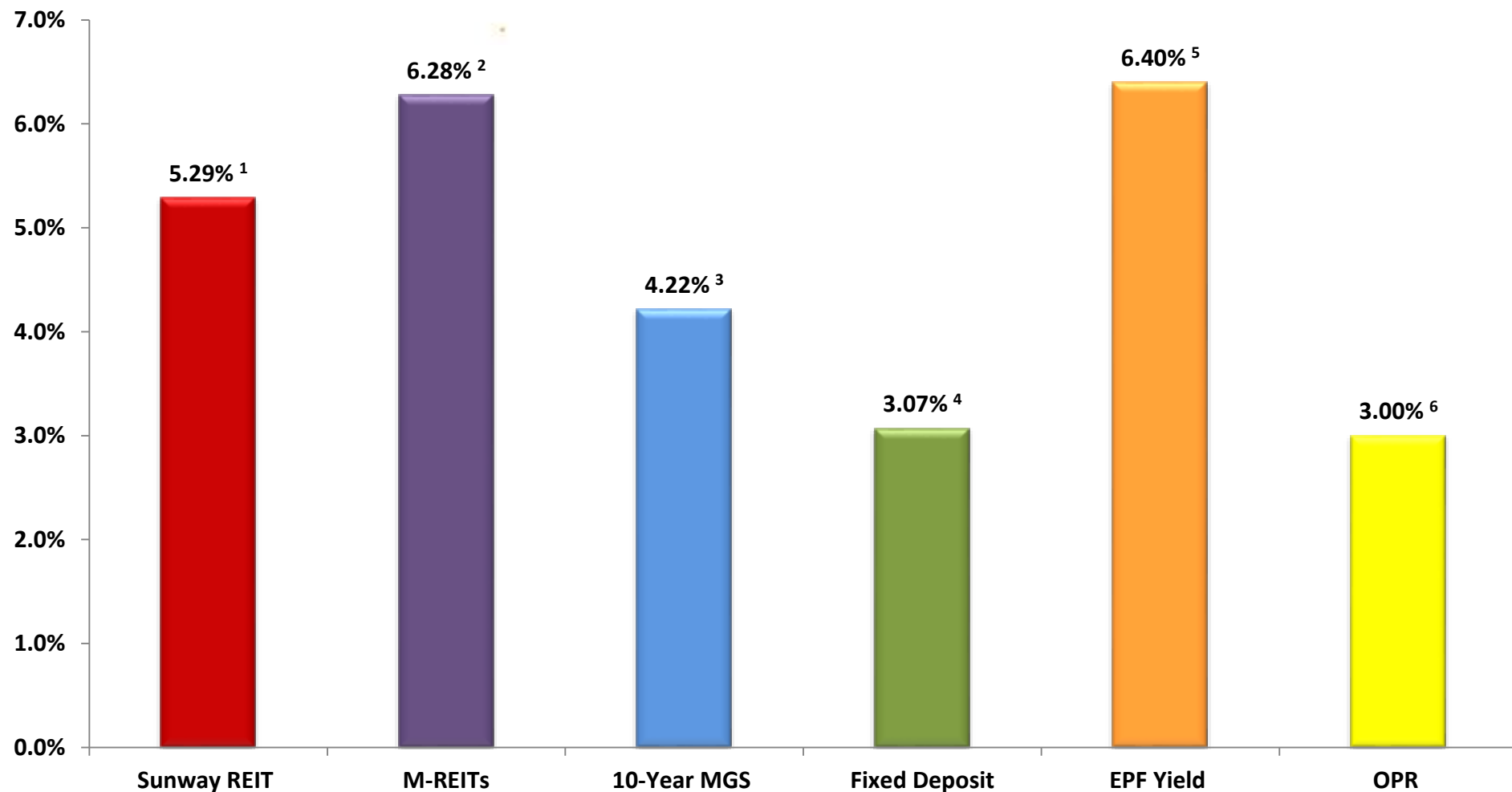
	December 2016	September 2016	Q-o-Q Change
No of unitholders	9,869	9,632	237 (+2.5%)
Retail unitholders	13.0%	12.6%	+0.4%
Foreign unitholders	13.3%	13.4%	-0.1%
Sunway Berhad	37.3%	37.3%	Unchanged

# Analysts Recommendation (as at 31 December 2016)



- Source: Bloomberg

# Comparative Yields for Various Assets



Note:

<sup>1</sup> Distribution yield based on consensus FY2017 DPU of 9.1 sen and unit price as at 31 December 2016 (Source: Bloomberg)

<sup>2</sup> Information based on consensus FY2016 DPU forecast and unit price as at 31 December 2016 (Source: Bloomberg)

<sup>3</sup> Information as at 31 December 2016 (Source: Bloomberg)

<sup>4</sup> 12-Month Fixed Deposit rates offered by commercial banks as at 30 November 2016 (Source: Bank Negara Malaysia)

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

<sup>6</sup> Overnight Policy Rate as at 19 January 2017 (Source: Bank Negara Malaysia)

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**THANK YOU**