



SUNWAY®

Sunway REIT

Financial Results
1st Quarter Ended 30 September 2017
(FYE 30 June 2018)



Announcement Date:
31 October 2017

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1. Financial Highlights

Distribution Details

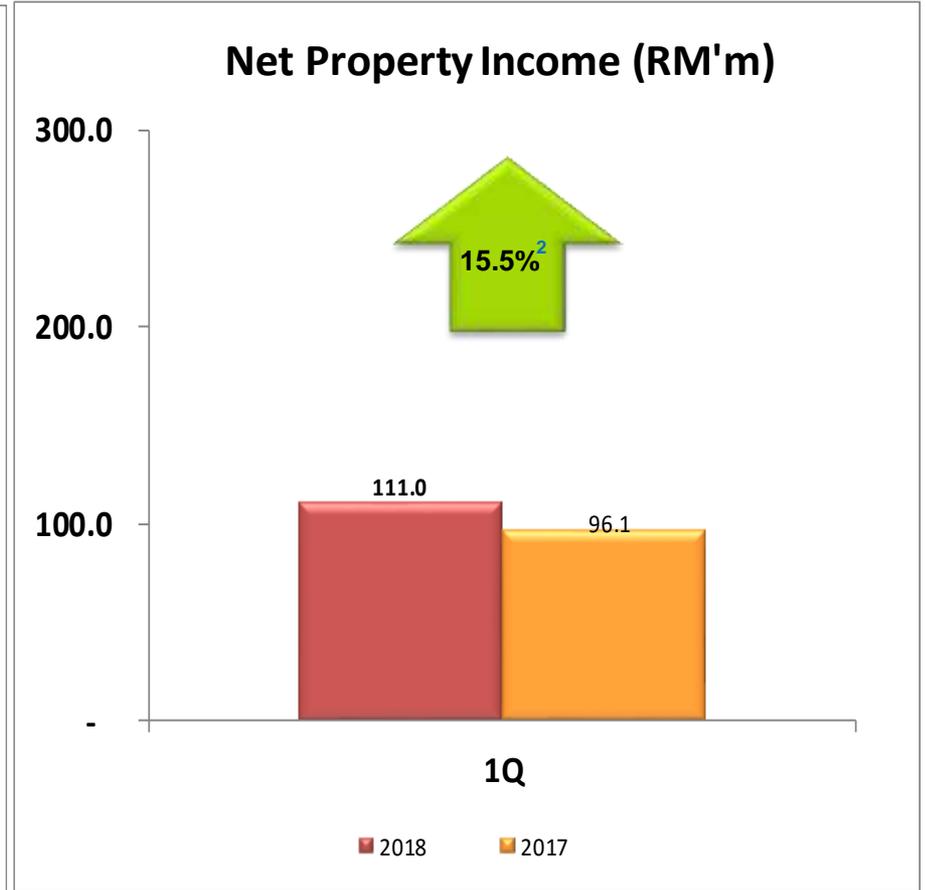
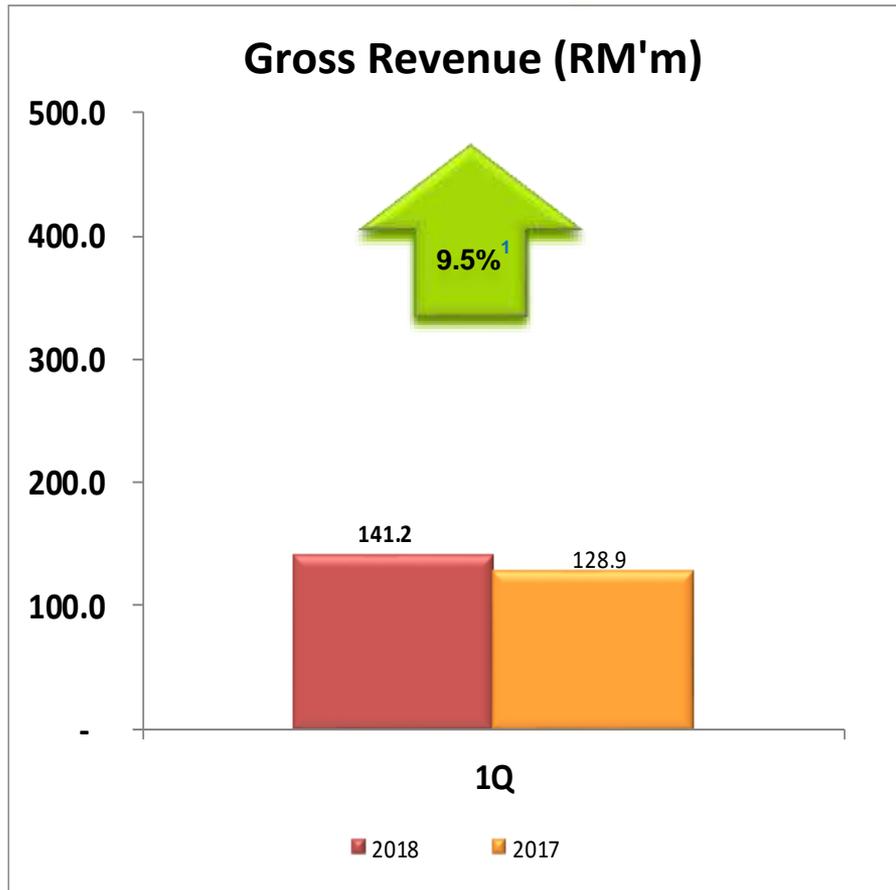
Dividend Distribution Details	
Distribution Period	1 July 2017 - 30 Sept 2017
Distribution Per Unit (DPU) (sen)	2.67 ¹
Notice of Entitlement	31 October 2017
Ex-Dividend Date	13 November 2017
Book Closure Date	15 November 2017
Payment Date	29 November 2017

¹ Proposed income distribution for 1Q2018 of 2.67 sen per unit (comprising taxable amount and non-taxable/tax exempt amount of 2.31 sen per unit and 0.36 sen per unit respectively).

Financial Highlights

Highlights	1Q 2018	1Q 2017
No. of Properties	15	14
Property Value (RM'billion)	6.786	6.459
No. of Units in Circulation	2,945,078,000	2,945,078,000
Unit Price as at 30 Sept (RM)	1.72	1.73
Market Capitalisation (RM'billion)	5.066	5.095
Net Asset Value (NAV) Per Unit (RM) (After income distribution)	1.4074	1.3547
Premium to NAV	22.2%	27.7%
Realised Earnings Per Unit (EPU) (sen)	2.67	2.24
Distribution Per Unit (DPU) (sen)	2.67	2.27
Annualised Distribution Yield (Based on market price as at 30 Sept)	6.2%	5.2%
Management Expense Ratio (After income distribution)	0.88%	0.84%
YTD Total Return	2.8%	9.4%
Gearing	35.9%	33.6%
% of Fixed Rate Borrowings	82.2%	93.3%

Financial Highlights (Cont'd)



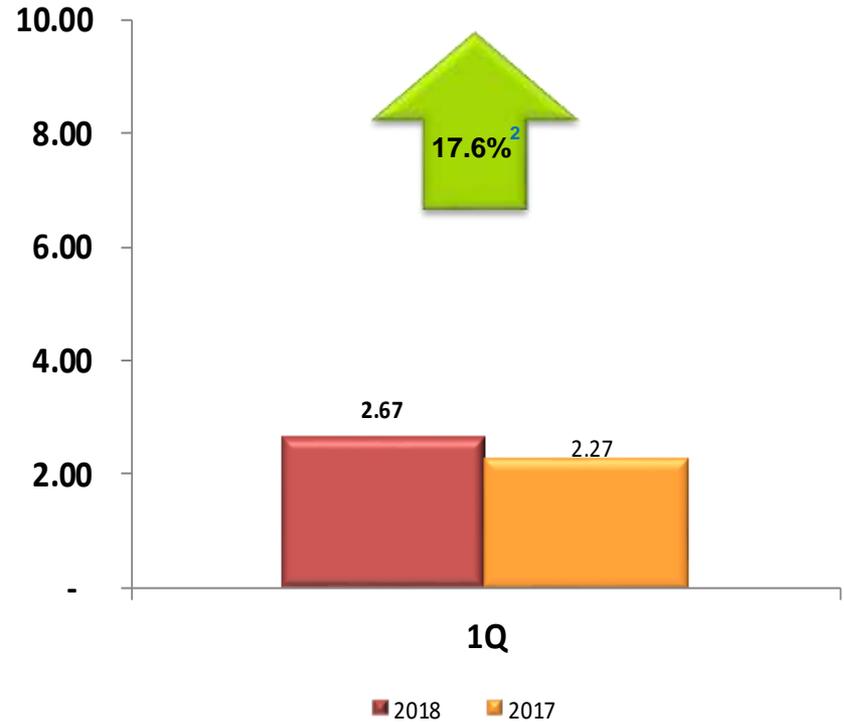
- ¹ Gross Revenue for 1Q2018 increased by 9.5% or RM12.3 million compared to 1Q2017 mainly due to better overall performance by all segments.
- ² Net Property Income for 1Q2018 increased by 15.5% or RM14.9 million compared to 1Q2017 mainly attributable to higher Gross Revenue and lower operating expenses.

Financial Highlights (Cont'd)

Profit Before Tax (Realised) (RM'm)



DPU (sen)



¹ Profit Before Tax (Realised) for 1Q2018 increased by 18.0% or RM12.0 million compared to 1Q2017 mainly due to higher net property income but partially offset by higher finance costs.

² DPU for 1Q2018 increased by 17.6% or 0.40 sen in line with the increase in Profit Before Tax (Realised).

2. 1Q 2018 Financial Results

Statement of Comprehensive Income – Consolidated

	1Q 2018 RM'000	1Q 2017 RM'000	Change %	YTD 2018 RM'000	YTD 2017 RM'000	Change %
Gross revenue	141,169	128,879	9.5%	141,169	128,879	9.5%
Less : Property operating expenses	(30,183)	(32,814)	-8.0%	(30,183)	(32,814)	-8.0%
Net property income	110,986	96,065	15.5%	110,986	96,065	15.5%
Changes in fair value of investment properties	-	-	0.0%	-	-	0.0%
Other income	1,626 ¹	921	76.5%	1,626	921	76.5%
Manager's fee	(8,644)	(7,845)	10.2%	(8,644)	(7,845)	10.2%
Trustee's fee	(321) ¹	(307)	4.6%	(321)	(307)	4.6%
Other trust expenses	(265)	(2,934)	-91.0%	(265)	(2,934)	-91.0%
Finance costs	(24,153)	(21,757)	11.0%	(24,153)	(21,757)	11.0%
Profit before tax	79,229	64,143	23.5%	79,229	64,143	23.5%
Income tax expense	-	-	0.0%	-	-	0.0%
Profit for the period	79,229	64,143	23.5%	79,229	64,143	23.5%
Profit for the period comprises the following:						
Realised	78,736	66,732	18.0%	78,736	66,732	18.0%
Unrealised	493 ²	(2,589)	119.0%	493	(2,589)	119.0%
	79,229	64,143	23.5%	79,229	64,143	23.5%
No. of units in circulation (million units)	2,945	2,945	0.0%	2,945	2,945	0.0%
EPU (sen)						
- Realised	2.67	2.24	19.2%	2.67	2.24	19.2%
- Unrealised	0.02	(0.09)	122.2%	0.02	(0.09)	122.2%
	2.69	2.15	25.1%	2.69	2.15	25.1%
Proposed/declared income distribution	78,634	66,853	17.6%	78,634	66,853	17.6%
Proposed/declared DPU (sen)	2.67	2.27	17.6%	2.67	2.27	17.6%

Please refer to next page for explanatory notes.

Statement of Comprehensive Income-Consolidated (Cont'd)

Explanation:

- 1 Higher other income in the current quarter mainly contributed by unrealised fair value gain on interest rate swap of RM0.5 million. In 1Q2017, unrealised fair value loss on interest rate swap of RM2.6 million has been included in other trust expenses. Excluding this fair value loss, other trust expenses was RM0.3 million, similar to the other trust expenses in the current quarter.
- 2 Mainly represent fair value gain on interest rate swap. It was a fair value loss on interest rate swap in 1Q2017.

Statement of Financial Position – Consolidated

	30.09.17 RM'000	30.06.17 RM'000
ASSETS		
Non-current assets		
Investment properties ¹	6,786,281	6,689,200
Plant and equipment	8,831	9,063
	6,795,112	6,698,263
Current assets		
Receivables, deposits and prepayments ²	73,143	32,974
Derivatives ³	451	8,112
Short term investment ⁴	111,763	-
Cash and bank balances	45,680	100,544
	231,037	141,630
	7,026,149	6,839,893
EQUITY AND LIABILITIES		
Unitholders' funds		
Unitholders' capital	2,727,829	2,727,829
Undistributed income	1,495,805	1,483,891
	4,223,634	4,211,720
Non-current liabilities		
Long term liabilities	62,552	65,724
Deferred tax liability	5,896	5,896
Derivatives ⁵	510	529
	68,958	72,149
Current liabilities		
Borrowings	2,522,051	2,343,759
Trade and other payables	210,485	210,788
Derivatives ⁵	1,021	1,477
	2,733,557	2,556,024
	7,026,149	6,839,893

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

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

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

4 Investment in money market instrument comprising 1-month commercial papers with nominal value of RM112.0 million issued by Sunway Berhad, a substantial unitholder of Sunway REIT, as per Bursa Announcements on 12 September 2017 and 29 September 2017.

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

Debt Profile

	Facility Limit RM'million	RM'million
Term Loan	422.0	422.2 ¹
Commercial Papers (CP) / Revolving Loan (RL)	1,100.0 ²	1,100.0 ³
Unrated MTNs	10,000.0	1,000.0
Total Gross Borrowings		2,522.2
Discount on CP		(0.2)
Total Borrowings at carrying amount		2,522.0

	RM'million
Classification of Borrowings:	
Current (due within 1 year)	2,522.2
Non-current (due after 1 year)	-
Total Gross Borrowings	2,522.2

Average Cost of Debt	3.94%
Average Maturity Period (Years)	0.2
Debt Service Cover Ratio (DSCR)	3.6
Gearing Ratio	35.9%

¹ Includes unrealised forex loss of RM0.2 million. The 3-year USD100m term loan is fully hedged with 2-year cross currency swap contracts and interest rate swap contracts up to its expiry on 5 February 2018.

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

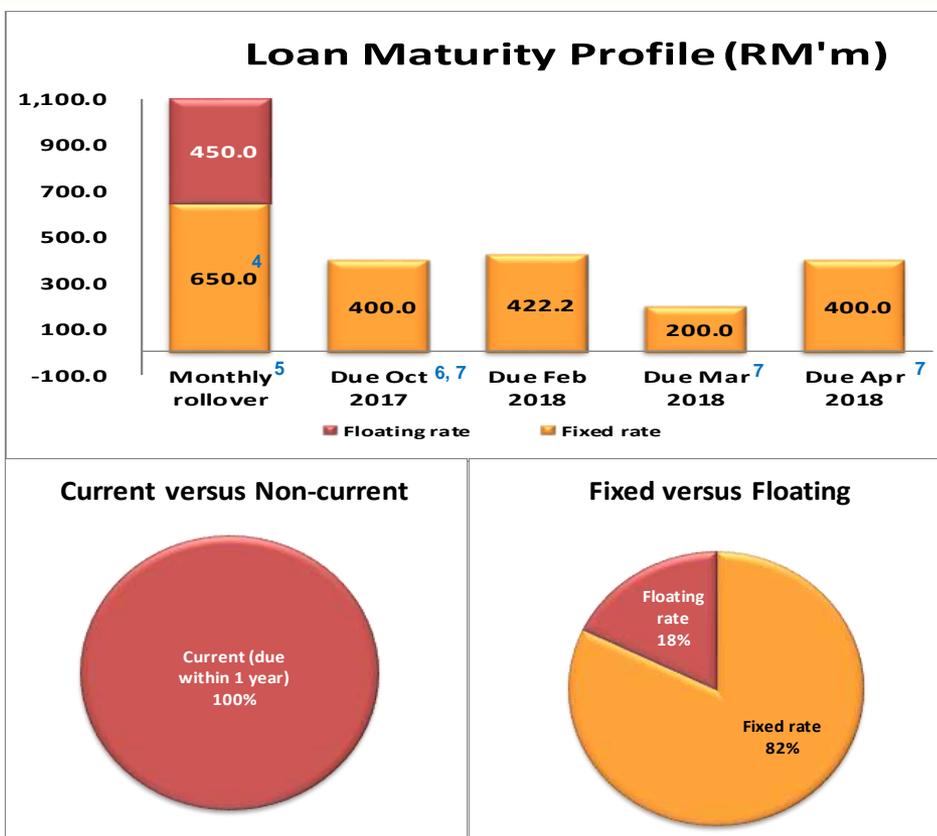
³ During the quarter, the balance of CP/RL has been fully drawdown to fund investing activities as explained in Note B1(c) of Quarterly Reports in Bursa Announcement.

⁴ In FY2016, Sunway REIT has converted RM650.0 million of floating rate CP/RL into fixed rate via interest rate swap contracts to manage its exposure to floating rate borrowings.

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

⁶ On 9 October 2017, the Unrated MTNs with nominal value of RM400.0 million has been refinanced for 1 year maturing on 9 October 2018.

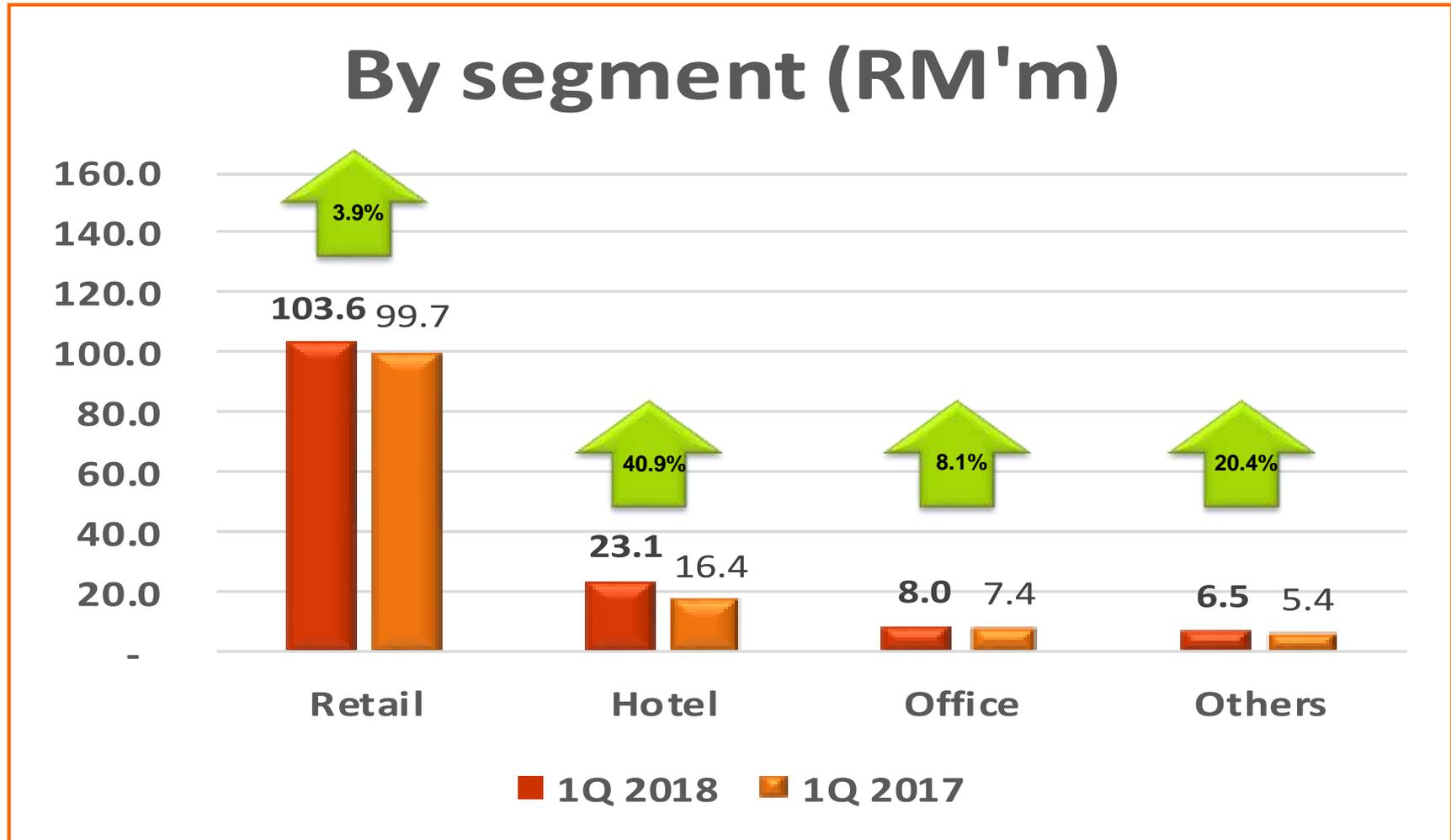
⁷ A commitment has been received from a financial institution for refinancing for 5 years.



3. 1Q 2018 Portfolio Performance

1Q 2018 Revenue Contribution

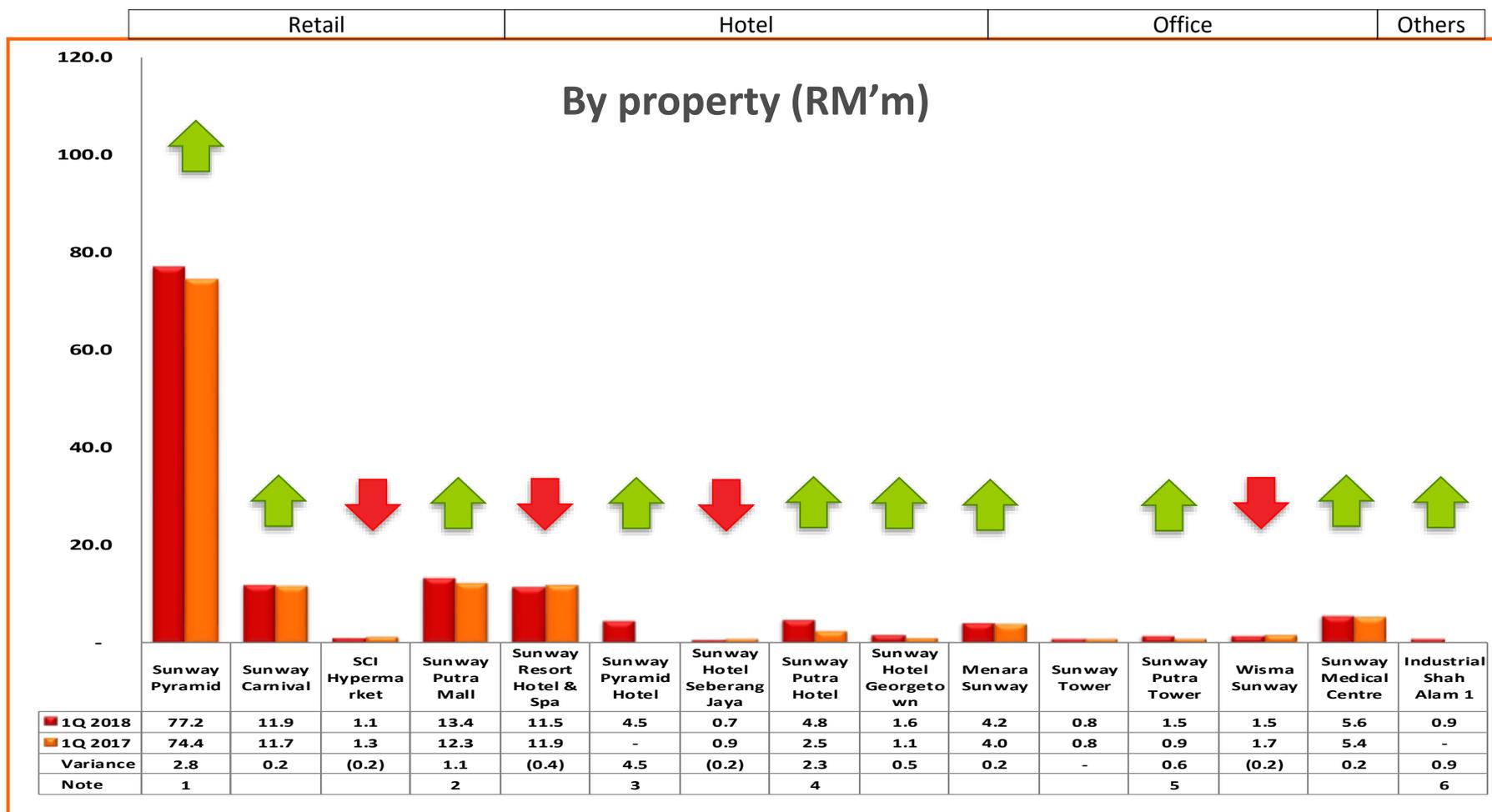
1Q 2018 (RM'million)	141.2
1Q 2017 (RM'million)	128.9



Note: Calculation of % of increase/decrease above varies marginally compared to 1Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

1Q 2018 Revenue Contribution (Cont'd)

■ 1Q 2018 (RM'million)	141.2
■ 1Q 2017 (RM'million)	128.9



Please refer to next page for explanatory notes.

1Q 2018 Revenue Contribution (Cont'd)

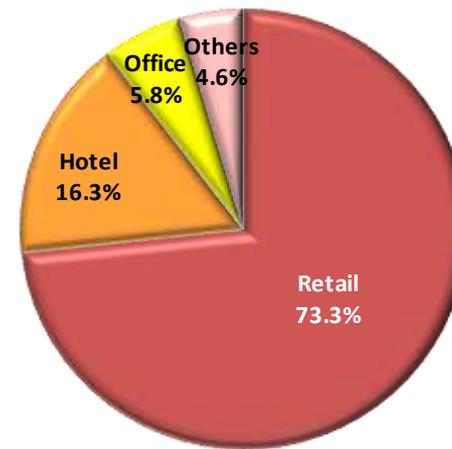
Explanation:

- 1 **Sunway Pyramid** – Higher revenue mainly due to higher average gross rent per sq. ft..
- 2 **Sunway Putra Mall** – Higher revenue on the back of higher average occupancy rate.
- 3 **Sunway Pyramid Hotel** – Registered gross revenue of RM4.5 million following the completion of its refurbishment in June 2017.
- 4 **Sunway Putra Hotel** – Registered higher gross revenue in the current quarter by RM2.3 million on the back of both higher average occupancy and average daily rate, with one-off contribution from the 2017 SEA Games and 2017 ASEAN Para Games held in August 2017 and September 2017 respectively.
- 5 **Sunway Putra Tower** – Higher revenue due to higher average occupancy.
- 6 **Sunway REIT Industrial – Shah Alam 1** – New contribution as acquisition was completed on 1 August 2017.

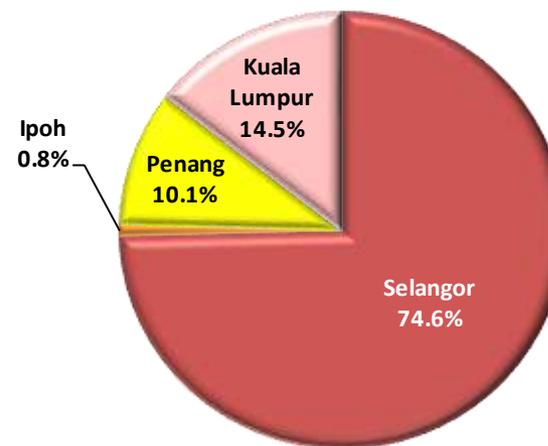
1Q 2018 Revenue Contribution (Cont'd)

By Property	1Q 2018 %
Sunway Pyramid	54.6%
Sunway Carnival	8.4%
SCI Hypermarket	0.8%
Sunway Putra Mall	9.5%
Total Retail	73.3%
Sunway Resort Hotel & Spa	8.1%
Sunway Pyramid Hotel	3.2%
Sunway Hotel Seberang Jaya	0.5%
Sunway Putra Hotel	3.4%
Sunway Hotel Georgetown	1.1%
Total Hotel	16.3%
Menara Sunway	3.0%
Sunway Tower	0.6%
Sunway Putra Tower	1.1%
Wisma Sunway	1.1%
Total Office	5.8%
Sunway Medical Centre	4.0%
Industrial Shah Alam 1	0.6%
Total Others	4.6%
	100.0%

By segment

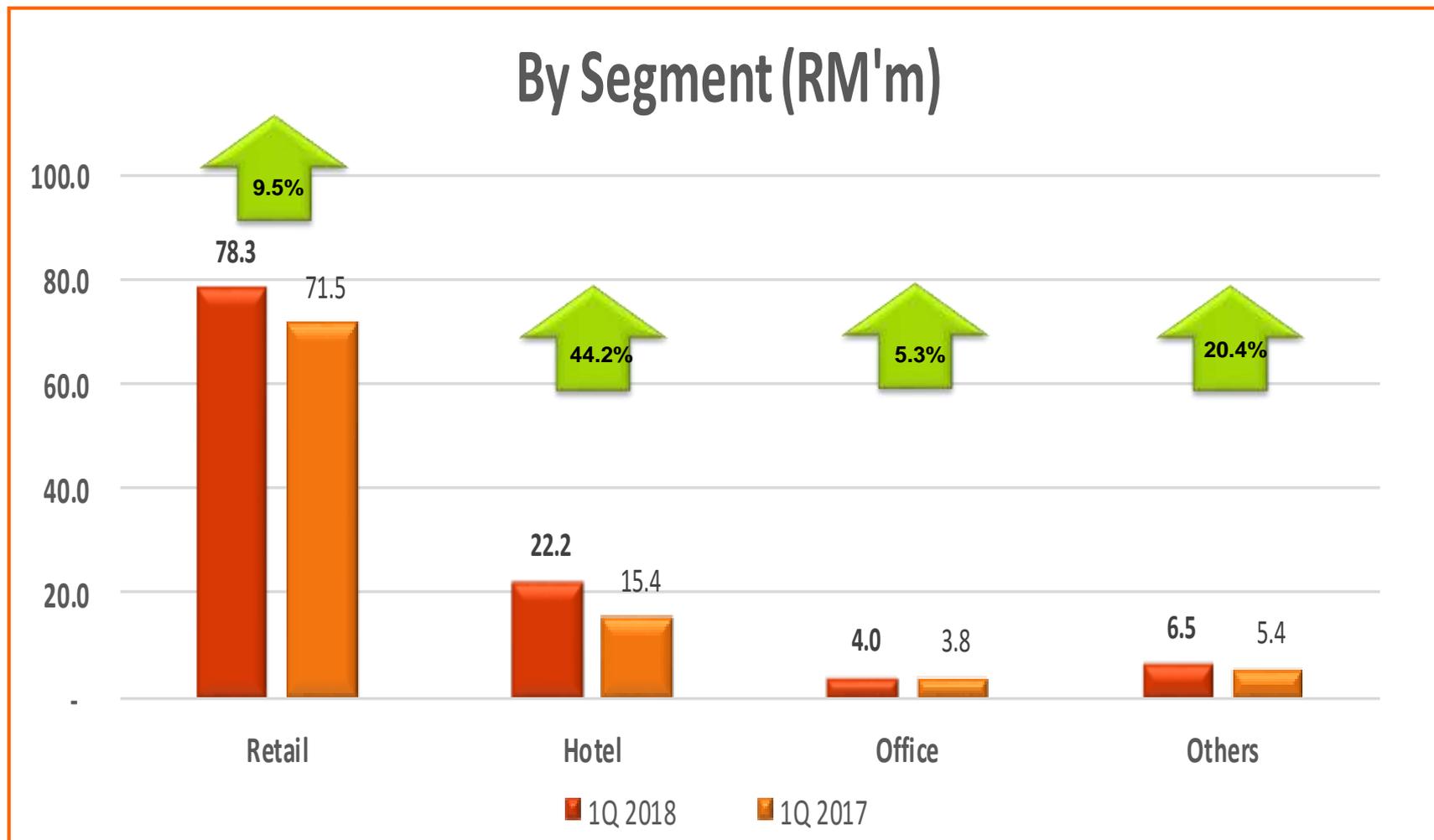


By location



1Q 2018 NPI Contribution

	NPI	Margin
1Q 2018 (RM'million)	111.0	78.6%
1Q 2017 (RM'million)	96.1	74.6%



Note: Calculation of % of increase/decrease above varies marginally compared to 1Q2018 Quarterly Announcement Pack in Bursa Malaysia's website due to rounding difference.

1Q 2018 NPI Contribution (Cont'd)

	<u>NPI</u>	<u>Margin</u>
1Q 2018 (RM'million)	111.0	78.6%
1Q 2017 (RM'million)	96.1	74.6%



Please refer to next page for explanatory notes.

1Q 2018 NPI Contribution (Cont'd)

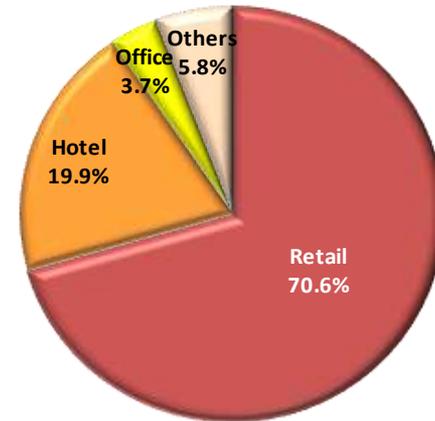
Explanation:

- 1 **Sunway Pyramid** – Higher NPI of RM5.5 million due to higher revenue of RM2.8 million and lower maintenance expenses.
- 2 **Sunway Carnival** – Higher NPI of RM0.8 million mainly due to higher revenue of RM0.2 million and lower allowance for doubtful debts during the quarter.
- 3 **Sunway Putra Mall** – Higher NPI of RM0.6 million mainly due to higher revenue by RM1.1 million, partially offset by higher assessment and higher maintenance expenses. Sunway Putra Mall enjoyed a rebate on assessment in 1Q2017 granted by DBKL.
- 4 **Sunway Pyramid Hotel, Sunway Putra Hotel and Sunway REIT Industrial – Shah Alam 1** – Higher NPI due to higher revenue as explained on page 17.

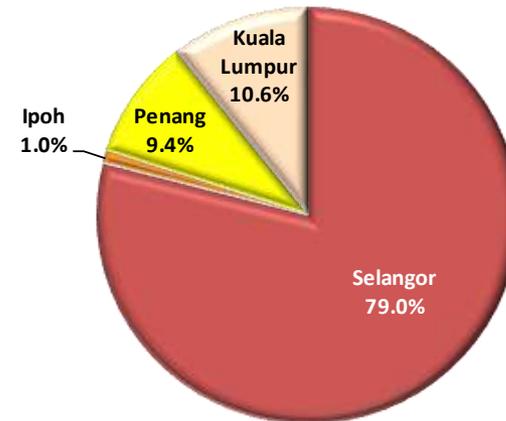
1Q 2018 NPI Contribution (Cont'd)

By Property	1Q 2018 %
Sunway Pyramid	56.0%
Sunway Carnival	7.4%
SCI Hypermarket	1.0%
Sunway Putra Mall	6.2%
Total Retail	70.6%
Sunway Resort Hotel & Spa	10.0%
Sunway Pyramid Hotel	4.0%
Sunway Hotel Seberang Jaya	0.6%
Sunway Putra Hotel	4.0%
Sunway Hotel Georgetown	1.3%
Total Hotel	19.9%
Menara Sunway	2.5%
Sunway Tower	0.0%
Sunway Putra Tower	0.5%
Wisma Sunway	0.7%
Total Office	3.7%
Sunway Medical Centre	5.0%
Industrial Shah Alam 1	0.8%
Total Others	5.8%
	100.0%

By segment



By location



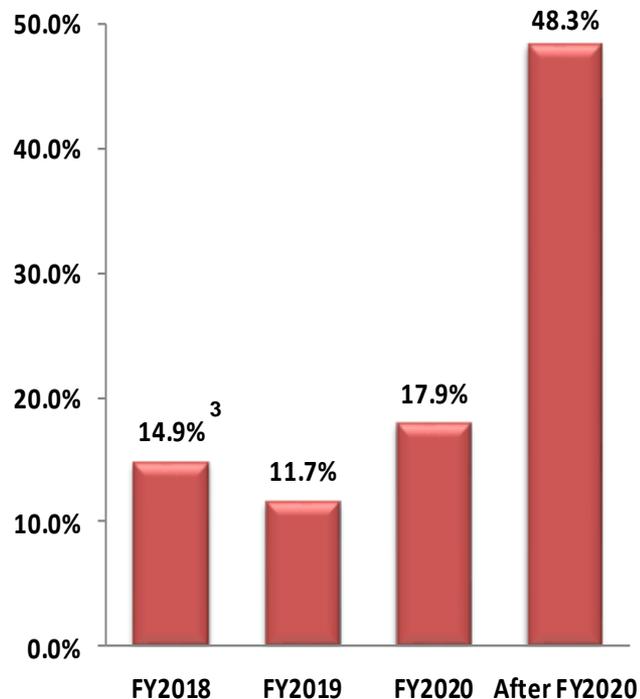
Resilient Income Stream

Well spread-out lease expiry profile and diverse tenant base

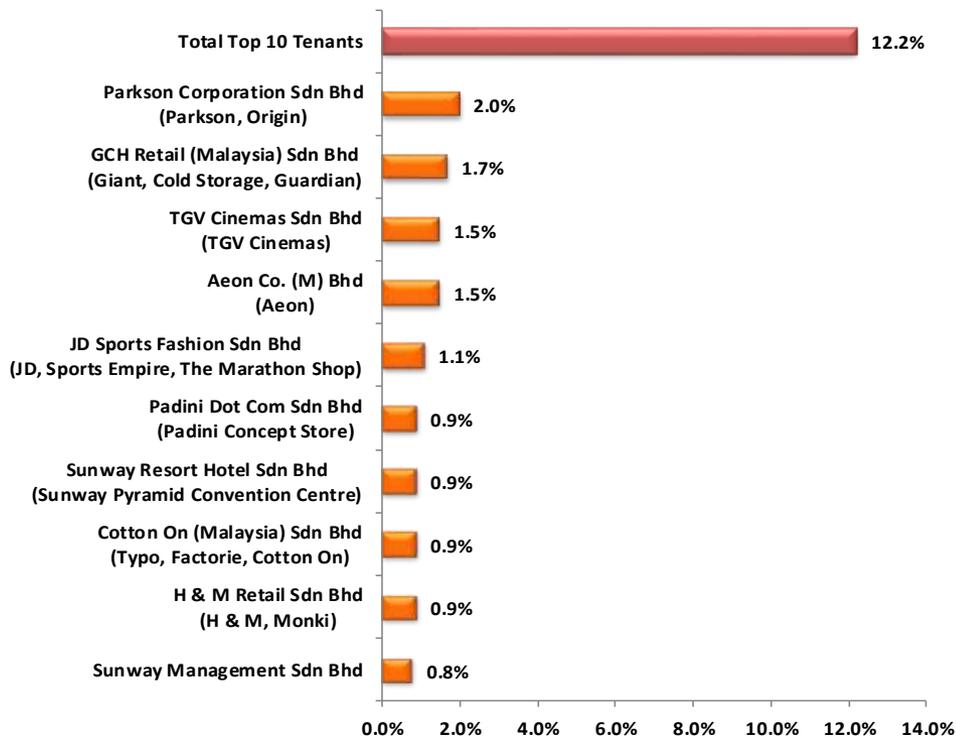
WALE ¹ as at 30 September 2017 – 1.85 years

Top 10 tenants contribute approximately 12.2% of total revenue

Projected tenancy expiry of portfolio ²



Top 10 tenants ⁴



¹ Calculated based on gross rental income.

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

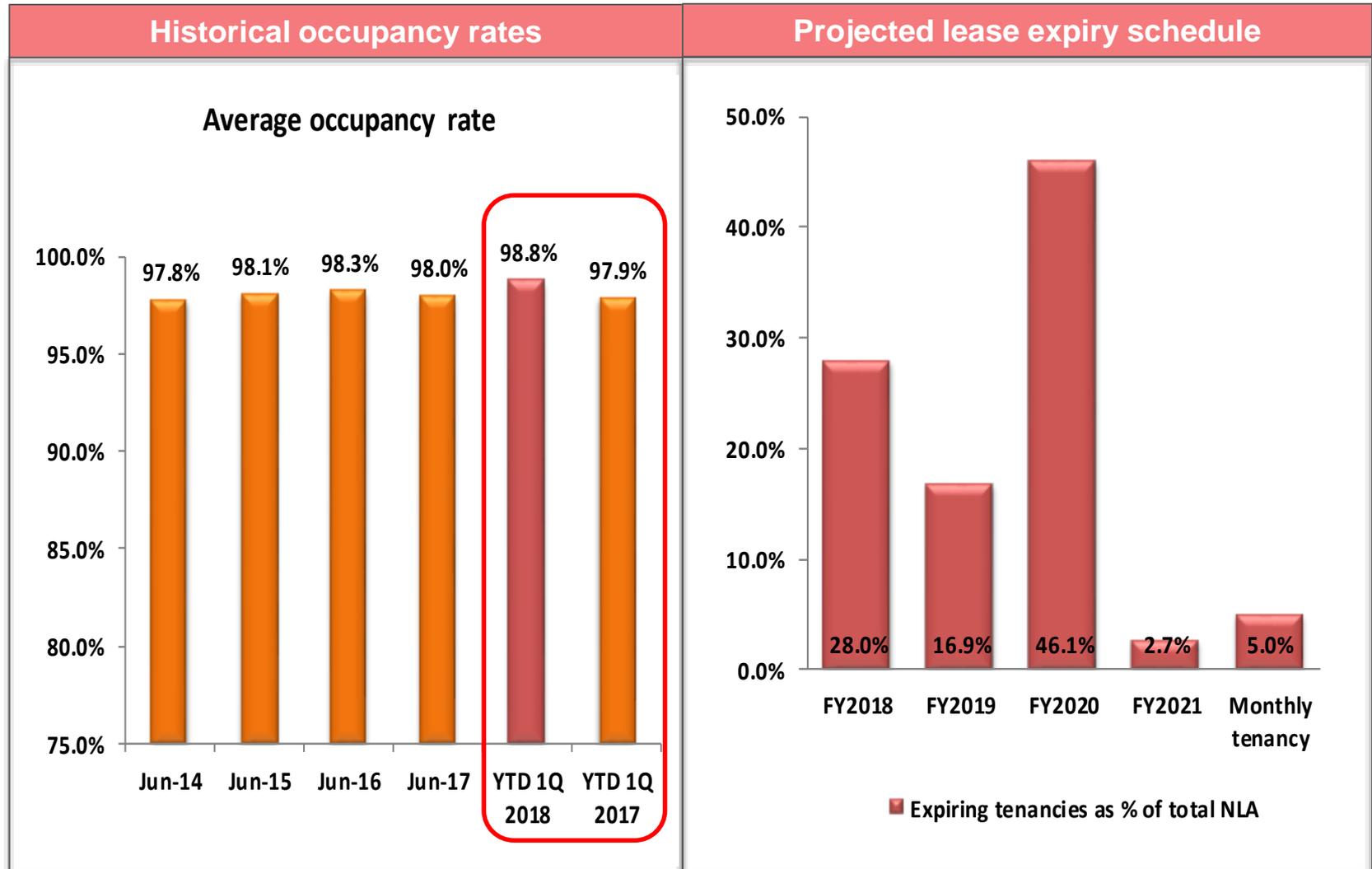
³ Include monthly tenancies occupying 1.2% of total space.

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

4. 1Q 2018 Property Performance

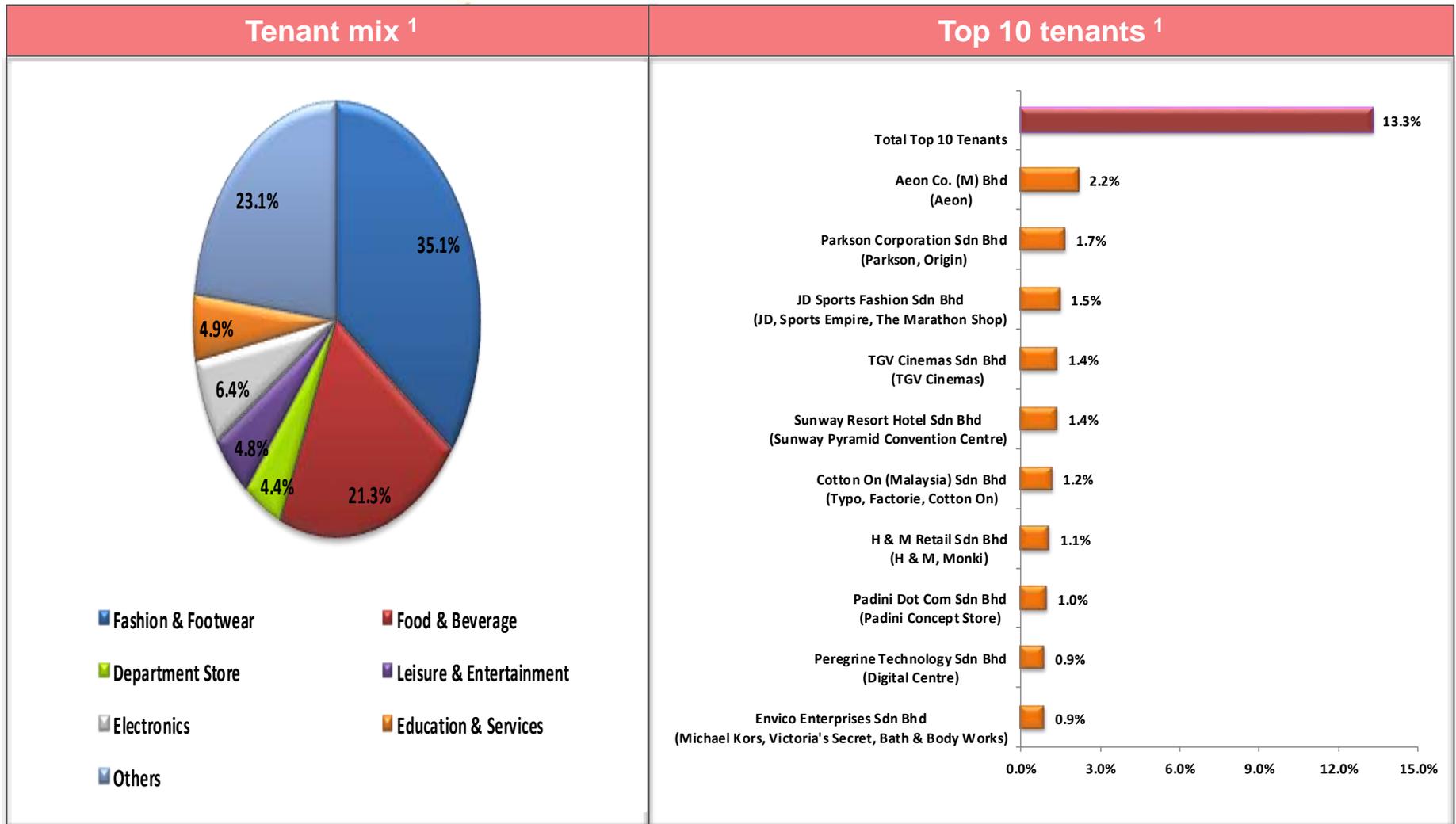
RETAIL PROPERTIES

SUNWAY PYRAMID SHOPPING MALL



RETAIL PROPERTIES

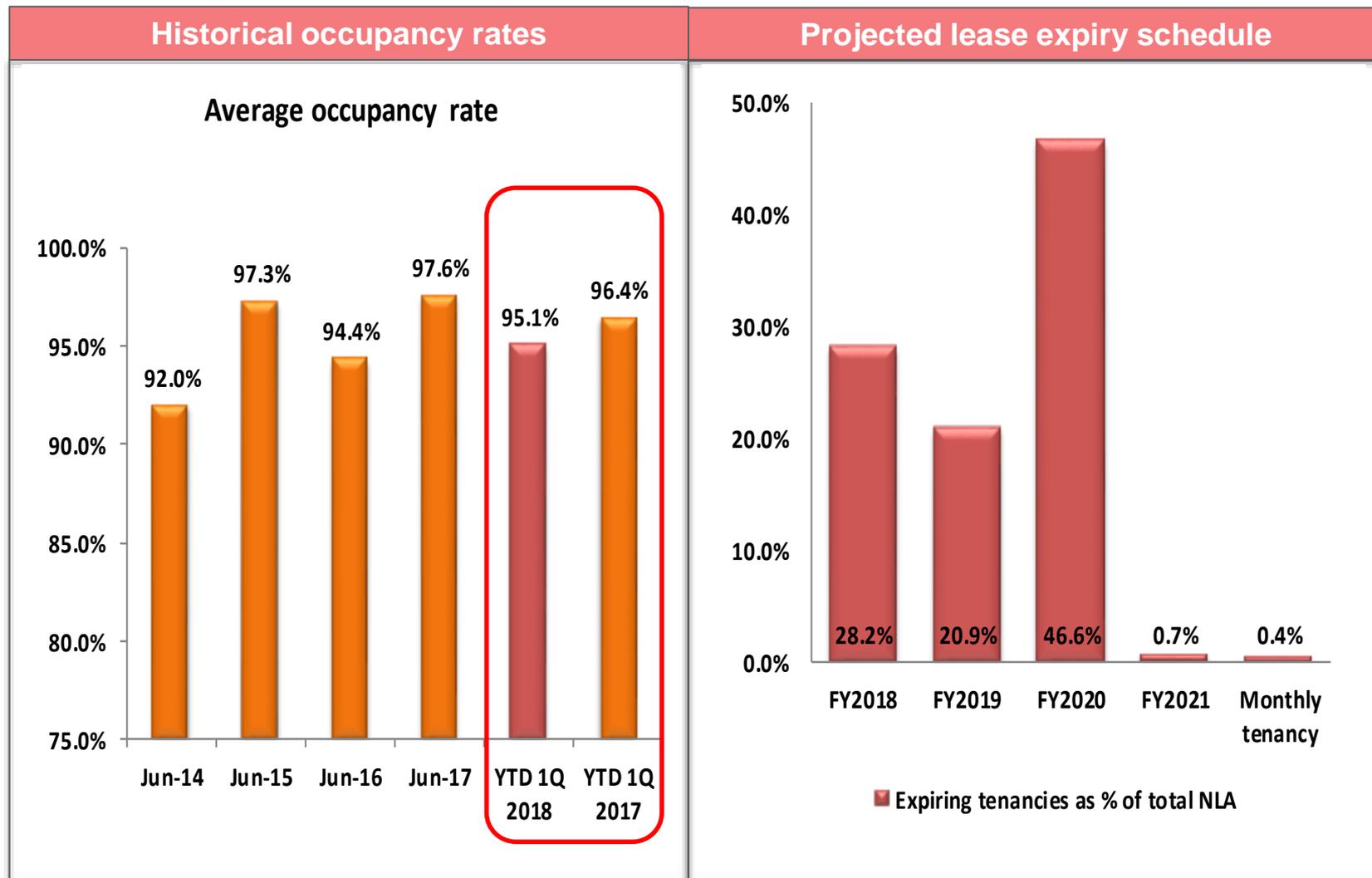
SUNWAY PYRAMID SHOPPING MALL (Cont'd)



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

RETAIL PROPERTIES

SUNWAY CARNIVAL SHOPPING MALL

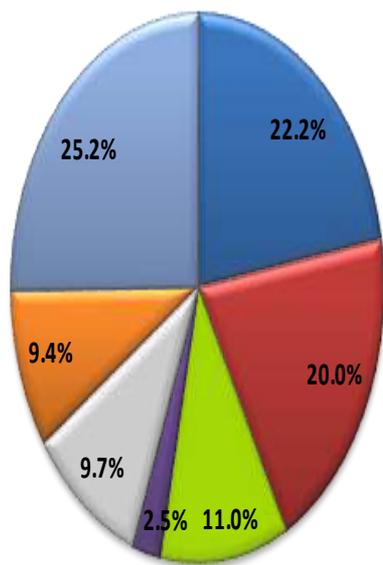


Note: Average occupancy rate for YTD1Q2018 was lower compared to YTD1Q2017 as the tenancy for convention centre with Sunway Hotel (Seberang Jaya) Sdn Bhd has expired on 30 June 2017 and the new tenant, PECC Sdn Bhd, commenced its operations in August 2017.

RETAIL PROPERTIES

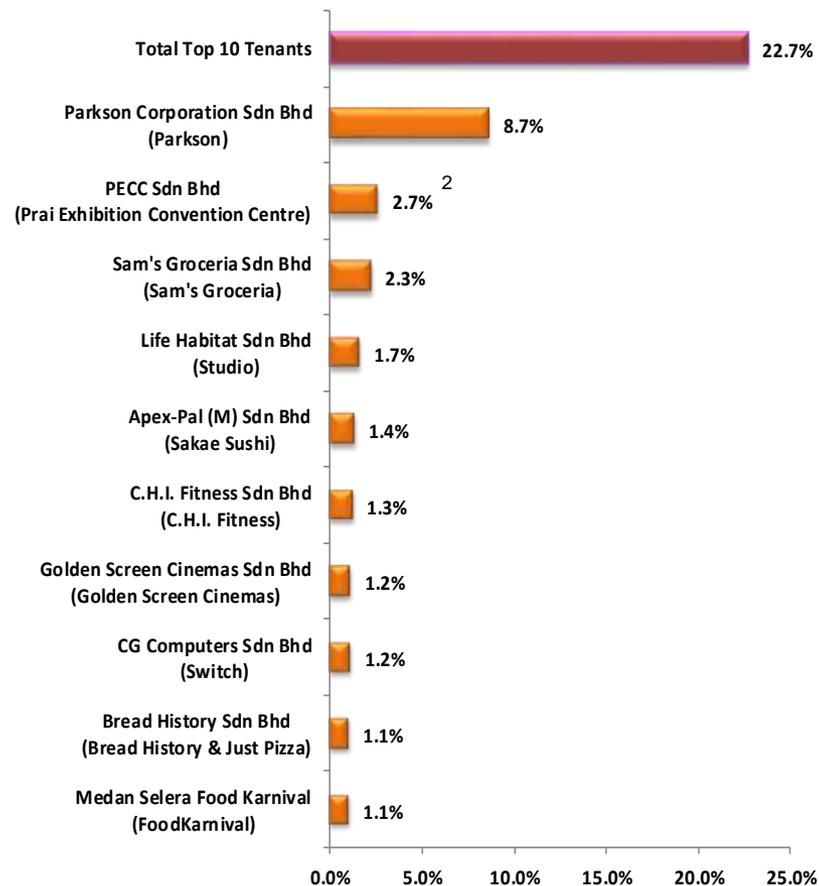
SUNWAY CARNIVAL SHOPPING MALL (Cont'd)

Tenant mix ¹



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

Top 10 tenants ¹

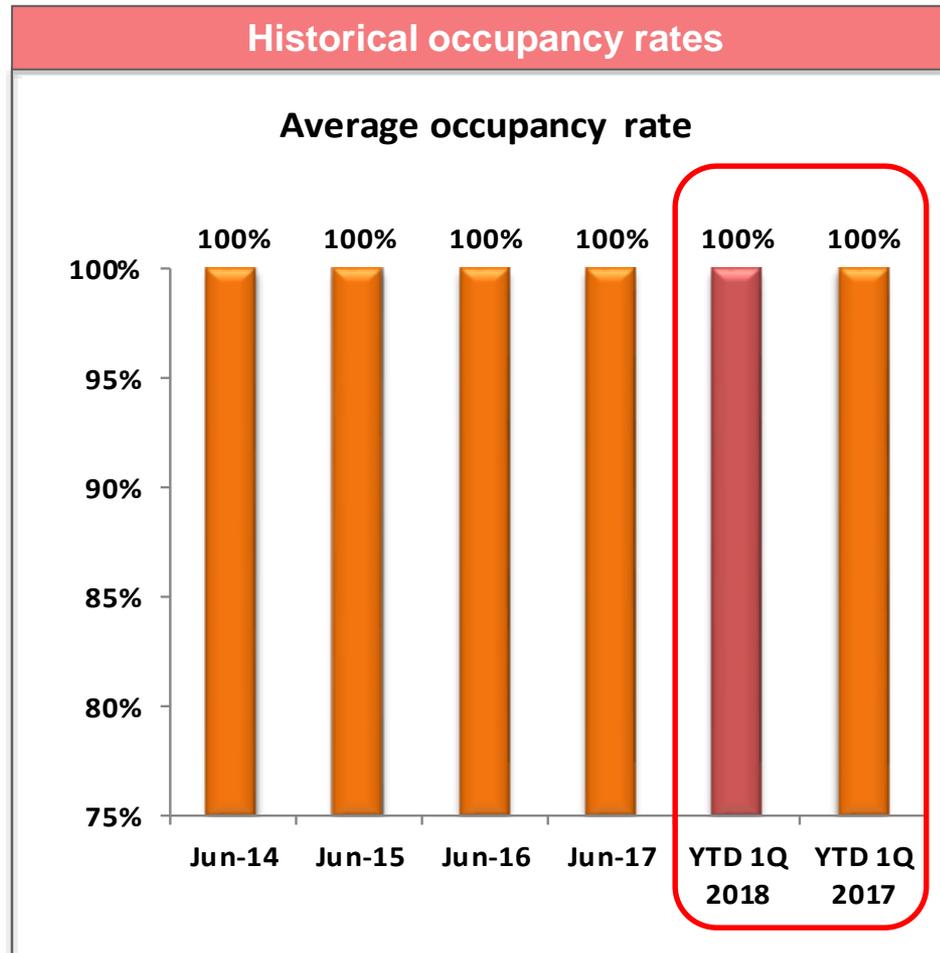


¹ Based on gross rental income for the month of September 2017.

² Commenced operations in August 2017.

RETAIL PROPERTIES

SUNCITY IPOH HYPERMARKET

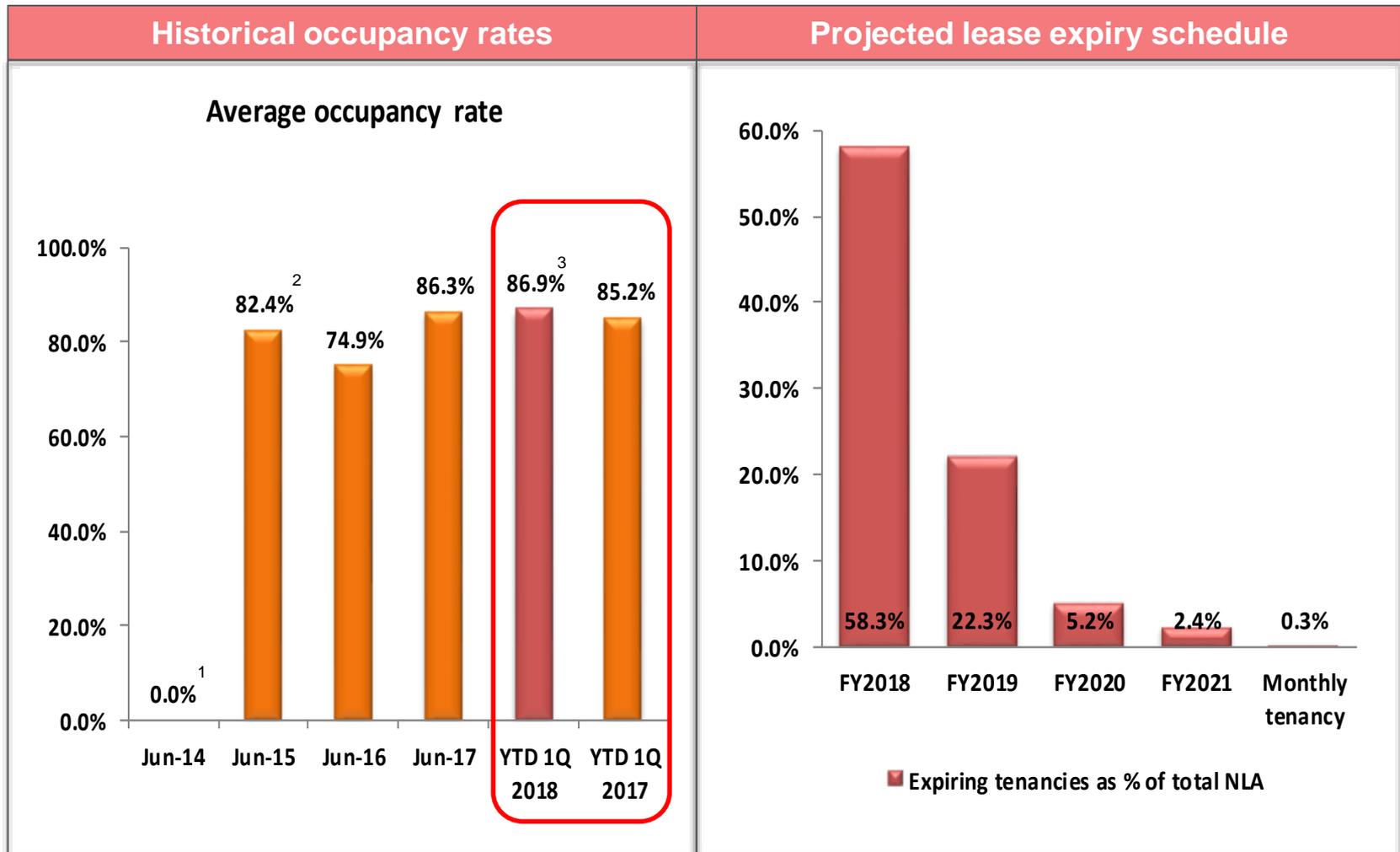


Suncity Ipoh Hypermarket is tenanted to a single tenant, a major hypermarket and retailer chain operating under the “Giant” brand.

The tenancy had been renewed for 3 years until April 2020.

RETAIL PROPERTIES

SUNWAY PUTRA MALL



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

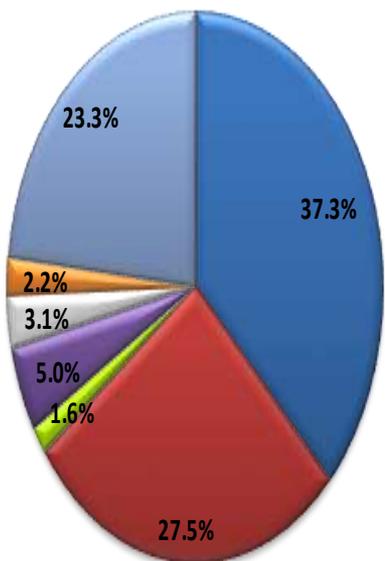
² Based on secured occupancy.

³ Secured occupancy as at 30 September 2017 stood at 93.6%.

RETAIL PROPERTIES

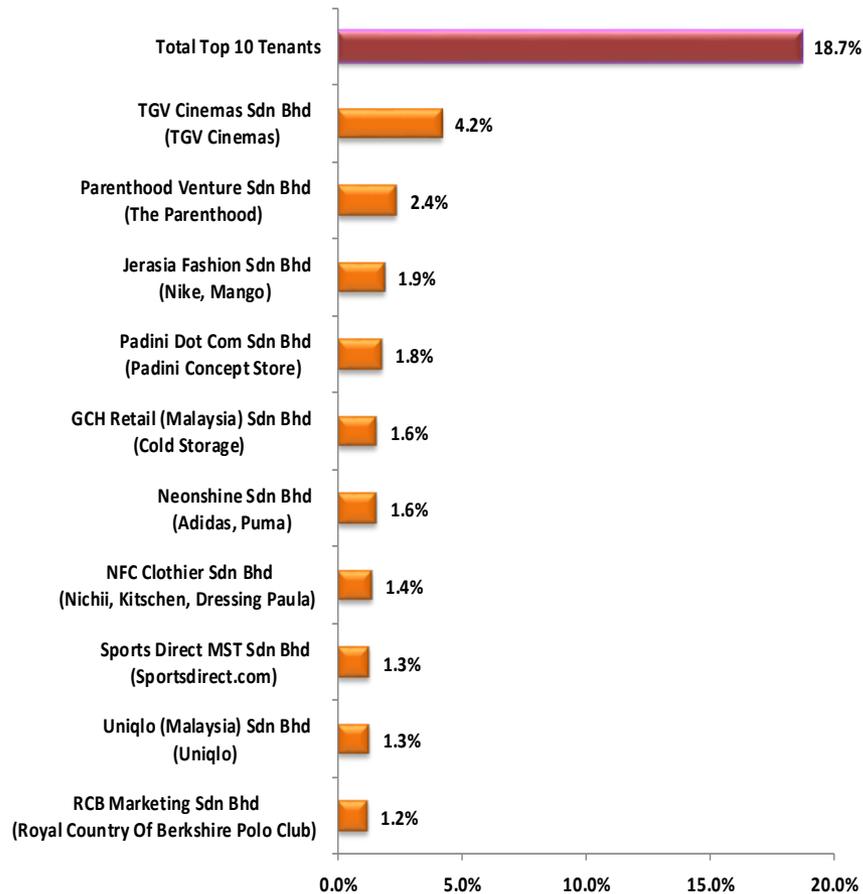
SUNWAY PUTRA MALL (Cont'd)

Tenant mix ¹



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

Top 10 tenants ¹



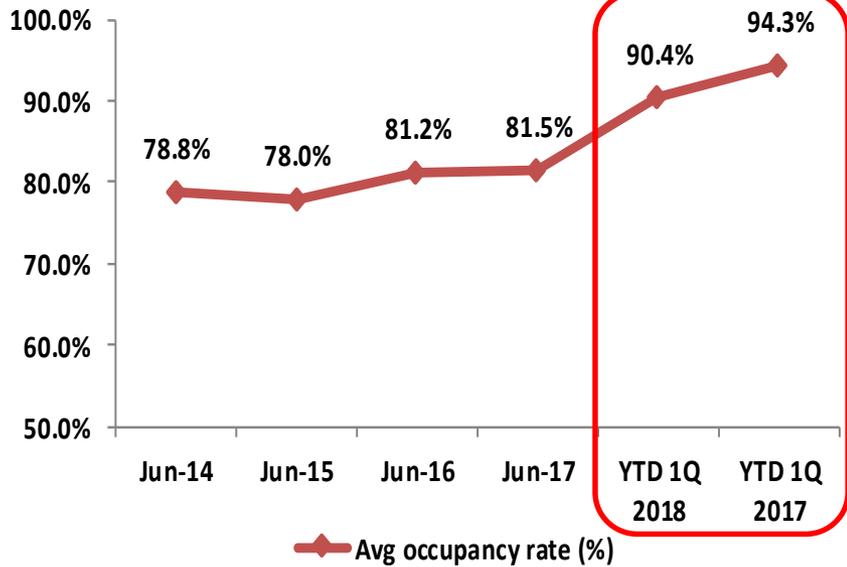
¹ Based on gross rental income for the month of September 2017.

HOSPITALITY PROPERTIES

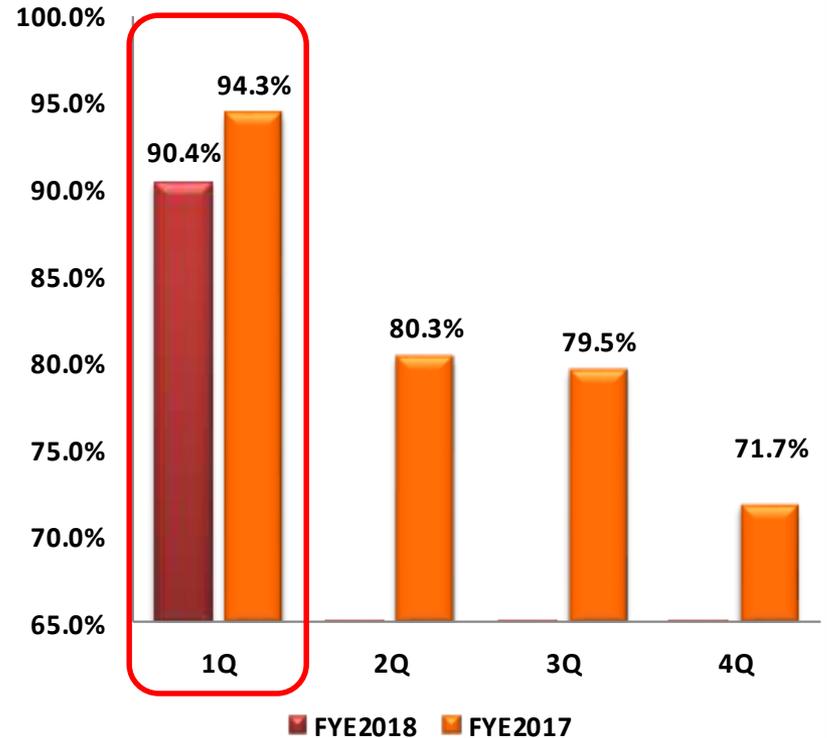
SUNWAY RESORT HOTEL & SPA

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

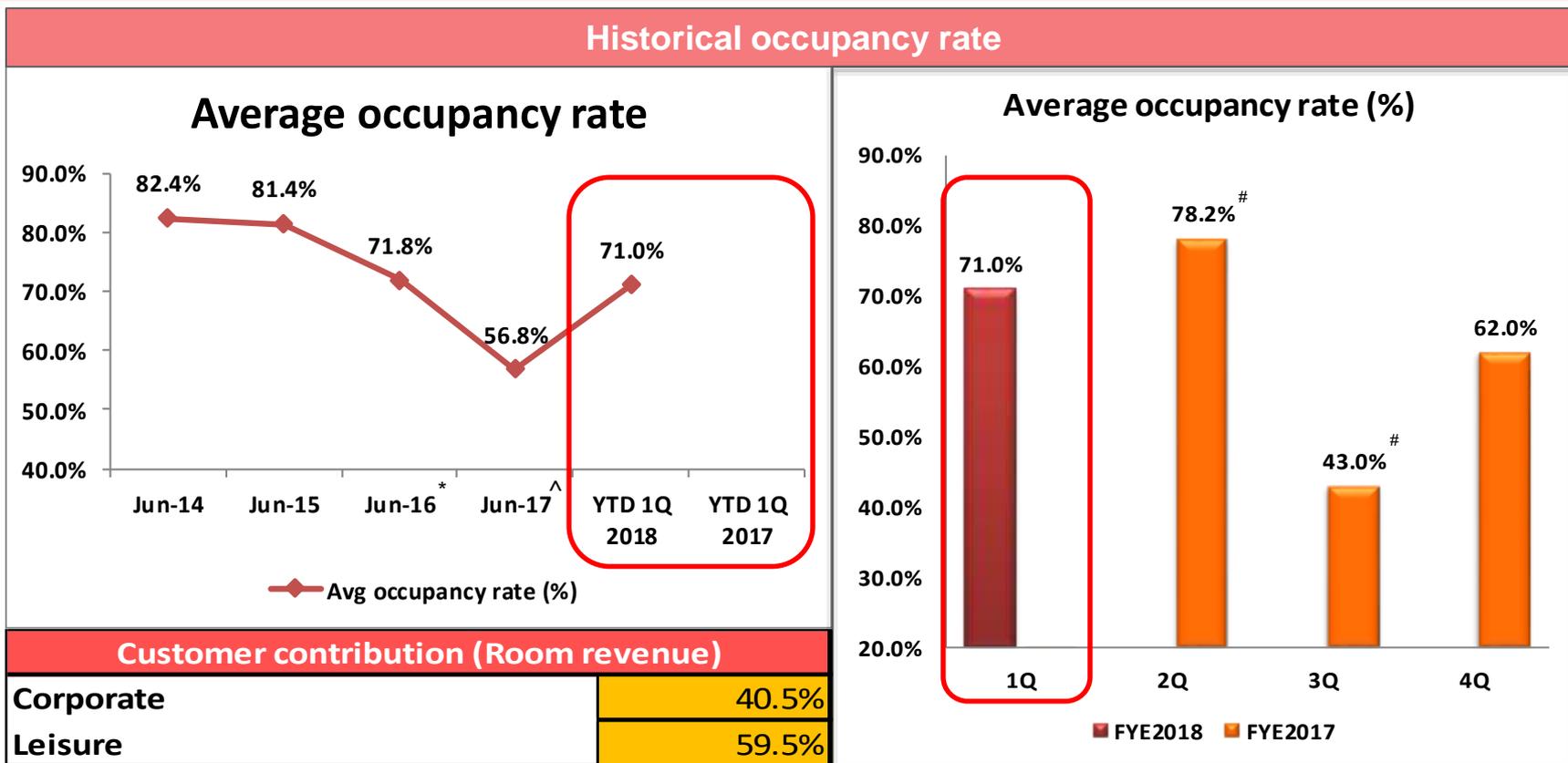
Corporate	25.4%
Leisure	74.6%

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 recorded a lower average occupancy rate for 1Q2018 compared to 1Q2017 mainly attributable to a softer pace of the Middle Eastern season as compared to the same quarter in the preceding year.

HOSPITALITY PROPERTIES

SUNWAY PYRAMID HOTEL



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

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

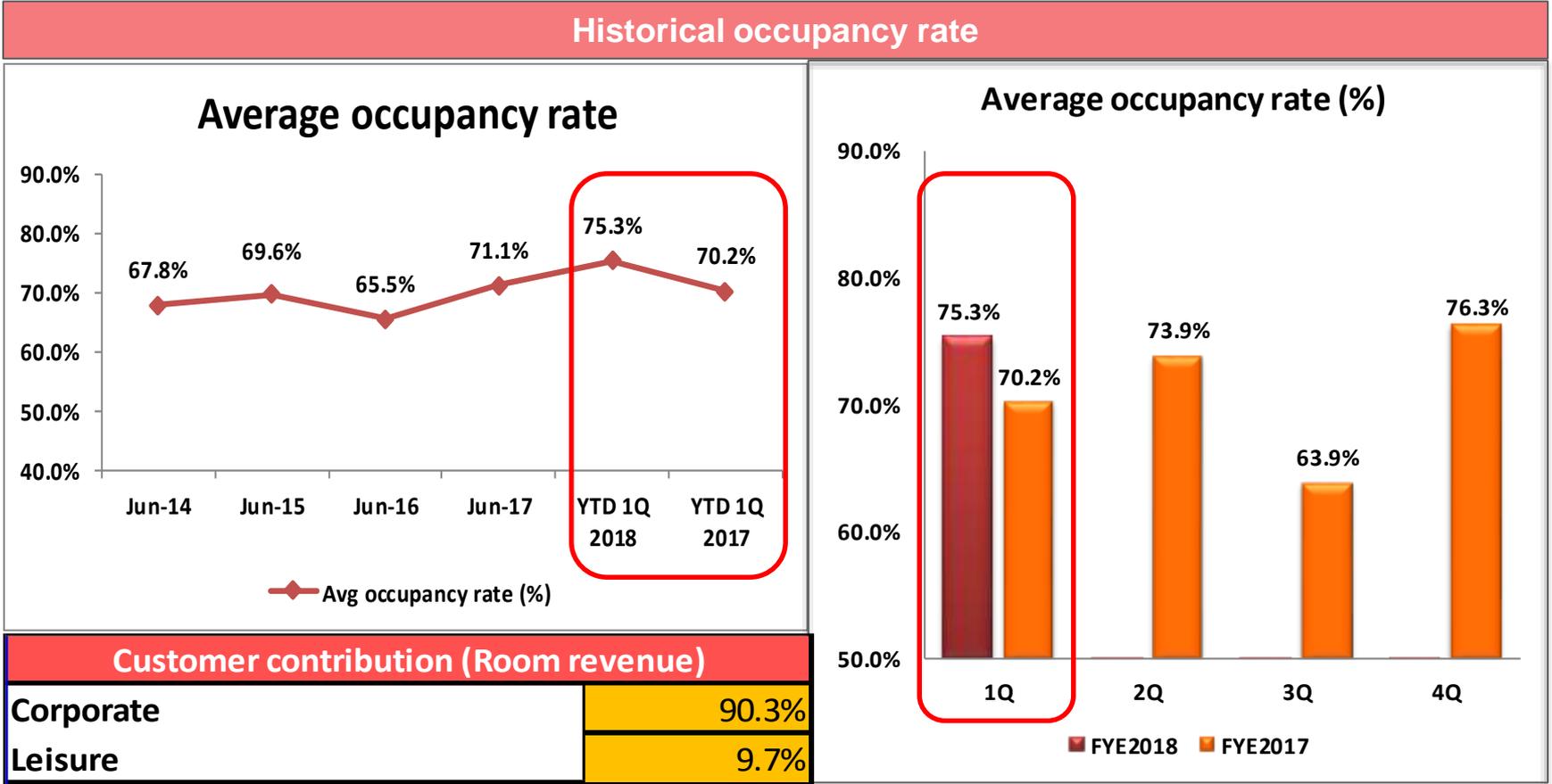
Average occupancy based on available rooms (as at 2Q2017 : 316 rooms and as at 3Q2017 : 395 rooms).

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

Note 2: There is no comparative figure for 1Q2017 / YTD 1Q2017 as the hotel was fully closed for refurbishment.

HOSPITALITY PROPERTIES

SUNWAY HOTEL SEBERANG JAYA



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

Note 2: Average occupancy rate for 1Q2018 was higher compared to 1Q2017 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.

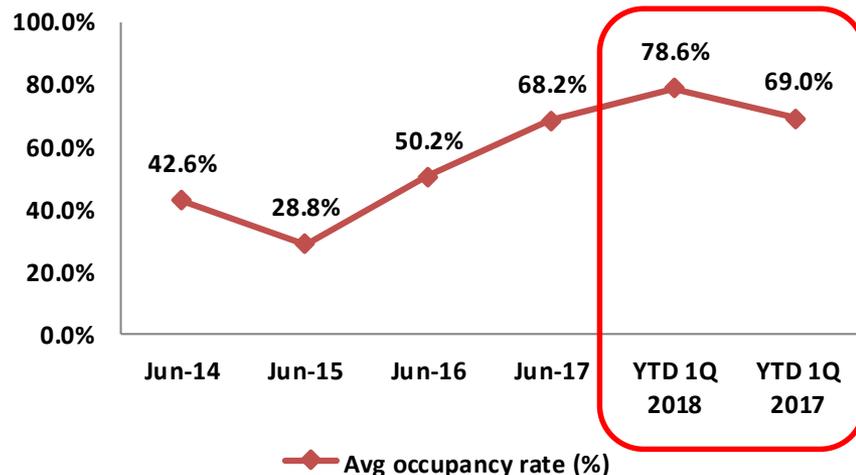


HOSPITALITY PROPERTIES

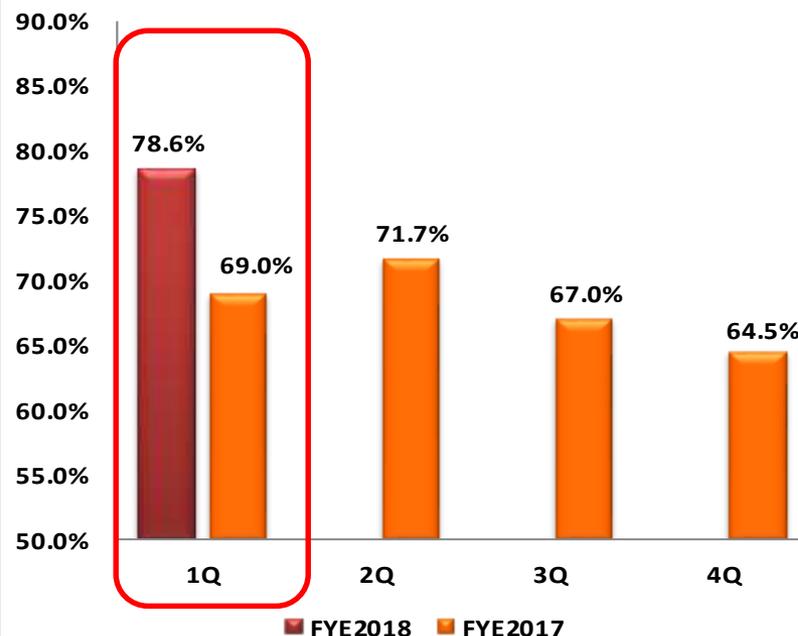
SUNWAY PUTRA HOTEL

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	20.0%
Leisure	80.0%

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

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

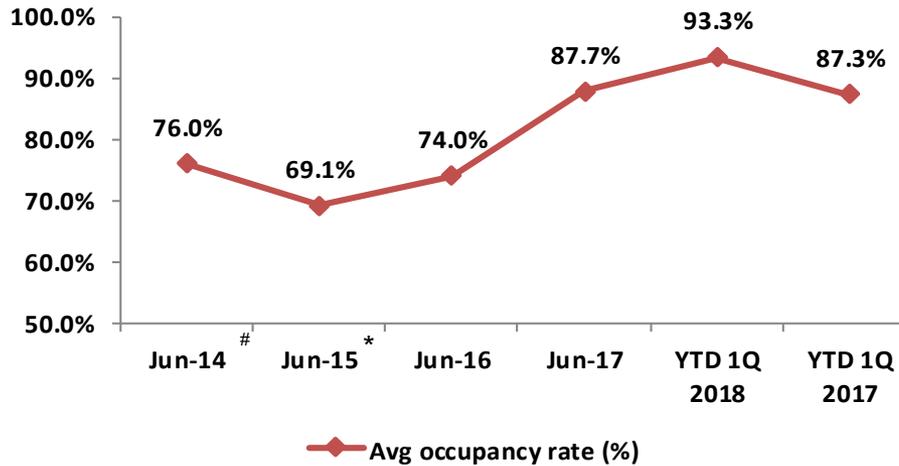
Note 3: Sunway Putra Hotel's average occupancy rate was higher for 1Q2018 compared to 1Q2017 mainly attributable to one-off contribution from the SEA Games and ASEAN PARA Games events held in August and September 2017 respectively. Post completion of refurbishment in 2Q2016, the hotel has embarked on active marketing activities and promotional rates to regain market share across all customer segments.

HOSPITALITY PROPERTIES

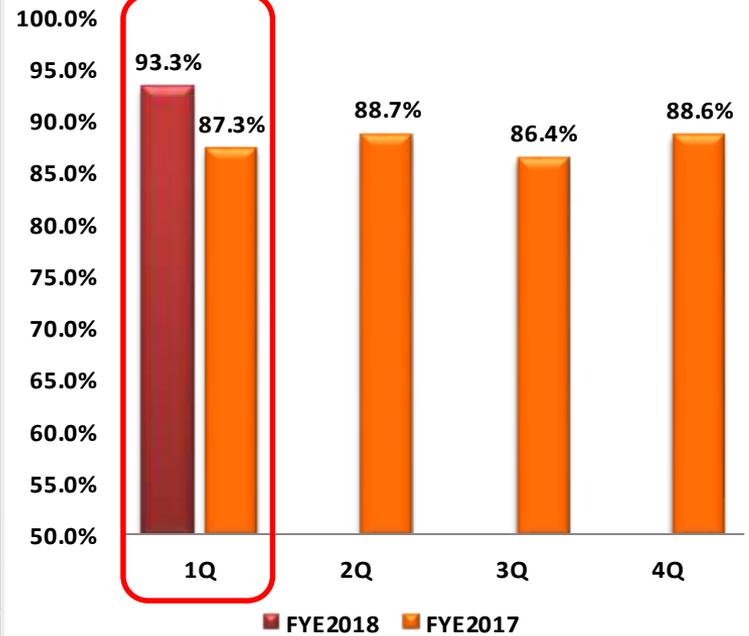
SUNWAY HOTEL GEORGETOWN

Historical occupancy rate

Average occupancy rate



Average occupancy rate (%)



Customer contribution (Room revenue)

Corporate	3.9%
Leisure	96.1%

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

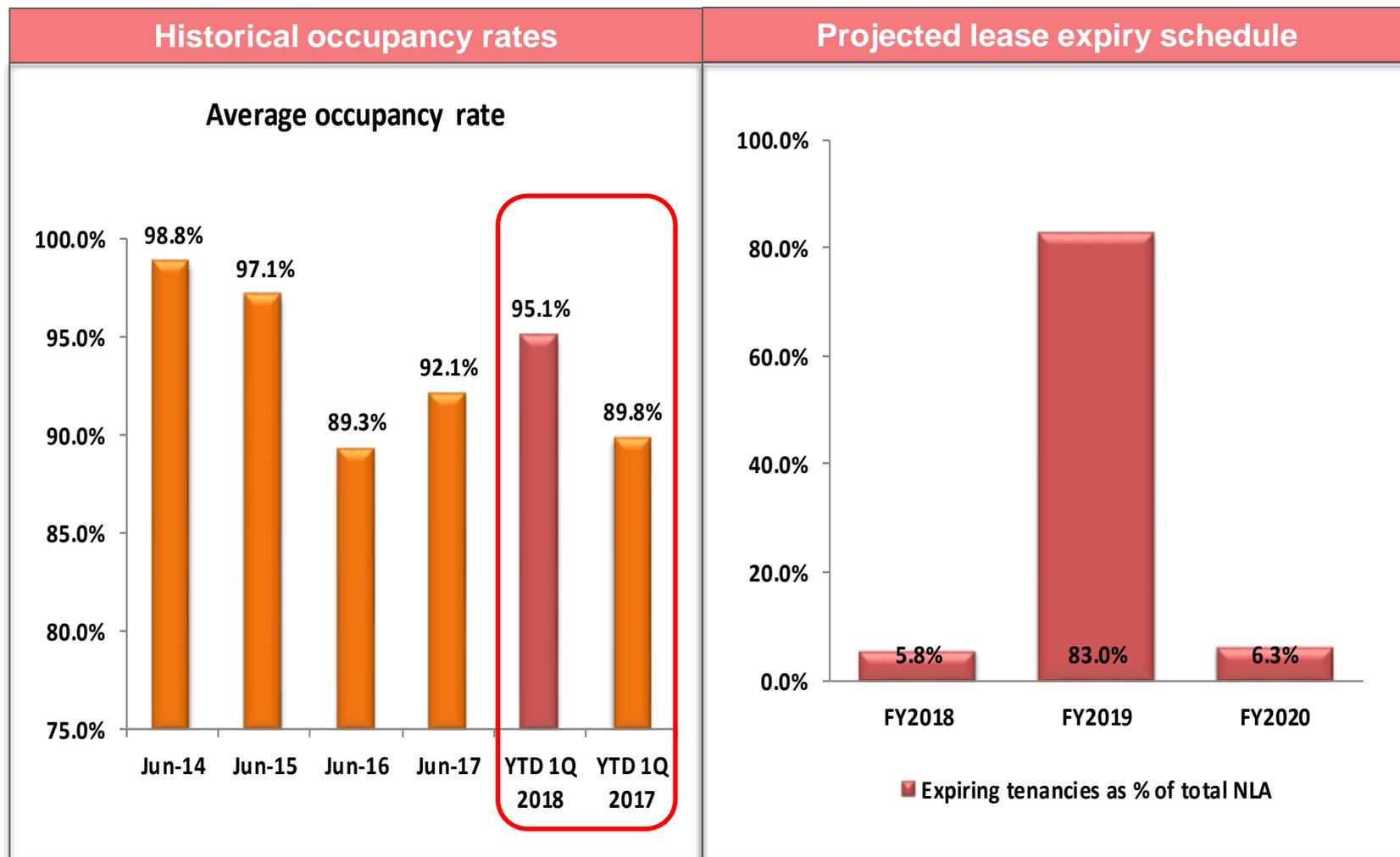
The historical information for Jun-14 was provided by the vendor, Sunway Berhad.

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

Note 2: Average occupancy rate for 1Q2018 was higher compared to 1Q2017 mainly due to stronger demand from the leisure segment in the current quarter.

OFFICE PROPERTIES

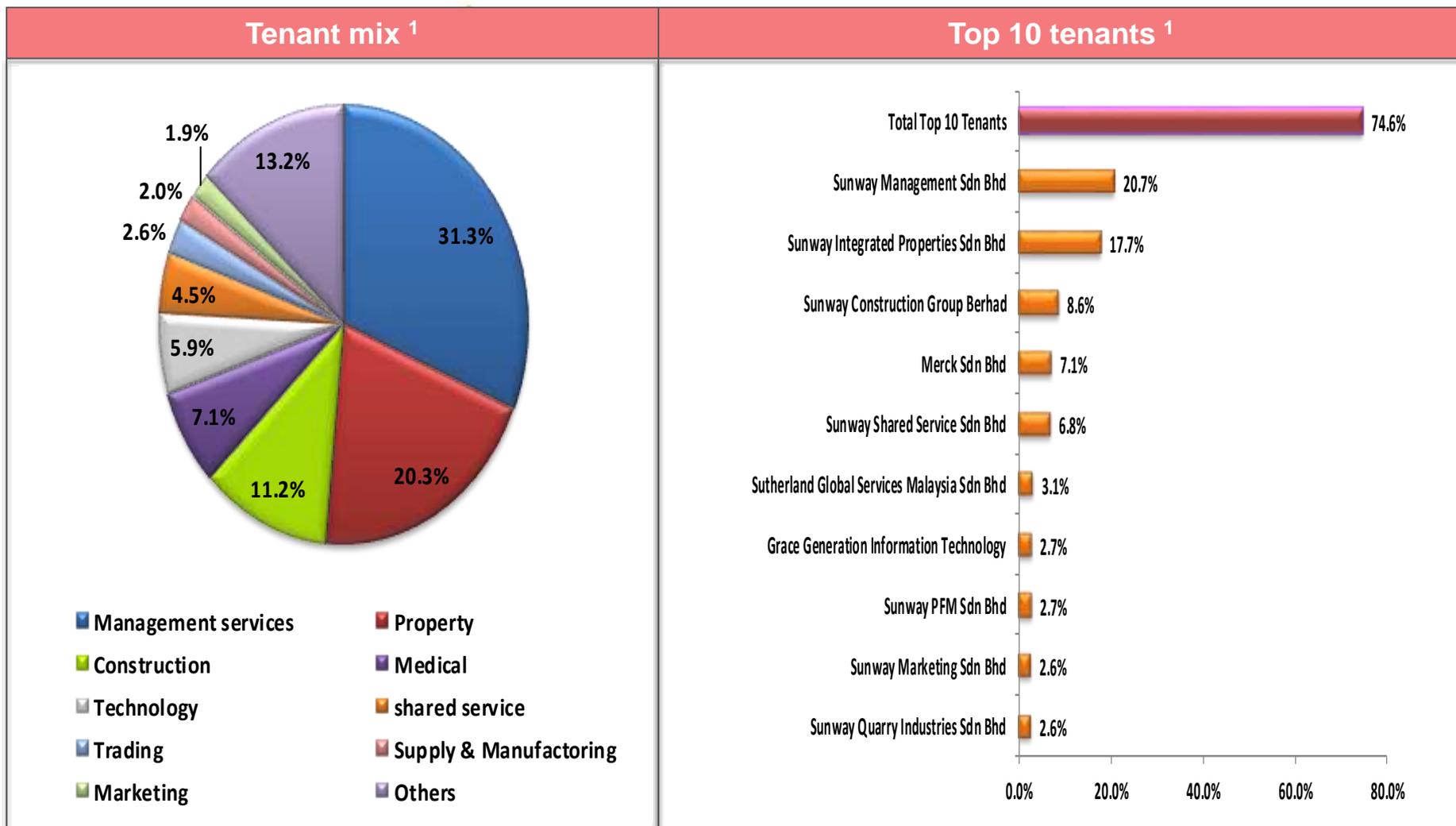
MENARA SUNWAY



Note: Average occupancy rate for YTD1Q2018 was higher compared to YTD1Q2017 with commencement of new tenancies.

OFFICE PROPERTIES

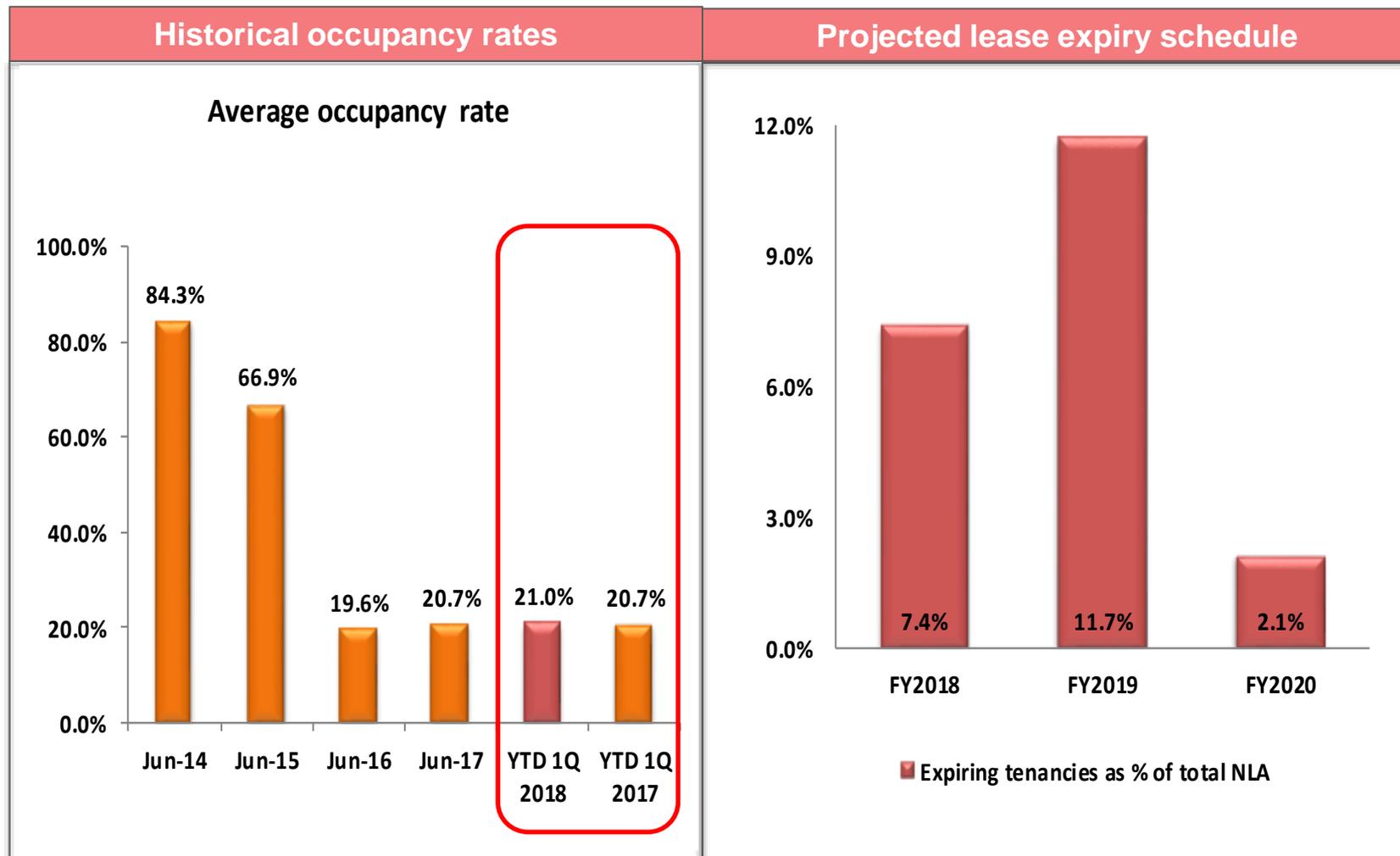
MENARA SUNWAY (Cont'd)



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

OFFICE PROPERTIES

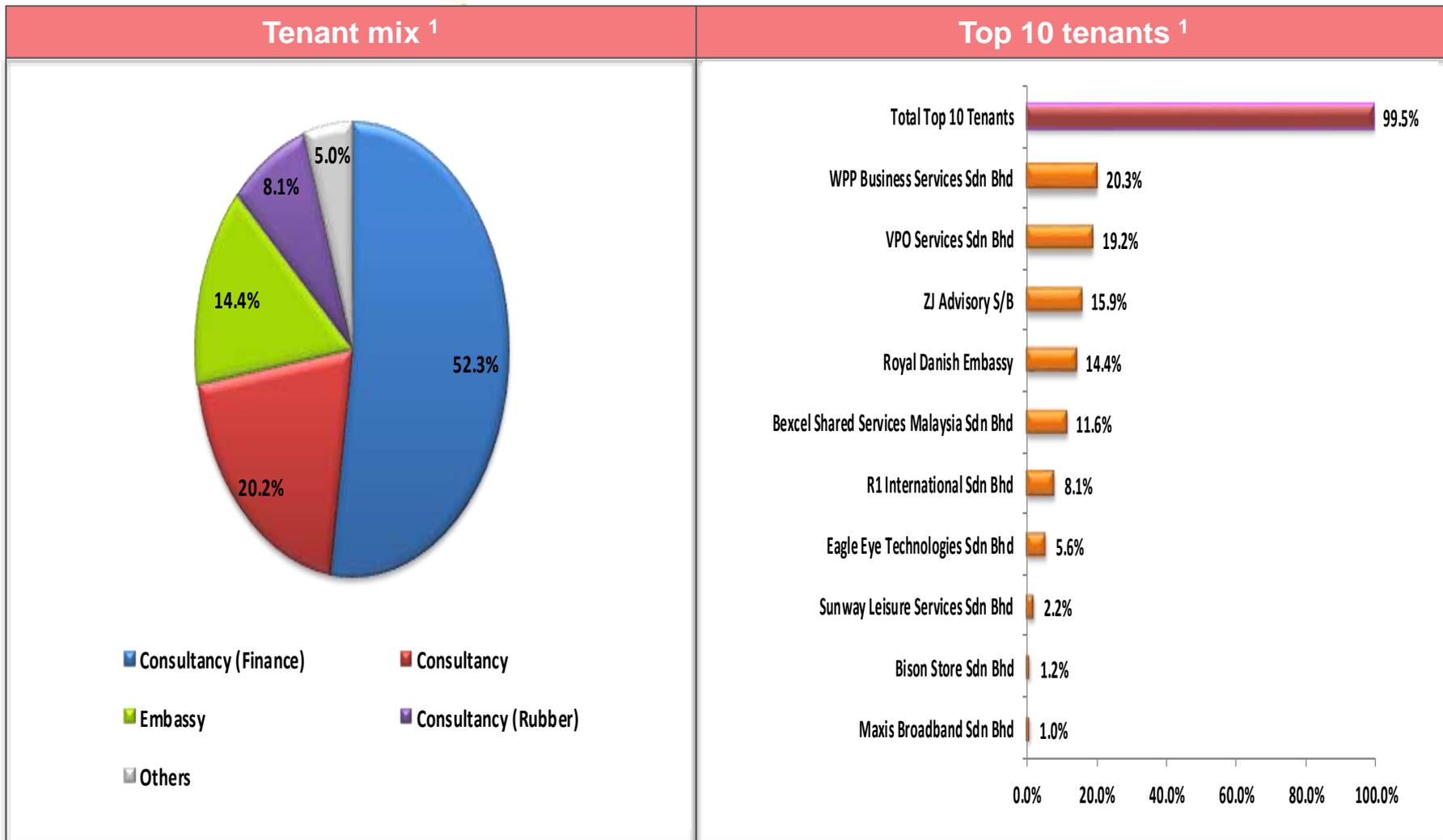
SUNWAY TOWER



Note: Average occupancy rate for YTD1Q2018 was marginally higher compared to YTD1Q2017 with commencement of a new tenancy. Occupancy rate as of 30 September 2017 stood at 21.2%.

OFFICE PROPERTIES

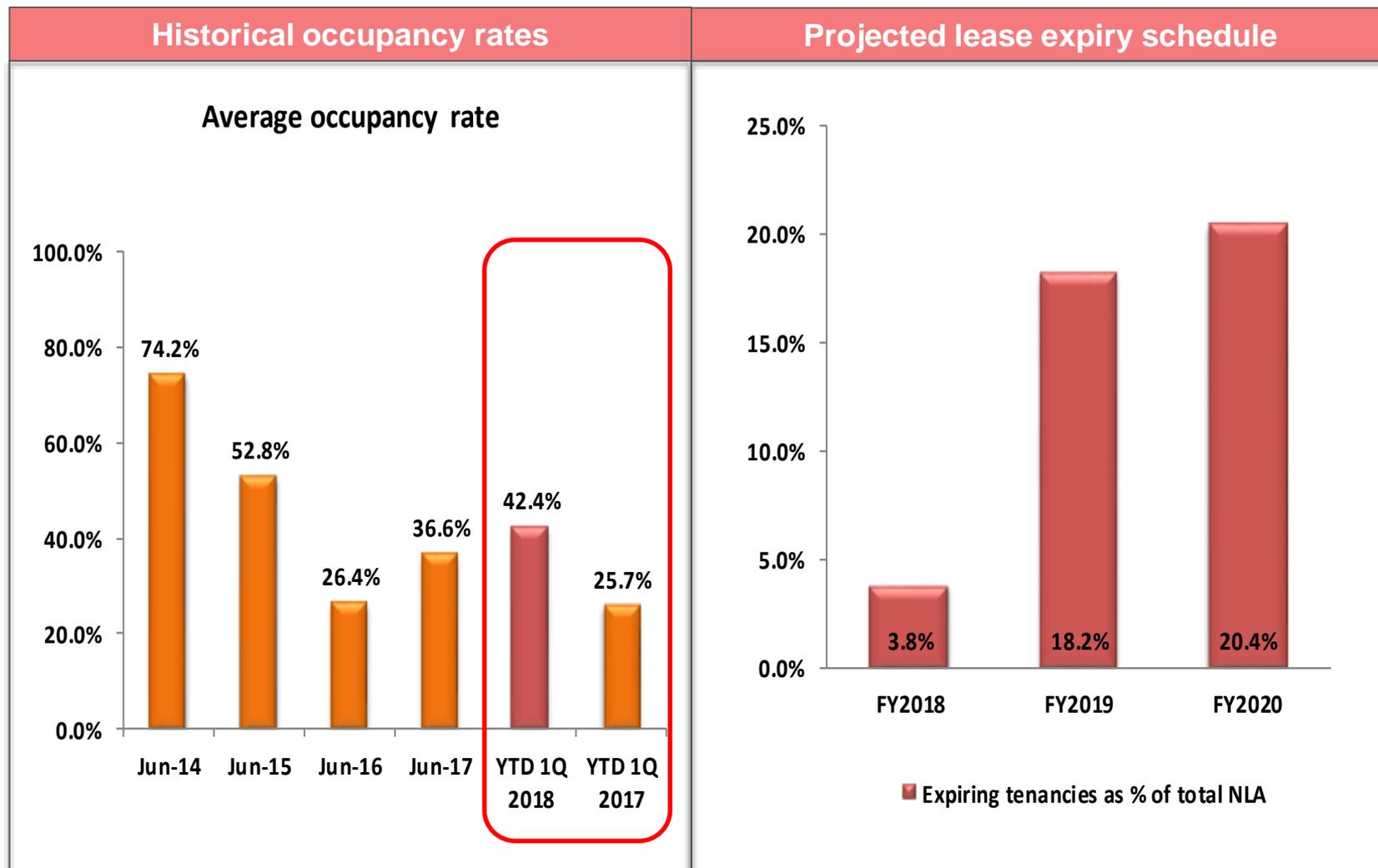
SUNWAY TOWER (Cont'd)



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

OFFICE PROPERTIES

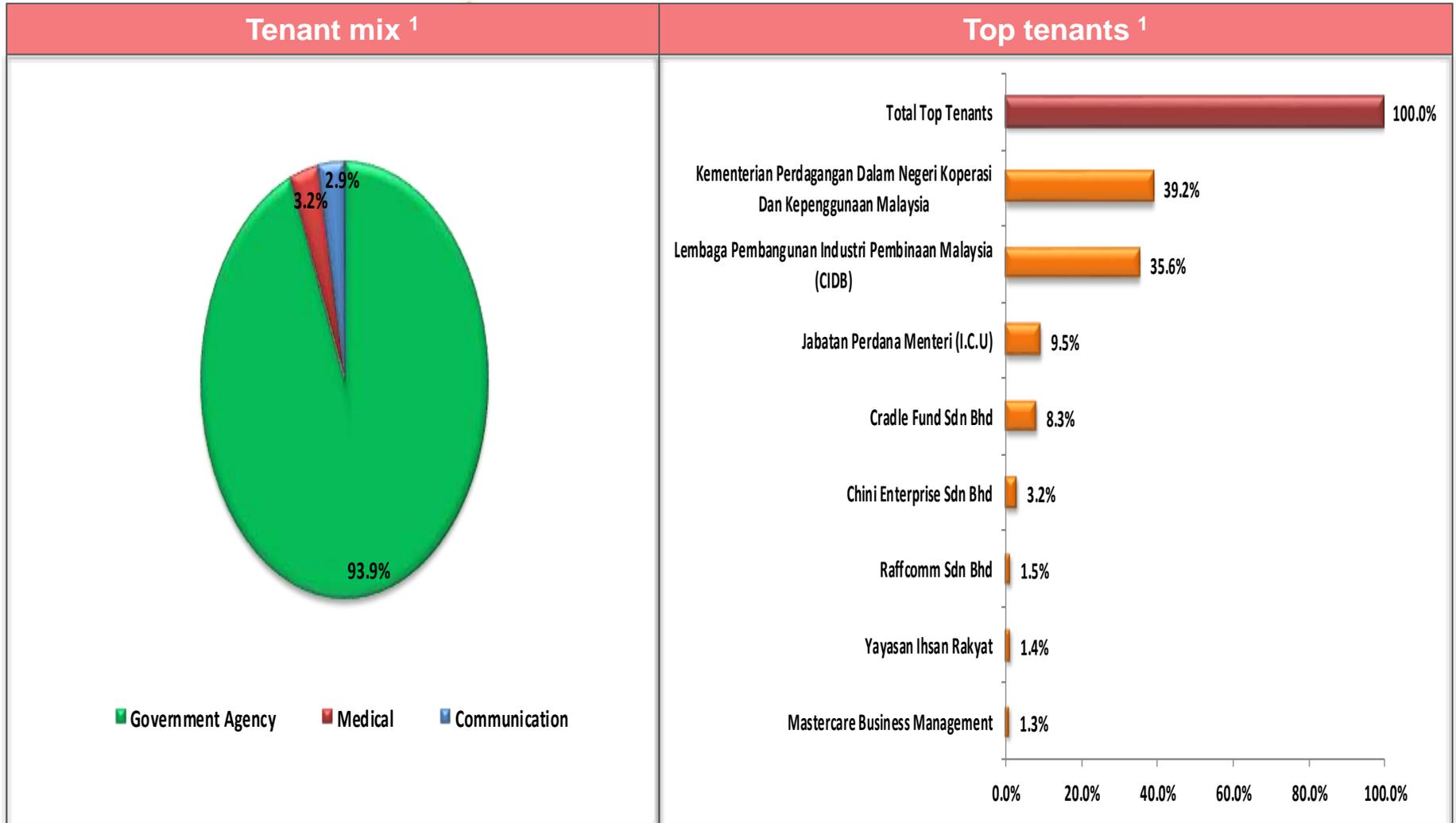
SUNWAY PUTRA TOWER



Note: Average occupancy rate for YTD1Q2018 was higher compared to YTD1Q2017 due to commencement of new tenancies in FY2017.

OFFICE PROPERTIES

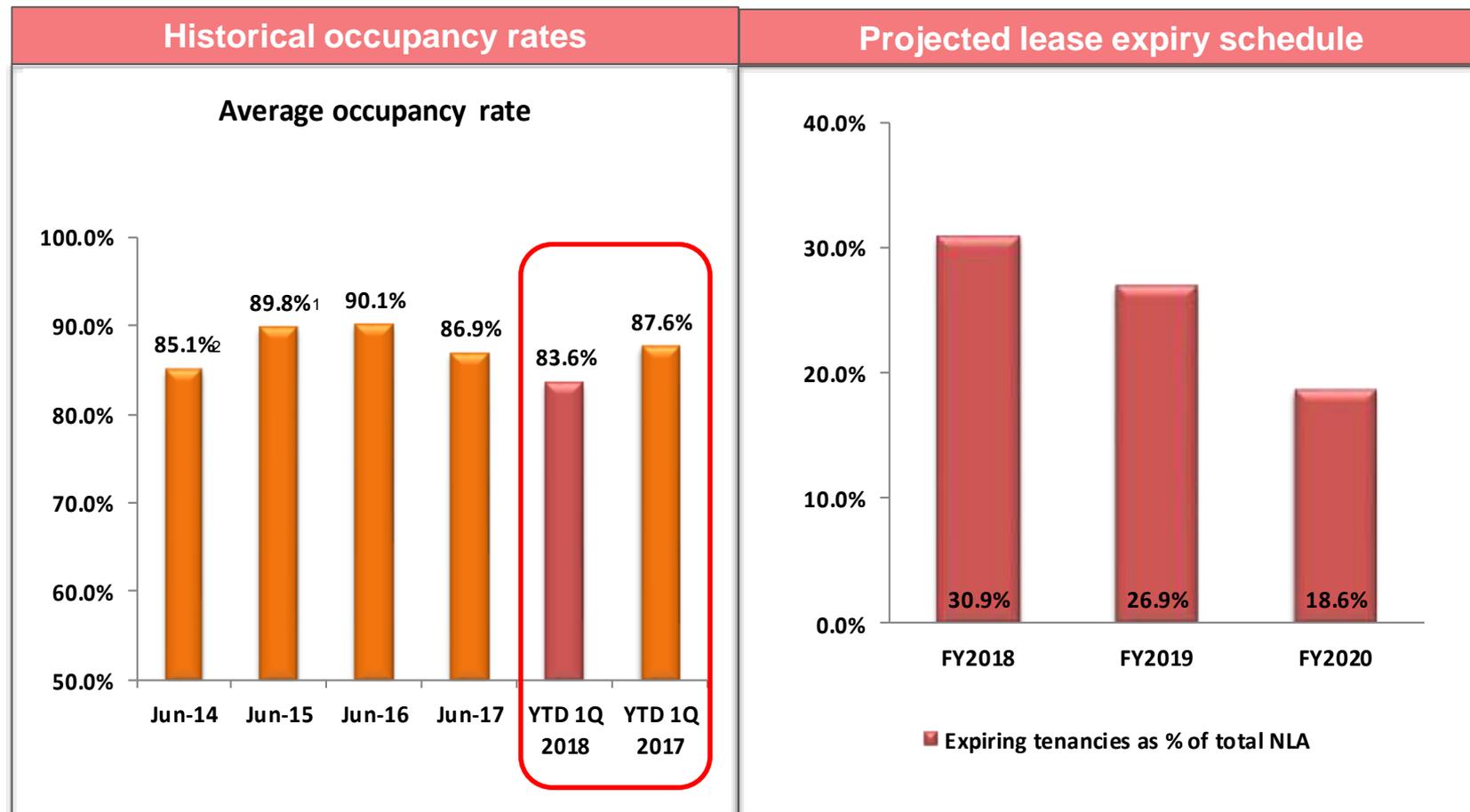
SUNWAY PUTRA TOWER (Cont'd)



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

OFFICE PROPERTIES

WISMA SUNWAY



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

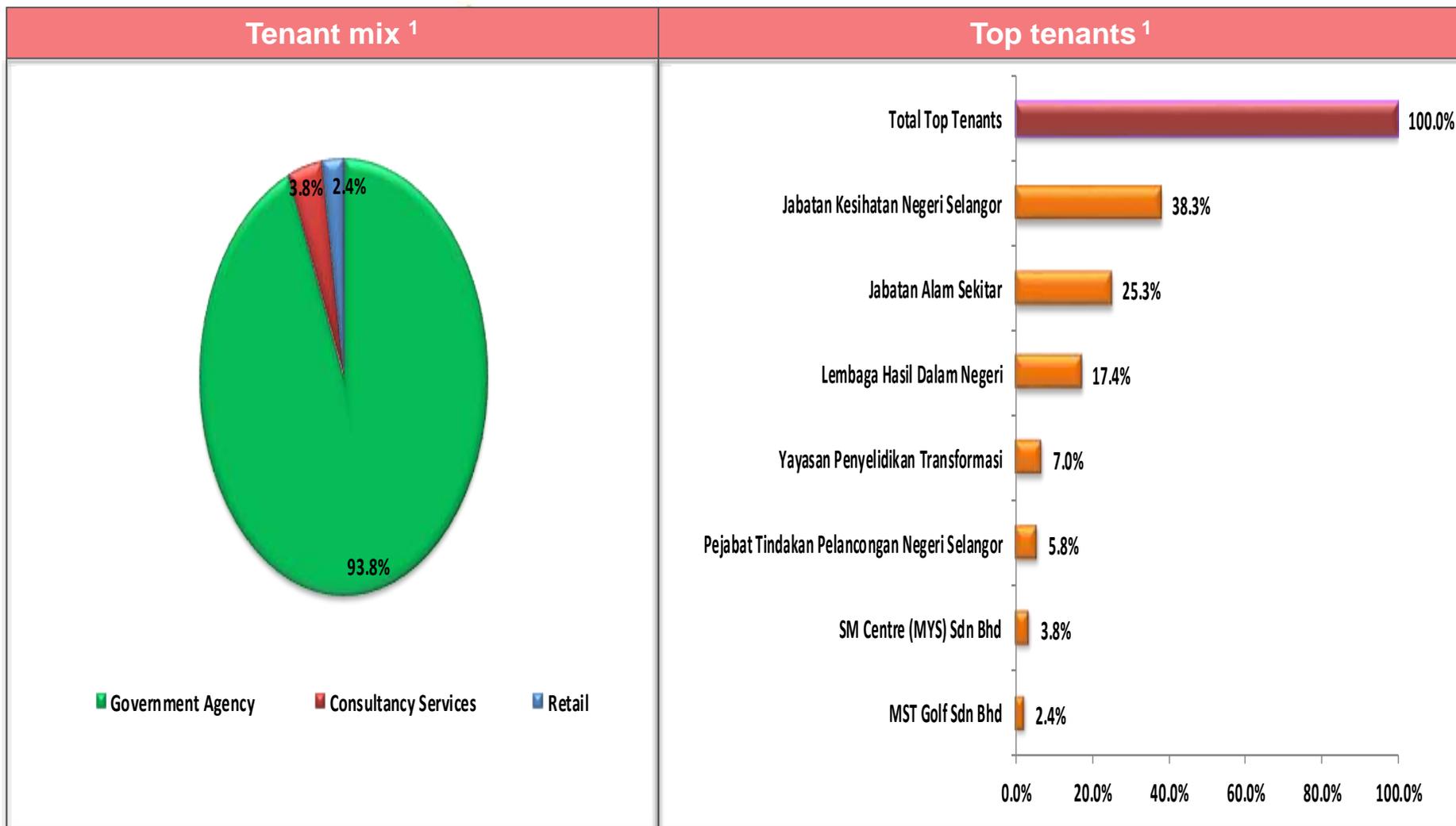
² The historical information for Jun-14 was provided by the vendor, Sunway Berhad.

Note: Average occupancy rate for YTD1Q2018 was lower due to the downsizing of a tenant in 4Q2017.

An existing tenant will expand its current occupancy by 23% of total NLA from 4Q2018 onwards, bringing the occupancy to 99% by 4Q2018.

OFFICE PROPERTIES

WISMA SUNWAY (Cont'd)



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

5. Market Outlook

General Outlook

- The International Monetary Fund (IMF) stated that the world's economic growth in CY2017 thus far has been stronger than expected, with an upswing under way across nearly all the major economies. In its World Economic Outlook report in October 2017, the IMF raised the growth forecast to 3.6% in CY2017 and 3.7% in CY2018, an acceleration from the 3.2% growth recorded in CY2016. However, downside risks to global growth include persistently low inflation in advanced economies, financial stability risks in emerging markets, geopolitical tensions and protectionist pressures.
- On the domestic front, the Malaysian economy grew at a faster pace of 5.8% in 2Q CY2017 underpinned by the services and manufacturing sectors, exceeding economists' forecast of a 5.4% expansion. Bank Negara Malaysia (BNM) stated that the economy is expected to expand by more than 4.8% in CY2017 given the strong growth in 1H CY2017 at 5.7%. It further added that domestic demand is projected to underpin the expansion, while on the external front, exports are estimated to benefit from the stronger-than-expected improvement in global growth.
- Headline inflation was expected to moderate further in the second half of CY2017, reflecting the waning effect of global cost factors. In September 2017, the Consumer Price Index (CPI) rose to 4.3% y-o-y mainly due to higher transport, food and non-alcoholic costs. This brings 9M CY2017 CPI to 4.0%. BNM expects inflation to average within the forecast range of 3.0% - 4.0% for CY2017 as a whole.

General Outlook (Cont'd)

- On 7 September 2017, the Monetary Policy Committee (MPC) of BNM left the Overnight Policy Rate (OPR) unchanged at 3.00%. The MPC has cited that at the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity, while they continue to assess the balance of risks surrounding the outlook for domestic growth and inflation. Economists' consensus based on Bloomberg survey expects OPR to be maintained at 3.00% in CY2017 followed by an average upward revision of 25bps in CY2018.
- Barring any unforeseen circumstances and after taking into account of potential higher average cost of debt, the Manager expects the prospect for FY2018 to improve with a moderate growth in DPU, underpinned by:
 - i) Resumption in income contribution from Sunway Pyramid Hotel following the full completion of its refurbishment in June 2017;
 - ii) Moderate growth in the retail segment amidst gradual recovery in consumer sentiment;
 - iii) New income contribution from the acquisition of Sunway REIT Industrial – Shah Alam 1 (completed in August 2017) and Sunway Clio Property (expected completion in 3Q FY2018); and
 - iv) Gradual improvement in the overall occupancy of the office segment.
- The Manager is committed to distribute 100% of its distributable net income for FY2018.

Retail Segment

- The Malaysian retail industry recorded an encouraging growth of 4.9% y-o-y in 2Q CY2017, after a contraction of 1.2% y-o-y in 1Q CY2017. Independent retail research firm Retail Group Malaysia (RGM) revised its annual growth forecast downwards from 3.9% to 3.7% for the Malaysia retail industry in CY2017 on the back of lower purchasing power. It further stated that full recovery of the Malaysian retail market is highly dependent on external economic demand and ringgit performance for the rest of the year. Despite the downward revision in forecast, it is still a stronger growth momentum compared to CY2016's retail sales growth of 1.7%.
- Notably, a gradual recovery in consumer sentiment in 1H CY2017 coupled with improvement in macro-economic landscape are expected to bode well for the retail industry. However, the abundance of retail supply in the market with anticipated 7.6 million sq.ft. incoming supply in Kuala Lumpur and Selangor, coupled with continuous growth in online retailing will continue to pose challenges to mall owners and operators.
- Sunway Pyramid Shopping Mall's average occupancy rate increased to 98.8% in 1Q FY2018 compared to 98.0% in FY2017. Based on the total net lettable area (NLA) of 651,428 sq.ft. which was due for renewal in FY2018, a total of 82,185 sq.ft. was renewed / replaced at a single-digit rental reversion rate.

Retail Segment (Cont'd)

- Sunway Carnival Shopping Mall's average occupancy rate contracted marginally to 95.1% in 1Q FY2018, from 97.6% in FY2017 due to transition arising from the change of tenancy for a mini anchor tenant. Based on the total NLA of 149,787 sq.ft. which was due for renewal in FY2018, a total of 16,707 sq.ft. was renewed / replaced at single-digit rental reversion rate.
- The average occupancy rate for Sunway Putra Mall increased marginally to 86.9% in 1Q FY2018, from 86.3% in FY2017 due to commencement of new tenants. Secured occupancy for the mall stood at 93.6% as at 30 September 2017. Based on the total NLA of 323,383 sq.ft. which was due for renewal in FY2018, a total of 3,626 sq.ft. was renewed / replaced at negative rental reversion rate.
- The Manager is encouraged by the recovery in consumer sentiment in recent months (as indicated in consumer sentiment survey)¹ which augur well for Sunway REIT's retail assets. The Manager expects the retail segment to register a moderate growth for FY2018, supported by strong occupancy rates and overall modest rental reversion growth.

¹ Source: Malaysian Institute of Economic Research

Hotel Segment

- The Ministry of Tourism targets tourist arrivals of 31.8 million with tourist receipts of RM118 billion in CY2017. Tourist arrivals for the first 5 months of CY2017 recorded 10.8 million which is below the target set by the Ministry of Tourism. However, tourist arrivals is expected to accelerate on the back of major events such as SEA and ASEAN PARA Games 2017 in 2H CY2017.
- Gradual improvement in business sentiment is expected to benefit hotel businesses especially for the meetings, incentives, conferences and events (MICE) segment.
- Sunway Resort Hotel & Spa registered an average occupancy rate of 90.4% in 1Q FY2018, vis-à-vis 94.3% in 1Q FY2017, mainly attributable to softer pace in Middle Eastern tourist arrivals compared to the same period in the preceding year.
- Following the completion of the refurbishment, Sunway Pyramid Hotel recorded an average occupancy rate of 71.0%. There was no comparative occupancy as the hotel was closed for refurbishment during the same period in the preceding year. The average occupancy rate was comparable to pre-closure occupancy in FY2016.
- Sunway Putra Hotel continues to register improvement in its average occupancy rates. The average occupancy rate improved to 78.6% in 1Q FY2018 compared to 69.0% in 1Q FY2017, being one of the beneficiaries of the SEA Games 2017 and ASEAN PARA Games 2017.

Hotel Segment (Cont'd)

- In Penang, average occupancy rates improved further for both hotels. Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown registered higher average occupancy rates of 75.3% and 93.3% in 1Q FY2018, up from 70.2% and 87.3% respectively in 1Q FY2017, benefitting from the fruition of the ongoing tactical strategy.
- The Manager expects a modest growth from the hotel segment, largely contributed by resumption of full rooms inventory at Sunway Pyramid Hotel and new income contribution from Sunway Clio Hotel upon completion of the acquisition expected in 3Q FY2018. Against the backdrop of improving operating environment, the hotel operator continues to explore new market opportunities to capture a larger market share.

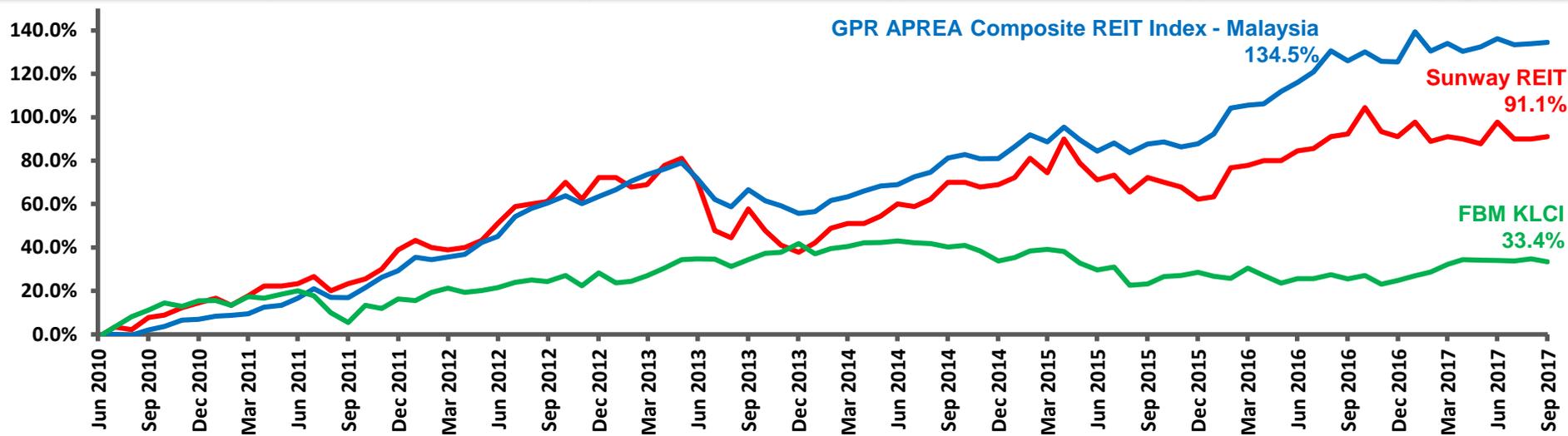
Office Segment

- The total stock of office space in Kuala Lumpur and Selangor stood at 130.8 million sq.ft. in 1Q CY2017, with an estimated new supply of 11.9 million sq.ft. coming on stream. The glut in the office sub-sector is expected to persist in the short to medium term with pressure on occupancy and rental rates.
- The average occupancy rate for Menara Sunway climbed higher to 95.1% in 1Q FY2018, from 92.1% in FY2017 following the commencement of new tenancies since 4Q FY2017.
- There was no material movement in the average occupancy rate of Sunway Tower during the quarter. The average occupancy rate stood at 21.0% in 1Q FY2018.
- Following commencement of tenancies in FY2017, the average occupancy rate for Sunway Putra Tower improved to 42.4% in 1Q FY2018 compared to 36.6% in FY2017. The Manager expects the occupancy to improve further in FY2018, supported by the synergy from Sunway Putra and comprehensive infrastructure and connectivity.
- The average occupancy rate for Wisma Sunway stood at 83.6% in 1Q FY2018 versus 86.9% in FY2017 due to downsizing of a tenant in 4Q FY2017. Meanwhile, an existing tenant has committed to additional space of 23% of total NLA commencing in 4Q FY2018. This will boost the occupancy rate for Wisma Sunway to 99% by 4Q FY2018.
- The Manager expects the performance of Sunway REIT's office segment to gradually improve in FY2018 on the back of a low base.

6. Investor Relations

Unit Price Performance from IPO to 1Q FY2018

Unit Price Performance of Sunway REIT versus Benchmarks (8 July 2010 – 30 September 2017)



Performance Statistics (8 July 2010 – 30 September 2017)

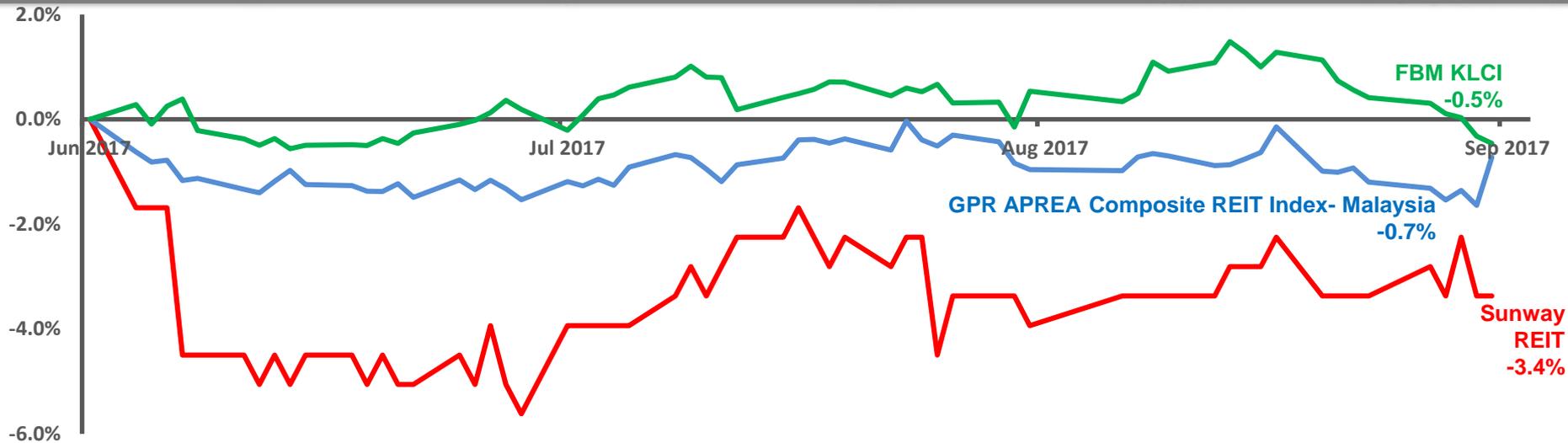
Price (as at 8 July 2010)	: RM0.90
Closing Price (as at 30 September 2017)	: RM1.72
Highest Price	: RM1.84
Lowest Price	: RM0.88
Daily Average Volume	: 1.99 million units
% Change in Unit Price	: 91.1%
% Change in FBM KLCI	: 33.4%
% Change in GPR APREA Composite REIT Index - Malaysia	: 134.5%

Source: Bloomberg

SUNWAY[®]

Unit Price Performance for 1Q FY2018

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



Performance Statistics (30 June 2017 – 30 September 2017)

Price (as at 30 June 2017)	: RM1.78
Closing Price (as at 30 September 2017)	: RM1.72
Highest Price	: RM1.78
Lowest Price	: RM1.68
Daily Average Volume	: 1.49 million units
% Change in Unit Price	: -3.4%
% Change in FBM KLCI	: -0.5%
% Change in GPR APREA Composite REIT Index - Malaysia	: -0.7%

Source: Bloomberg

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Indices Representation (as at 30 September 2017)



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



FTSE4Good

- FTSE4Good Bursa Malaysia Index



- GPR APREA Composite REIT Index – Malaysia



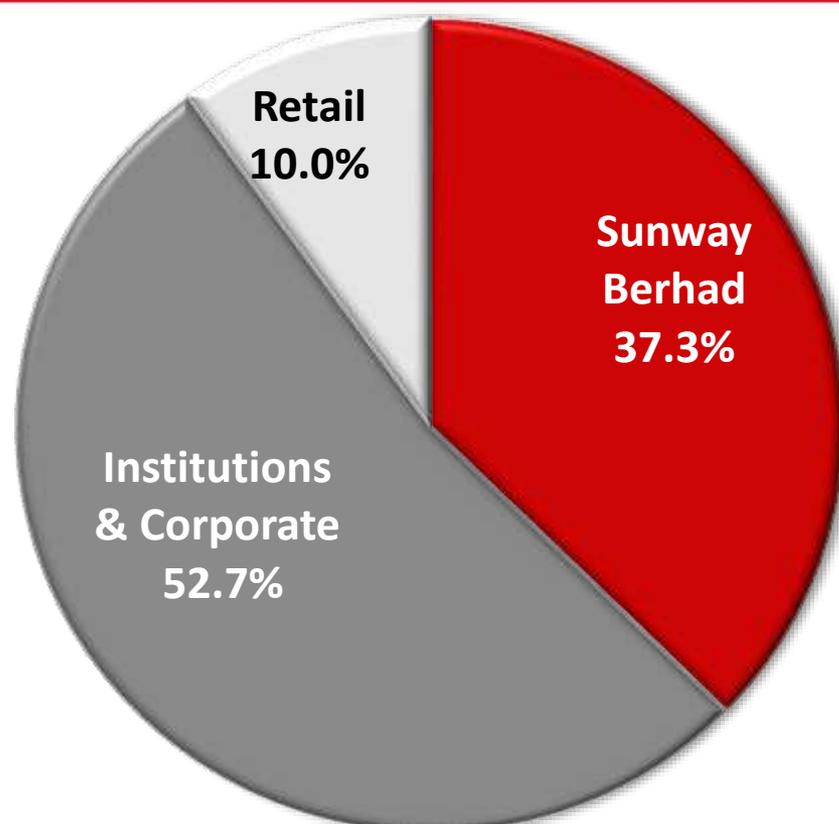
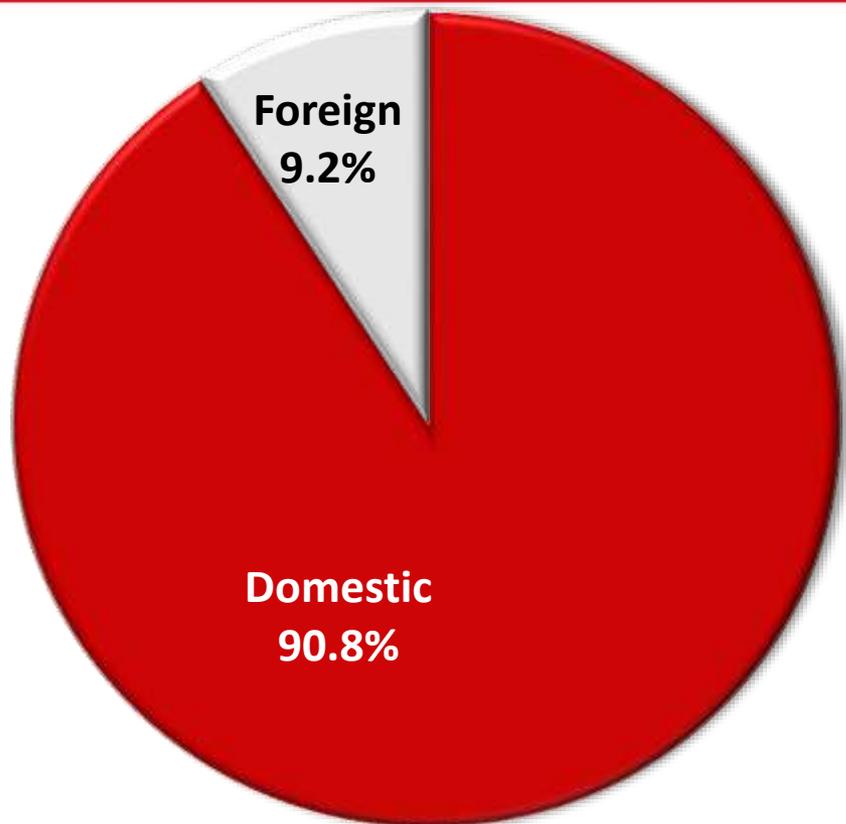
- FTSE EPRA NAREIT Global REIT Index
- FTSE EPRA NAREIT Global Index
- FTSE EPRA NAREIT Asia ex Japan Index
- FTSE EPRA NAREIT Asia Pacific Index
- FTSE EPRA NAREIT Emerging REIT Index



- MSCI Malaysia Small Cap Index

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

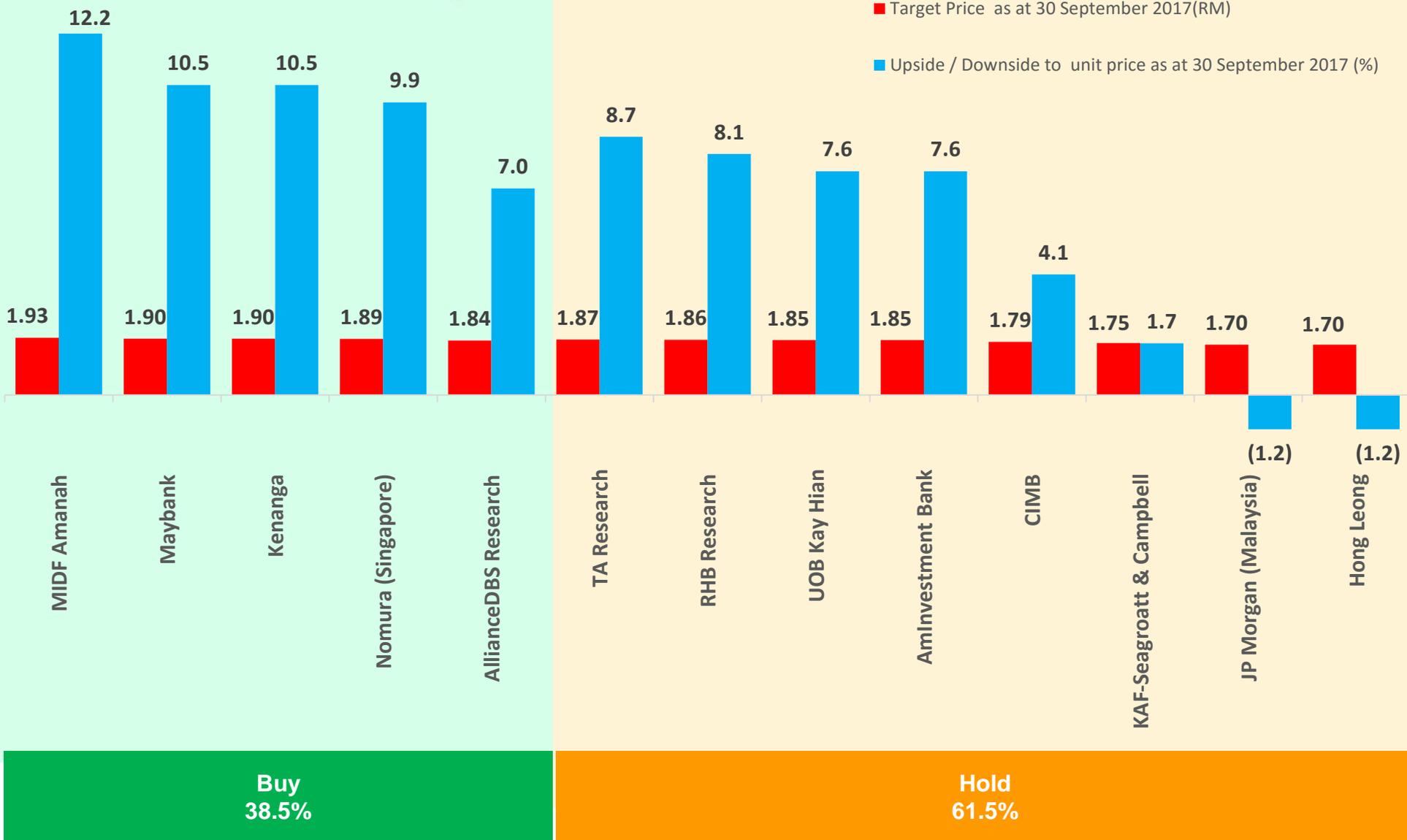
Unitholders' Composition (as at 30 September 2017)



	September 2017	June 2017	Q-o-Q Change
No of unitholders	10,608	10,307	301 (+2.9%)
Retail unitholders	10.0%	10.0%	Unchanged
Foreign unitholders	9.2%	8.9%	0.3%
Sunway Berhad	37.3%	37.3%	Unchanged

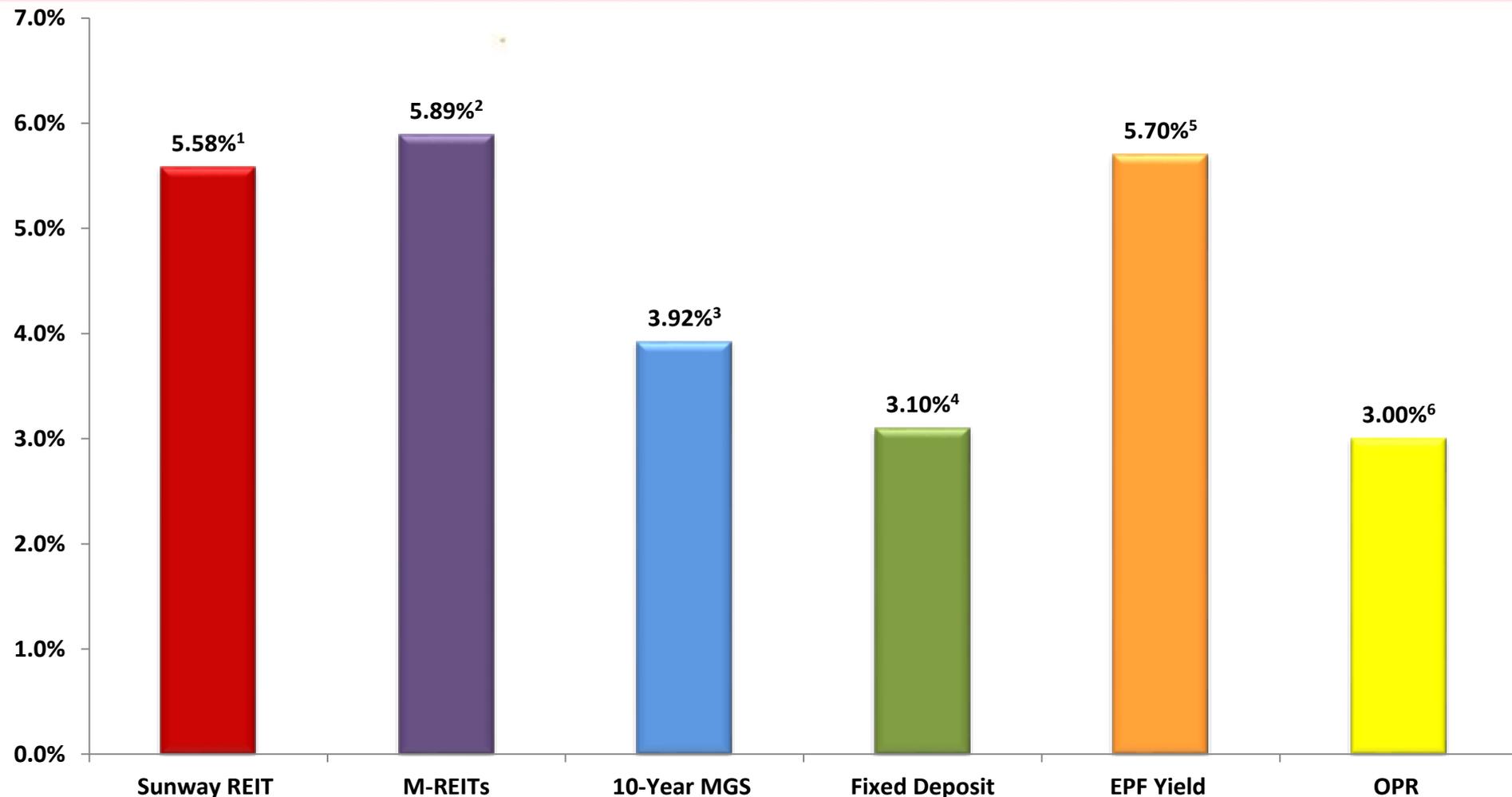
Source: Sunway REIT

Analysts Recommendation (as at 30 September 2017)



Source: Bloomberg

Comparative Yields for Various Assets



Note:

¹ Distribution yield is computed based on consensus FY2018 proposed DPU of 9.60 sen and unit price as at 30 September 2017 (Source: Bloomberg)

² Information based on consensus FY2017 DPU forecast and unit price as at 30 September 2017 (Source: Bloomberg)

³ Information as at 30 September 2017 (Source: Bloomberg)

⁴ 12-Month Fixed Deposit rates offered by commercial banks as at 31 August 2017 (Source: Bank Negara Malaysia)

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

⁶ Overnight Policy Rate as at 7 September 2017 (Source: Bank Negara Malaysia)

THANK YOU