

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fourth Quarter ended		Cumulative Quarter ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Rental income	129,050	120,316	509,414	494,614
Other operating income	3,486	3,269	13,454	12,399
Gross revenue	132,536	123,585	522,868	507,013
Quit rent, assessment and insurance	(3,838)	(3,423)	(14,088)	(12,850)
Other property operating expenses	(30,182)	(29,992)	(119,963)	(120,312)
Property operating expenses	(34,020)	(33,415)	(134,051)	(133,162)
Net property income	98,516	90,170	388,817	373,851
Other income	906	(668) *	8,296	10,072
Change in fair value of investment properties	152,073	63,482	152,073	63,482
Net investment income	251,495	152,984	549,186	447,405
Manager's fee	(8,062)	(7,583)	(31,650)	(30,802)
Trustee's fee	(309)	(341)	(1,266)	(1,248)
Finance costs	(22,955)	(21,544)	(89,295)	(86,242)
Other expenses	(1,327)	(619) *	(2,491)	(5,417)
	(32,653)	(30,087)	(124,702)	(123,709)
Profit before tax	218,842	122,897	424,484	323,696
Income tax expense	-	-	-	-
Profit for the period	218,842	122,897	424,484	323,696
Profit for the period comprise the following:				
Realised	66,818	60,618	270,586	262,473
Unrealised	152,024	62,279	153,898	61,223
	218,842	122,897	424,484	323,696
Earnings per unit (sen)				
- realised	2.27	2.05	9.19	8.92
- unrealised	5.16	2.12	5.22	2.08
	7.43	4.17	14.41	11.00
Proposed/declared distribution per unit (sen)	2.27	2.12	9.19	9.18

* Included in other income for 4Q2016 was a reclassification of fair value gain on derivative financial instruments which arose in previous quarters, amounting to RM1.9 million, to other expenses. The reclassification was done as the YTD 4Q2016 net fair value on derivative financial instruments was a net loss of RM2.2 million. Excluding this reclassification, other income and other expenses for 4Q2016 would be RM1.1 million and RM2.5 million respectively.

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Fourth Quarter ended		Cumulative Quarter ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	218,842	122,897	424,484	323,696
Other comprehensive income				
Cash flow hedge - fair value of derivative ¹	(12,450)	11,093	26,570	21,785
Cash flow hedge reserve recycled to profit or loss ²	12,900	(12,950)	(26,250)	(18,100)
Total comprehensive income for the period	219,292	121,040	424,804	327,381

¹ Please refer to Note B15b) for details.

² Please refer to Note A14 for details.

Income distribution

	Fourth Quarter ended		Cumulative Quarter ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Realised total comprehensive income for the period	66,818	60,618	270,586	262,473
Add: Surplus cash arising from Manager's fee paid in Units ³ (4Q2016: 25%)	-	1,896	-	7,701
Total available for income distribution for the period	66,818	62,514	270,586	270,174
Brought forward undistributed income available for distribution	482	410	513	414
Total available for income distribution	67,300	62,924	271,099	270,588
Less: Proposed/declared income distribution	(66,853)	(62,411)	(270,652)	(270,075)
Balance undistributed arising from rounding difference	447	513	447	513

³ The Manager's fee paid in Units has ceased with effect from 1Q2017. Please refer to Note B8.

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30.06.2017 (Unaudited)	As At 30.06.2016 (Unaudited)
	RM'000	RM'000
ASSETS		
Non-current assets		
Investment properties	6,689,200	6,433,000
Plant and equipment	9,063	8,698
	<u>6,698,263</u>	<u>6,441,698</u>
Current assets		
Receivables, deposits and prepayments	32,974	25,842
Derivatives	8,112	-
Cash and bank balances	100,544	69,719
	<u>141,630</u>	<u>95,561</u>
	<u>6,839,893</u>	<u>6,537,259</u>
FINANCED BY:		
Unitholders' funds		
Unitholders' capital	2,727,829	2,725,933
Undistributed income	1,483,891	1,325,297
Total Unitholders' funds	<u>4,211,720</u>	<u>4,051,230</u>
Non-current liabilities		
Borrowings	-	1,403,150
Long term liabilities	65,724	56,256
Deferred tax liability	5,896	5,896
Derivatives	529	22,189
	<u>72,149</u>	<u>1,487,491</u>
Current liabilities		
Borrowings	2,343,759	772,400
Trade and other payables	210,788	226,138
Derivatives	1,477	-
	<u>2,556,024</u>	<u>998,538</u>
	<u>6,839,893</u>	<u>6,537,259</u>
Number of units in circulation ('000 units)	2,945,078	2,943,918
NET ASSET VALUE ("NAV")		
- Before income distribution	4,211,720	4,051,230
- After income distribution	4,144,867	3,988,819
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution ¹	1.4301	1.3761
- After income distribution ²	1.4074	1.3549

¹ Before the 4Q2017 proposed income distribution of 2.27 sen per unit (4Q2016: 2.12 sen per unit).

² After the 4Q2017 proposed income distribution of 2.27 sen per unit (4Q2016: 2.12 sen per unit).

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	<-- Undistributed Income -->		Total Unitholders' Funds
	RM'000	Realised RM'000	Unrealised RM'000	RM'000
As at 1 July 2016	2,725,933	(4,688)	1,329,985	4,051,230
Total comprehensive income				
Profit for the period	-	270,586	153,898	424,484
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	26,570	26,570
- Cash flow hedge reserve recycled to profit or loss	-	-	(26,250)	(26,250)
Total comprehensive income, representing the increase in net assets resulting from operations	<u>2,725,933</u>	<u>265,898</u>	<u>1,484,203</u>	<u>4,476,034</u>
Unitholders' transactions				
Creation of units ¹				
- Manager's fee paid in units	1,896	-	-	1,896
Distribution to unitholders				
- Income distribution declared and paid in current period	-	(203,799)	-	(203,799)
- Income distribution proposed in prior year but paid in current period	-	(62,411)	-	(62,411)
Increase/(decrease) in net assets resulting from unitholders' transactions	<u>1,896</u>	<u>(266,210)</u>	<u>-</u>	<u>(264,314)</u>
As at 30 June 2017 (Unaudited)	<u>2,727,829</u>	<u>(312)</u>	<u>1,484,203</u>	<u>4,211,720</u>

	Unitholders' Capital	<-- Undistributed Income -->		Total Unitholders' Funds
	RM'000	Realised RM'000	Unrealised RM'000	RM'000
As at 1 July 2015	2,716,456	727	1,265,077	3,982,260
Total comprehensive income				
Profit for the year	-	262,473	61,223	323,696
Other comprehensive income				
- Cash flow hedge - fair value of derivative	-	-	21,785	21,785
- Cash flow hedge reserve recycled to profit or loss	-	-	(18,100)	(18,100)
Total comprehensive income, representing the increase in net assets resulting from operations	<u>2,716,456</u>	<u>263,200</u>	<u>1,329,985</u>	<u>4,309,641</u>
Unitholders' transactions				
Creation of units ¹				
- Manager's fee paid in units	9,477	-	-	9,477
Distribution to unitholders				
- Income distribution declared and paid in current year	-	(207,664)	-	(207,664)
- Income distribution proposed in prior year but paid in current year	-	(60,224)	-	(60,224)
Increase/(decrease) in net assets resulting from unitholders' transactions	<u>9,477</u>	<u>(267,888)</u>	<u>-</u>	<u>(258,411)</u>
As at 30 June 2016 (Unaudited)	<u>2,725,933</u>	<u>(4,688)</u>	<u>1,329,985</u>	<u>4,051,230</u>

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D)

¹ Issue of new units comprise the following:

	30.06.2017	
	Units	Amount
	'000	RM'000
Issuance of new units pursuant to 25% Manager's fee paid in units:		
- at RM1.6348 per unit for the quarter ended 30 June 2016	1,160	1,896
Total Manager's fee paid in units	<u>1,160</u>	<u>1,896</u>
	30.06.2016	
	Units	Amount
	'000	RM'000
Issuance of new units pursuant to 50% Manager's fee paid in units:		
- at RM1.5953 per unit for the quarter ended 30 June 2015	2,302	3,672
Issuance of new units pursuant to 25% Manager's fee paid in units:		
- at RM1.5178 per unit for the quarter ended 30 September 2015	1,257	1,907
- at RM1.4534 per unit for the quarter ended 31 December 2015	1,349	1,961
- at RM1.5692 per unit for the quarter ended 31 March 2016	1,233	1,937
Total Manager's fee paid in units	<u>6,141</u>	<u>9,477</u>

The unaudited condensed consolidated statement of changes in net asset value should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	599,159	574,176
Refundable security deposits from customers	2,688	7,898
Cash paid for operating expenses	(242,883)	(227,015)
Net cash generated from operating activities	<u>358,964</u>	<u>355,059</u>
INVESTING ACTIVITIES		
Acquisition of plant and equipment	(2,164)	(4,844)
Deposit for acquisition of investment property	(9,150)	-
Acquisition of investment property	(17,200)	-
Subsequent expenditure of investment properties	(93,761)	(67,190)
Incidental costs on acquisition of investment property	(307)	-
Interest received	3,196	3,546
Net cash used in investing activities	<u>(119,386)</u>	<u>(68,488)</u>
FINANCING ACTIVITIES		
Issuance of commercial papers	165,000	4,395,000
Drawdown of term loan	-	422,000
Drawdown of revolving loans	9,194,400	4,959,800
Repayment of commercial papers	(131,000)	(4,415,000)
Repayment of term loan	-	(360,900)
Repayment of revolving loans	(9,086,400)	(4,930,800)
Interest paid	(84,543)	(85,282)
Distribution paid	(266,210)	(267,888)
Net cash used in financing activities	<u>(208,753)</u>	<u>(283,070)</u>
Net increase in cash and bank balances	30,825	3,501
Cash and bank balances at beginning of year	69,719	66,218
Cash and bank balances at end of year	<u>100,544</u>	<u>69,719</u>
Cash and bank balances at end of year comprise:		
Cash on hand and at banks	20,544	21,123
Deposits placed with licensed financial institutions	80,000	48,596
Cash and bank balances	<u>100,544</u>	<u>69,719</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

A1. Corporate Information

Sunway Real Estate Investment Trust ("Sunway REIT" or "Fund") is a Malaysia-domiciled real estate investment trust constituted pursuant to the trust deed dated 20 May 2010 and the supplementary deed dated 10 June 2010 (collectively referred to as the "Deed") between Sunway REIT Management Sdn. Bhd. (the "Manager") and RHB Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

The condensed consolidated interim financial statements comprise Sunway REIT and its subsidiaries (the "Group").

A2. Significant Accounting Policies and Basis of Preparation

The condensed consolidated interim financial statements of the Group for the financial year ended 30 June 2017 have been prepared in accordance with MFRS 134: *Interim Financial Reporting*, paragraph 9.44 of the Bursa Malaysia Securities Berhad Listing Requirements, the Deed and the Securities Commission's Guidelines on Real Estate Investment Trust ("the REITs Guidelines"). These condensed consolidated interim financial statements also comply with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

The consolidated financial statements of the Group for the financial year ended 30 June 2016 which were prepared under MFRS are available upon request from the management company's registered office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway 47500, Subang Jaya, Selangor Darul Ehsan.

A3. Audit Report of Preceding Financial Year

The auditors have expressed an unqualified opinion on Sunway REIT's financial statements for the financial year ended 30 June 2016.

A4. Changes in Estimates

This is not applicable as no estimates were previously reported.

A5. Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2017 except for the fair value changes as follows:

	Fourth Quarter ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Profit after tax	218,842	122,897
Less: Fair value changes ¹	(152,024)	(62,279)
Profit after tax, excluding unusual items	66,818	60,618

¹ Mainly comprise change in fair value of investment properties amounting to RM152.1 million (30 June 2016: RM63.5 million), after accounting for capital expenditure of RM86.6 million (YTD 4Q2016: RM45.5 million) with details explained in Note A13.

A6. Issuance, Repurchases and Repayments of Debt and Equity Securities

There were no issuance, repurchases and repayments of debt and equity securities for the current quarter and cumulative quarter ended 30 June 2017 except as disclosed below.

Sunway REIT has issued 1,159,600 new units at RM1.6348* per unit on 30 August 2016, being 25% payment of the Manager's fee for the quarter ended 30 June 2016. The units were listed on the Main Market of Bursa Malaysia Securities Berhad on 1 September 2016.

* Based on the 10-day volume weighted average price ("VWAP") of the units up to 30 June 2016.

A7. Changes in the Composition/Fund Size of the Trust

Sunway REIT's fund size increased from 2,943.9 million units as at 30 June 2016 to 2,945.1 million units with the issuance of new units as mentioned in Note A6.

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

A8. Segmental Reporting

By segment

Segmental results for the quarter ended 30 June 2017 are as follows:

Fourth Quarter

	Fourth Quarter ended 30.06.2017					Fourth Quarter ended 30.06.2016				
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Total RM'000	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Total RM'000
BY BUSINESS SEGMENTS										
REVENUE AND EXPENSES										
Gross revenue	100,854	18,084	8,033	5,565	132,536	96,536	14,124	7,548	5,377	123,585
Net property income	71,690	17,018	4,243	5,565	98,516	67,813	13,033	3,947	5,377	90,170
Other income					906					(668)
Change in fair value of investment properties					152,073					63,482
Trust and other expenses					(9,698)					(8,543)
Finance costs					(22,955)					(21,544)
Profit before tax					218,842					122,897
Income tax expense					-					-
Profit for the period					218,842					122,897

SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

A8. Segmental Reporting (Cont'd)

By segment (Cont'd)

Cumulative Quarter

	Cumulative Quarter ended 30.06.2017					Cumulative Quarter ended 30.06.2016				
	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Total RM'000	Retail RM'000	Hotel RM'000	Office RM'000	Others RM'000	Total RM'000
BY BUSINESS SEGMENTS										
REVENUE AND EXPENSES										
Gross revenue	405,045	64,462	31,477	21,884	522,868	382,819	72,794	30,258	21,142	507,013
Net property income	289,856	60,568	16,509	21,884	388,817	269,435	68,788	14,486	21,142	373,851
Other income					8,296					10,072
Change in fair value of investment properties					152,073					63,482
Trust and other expenses					(35,407)					(37,467)
Finance costs					(89,295)					(86,242)
Profit before tax					424,484					323,696
Income tax expense					-					-
Profit for the period					424,484					323,696

A8. Segmental Reporting (Cont'd)
By property

Properties	Gross Revenue			Net Property Income			Gross Revenue			Net Property Income		
	Fourth Quarter			Fourth Quarter			Cumulative Quarter ended			Cumulative Quarter ended		
	30.06.2017	30.06.2016	Change	30.06.2017	30.06.2016	Change	30.06.2017	30.06.2016	Change	30.06.2017	30.06.2016	Change
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%
Retail												
Sunway Pyramid Shopping Mall	75,167	72,869	3.2%	57,489	55,062	4.4%	303,460	294,958	2.9%	229,620	220,633	4.1%
Sunway Carnival Shopping Mall	11,823	11,374	3.9%	7,229	7,158	1.0%	46,143	44,249	4.3%	29,361	28,350	3.6%
SunCity Ipoh Hypermarket	1,165	1,252	-6.9%	1,081	1,165	-7.2%	4,916	5,002	-1.7%	4,607	4,696	-1.9%
Sunway Putra Mall	12,699	11,041	15.0%	5,891	4,428	33.0%	50,526	38,610	30.9%	26,268	15,756	66.7%
	100,854	96,536	4.5%	71,690	67,813	5.7%	405,045	382,819	5.8%	289,856	269,435	7.6%
Hotel												
Sunway Resort Hotel & Spa	10,894	8,377	30.0%	10,415	7,992	30.3%	40,066	40,554	-1.2%	38,401	39,030	-1.6%
Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East)	2,752	429	541.5%	2,638	313	742.8%	4,435	15,093	-70.6%	3,979	14,620	-72.8%
Sunway Hotel Seberang Jaya	927	900	3.0%	876	849	3.2%	3,432	3,527	-2.7%	3,226	3,319	-2.8%
Sunway Putra Hotel	2,028	3,386	-40.1%	1,656	2,899	-42.9%	11,543	9,068	27.3%	10,183	7,474	36.2%
Sunway Hotel Georgetown	1,483	1,032	43.7%	1,433	980	46.2%	4,986	4,552	9.5%	4,779	4,345	10.0%
	18,084	14,124	28.0%	17,018	13,033	30.6%	64,462	72,794	-11.4%	60,568	68,788	-11.9%
Office												
Menara Sunway	4,186	3,957	5.8%	2,845	2,593	9.7%	16,470	16,258	1.3%	11,236	10,731	4.7%
Sunway Tower	824	1,000	-17.6%	(184)	(121)	-52.1%	3,339	3,682	-9.3%	(593)	(921)	35.6%
Sunway Putra Tower	1,445	890	62.4%	699	431	62.2%	5,097	3,580	42.4%	1,981	493	301.8%
Wisma Sunway	1,578	1,701	-7.2%	883	1,044	-15.4%	6,571	6,738	-2.5%	3,885	4,183	-7.1%
	8,033	7,548	6.4%	4,243	3,947	7.5%	31,477	30,258	4.0%	16,509	14,486	14.0%
Others												
Sunway Medical Centre	5,565	5,377	3.5%	5,565	5,377	3.5%	21,884	21,142	3.5%	21,884	21,142	3.5%
	5,565	5,377	3.5%	5,565	5,377	3.5%	21,884	21,142	3.5%	21,884	21,142	3.5%
TOTAL PORTFOLIO	132,536	123,585	7.2%	98,516	90,170	9.3%	522,868	507,013	3.1%	388,817	373,851	4.0%

**SUNWAY REAL ESTATE INVESTMENT TRUST
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017 (UNAUDITED)**

A8. Segmental Reporting (Cont'd)

The Group comprises the following major business segments:

- (i) Retail - renting of retail premises to tenants
- (ii) Hotel - leasing of hotel premises to hotel operators
- (iii) Office - renting of office premises to tenants
- (iv) Others - leasing of a medical premise to a hospital operator

There have been no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

a) Review of Current Quarter Results

Retail segment

The retail segment recorded gross revenue of RM100.9 million for the current quarter ended 30 June 2017 (4Q2017), an increase of 4.5% or RM4.3 million compared to the preceding year corresponding quarter (4Q2016). The increase was mainly contributed by all malls due to higher average gross rent per sq. ft.. In addition, Sunway Carnival Shopping Mall and Sunway Putra Mall had registered higher average occupancy rate as well.

Property operating expenses of the retail segment for 4Q2017 was RM29.2 million, an increase of 1.5% or RM0.4 million mainly attributable to higher maintenance expenses for Sunway Carnival Shopping Mall.

Net property income of the retail segment for 4Q2017 was RM71.7 million, higher by 5.7% or RM3.9 million compared to 4Q2016.

Hotel segment

The hotel segment achieved gross revenue of RM18.1 million for 4Q2017, higher by 28.0% or RM4.0 million compared to 4Q2016, contributed by all hotels, with the exception of Sunway Putra Hotel.

Gross revenue for Sunway Resort Hotel & Spa ("SRHS") was higher by RM2.5 million for the current quarter mainly due to higher F&B revenue (from meetings and functions) but partially offset by lower average occupancy and average daily rate. Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East) ("SPRH") registered gross revenue of RM2.8 million for 4Q2017 with the completion of refurbishment during the quarter as compared to gross revenue of RM0.4 million for 4Q2016 due to closure for refurbishment.

Sunway Hotel Seberang Jaya maintained its gross revenue of RM0.9 million for the same period.

Gross revenue for Sunway Putra Hotel was higher in the preceding year corresponding quarter by RM1.4 million mainly due to an adjustment for guaranteed rental. The higher average occupancy rate registered for 4Q2017 of 64.5% compared to 61.5% for 4Q2016 was offset by a lower average daily rate.

Gross revenue for Sunway Hotel Georgetown was higher by RM0.5 million for 4Q2017 contributed by both higher average occupancy rate and higher average daily rate due to stronger demand from the leisure segment in the current quarter.

Net property income of the hotel segment for 4Q2017 was RM17.0 million, an increase of 30.6% or RM4.0 million, as compared to 4Q2016, in tandem with gross revenue.

Note: The hotel properties are under hotel master leases and hence, incurred minimum property operating expenses which comprise mainly quit rent, assessment and insurance. The gross revenue represents the hotel lease rental income.

A8. Segmental Reporting (Cont'd)

a) Review of Current Quarter Results (Cont'd)

Office segment

Gross revenue for the office segment was higher by 6.4% or RM0.5 million in the current quarter compared to 4Q2016 mainly attributable to Menara Sunway and Sunway Putra Tower due to higher average occupancy during the quarter under review but partially offset by Sunway Tower and Wisma Sunway.

Gross revenue for Sunway Tower was lower by RM0.2 million in 4Q2017 contributed by lower average occupancy in the current quarter compared to the preceding year corresponding quarter.

Wisma Sunway recorded lower gross revenue by 7.2% or RM0.1 million for 4Q2017 mainly due to downsizing of a tenant in the current quarter.

Property operating expenses of the office segment for 4Q2017 was higher by 5.2% or RM0.2 million mainly due to higher assessment for Sunway Putra Tower. The assessment expense was lower for Sunway Putra Tower in the previous year corresponding quarter due to vacancy allowance received.

Net property income of the office segment in 4Q2017 was RM4.2 million, higher by 7.5% or RM0.3 million compared to the preceding year corresponding quarter.

Others

Sunway Medical Centre contributed RM5.6 million to revenue and net property income for 4Q2017, an increase of 3.5% compared to 4Q2016 due to rental reversion in accordance with the Master Lease Agreement.

Note: Sunway Medical Centre was acquired on 31 December 2012 and leased to Sunway Medical Centre Sdn Bhd on even date on a 10-year master lease agreement at an annual rental of RM19 million and with a 3.5% rental reversion per annum. The lease is based on a triple net basis whereby all the property operating expenses, quit rent, assessment and insurance will be borne by the lessee.

Profit before tax

Finance costs for 4Q2017 was RM23.0 million, higher by 6.5% or RM1.4 million compared to 4Q2016 due to a higher principal loan amount mainly to fund capital expenditure.

Net profit for 4Q2017 was RM218.8 million (4Q2016: RM122.9 million) comprising realised profit of RM66.8 million (4Q2016: RM60.6 million) and unrealised profit of RM152.0 million (4Q2016: RM62.3 million).

The increase in realised profit by 10.2% or RM6.2 million in the current quarter was mainly due to higher net property income but partially offset by higher finance costs.

The unrealised profit in 4Q2017 was mainly attributable to fair value gain on investment properties of RM152.1 million (4Q2016: RM63.5 million), after accounting for capital expenditure incurred, but partially offset by fair value loss from interest rate swap of RM0.1 million (4Q2016: RM1.2 million).

b) Review of Cumulative Quarter Results

Retail segment

The retail segment achieved gross revenue of RM405.0 million for the financial year ended 30 June 2017 (YTD 2017), an increase of 5.8% or RM22.2 million compared to the preceding financial year (YTD 2016). This was mainly contributed by Sunway Putra Mall which recorded lower revenue in the previous financial year as tenants were given a 2.5 months rent-free period in 1Q2016. In addition, both Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall had performed better for YTD 2017.

Sunway Pyramid Shopping Mall and Sunway Carnival Shopping Mall registered higher gross revenue for YTD 2017 for the reason as mentioned in Note A8(a) above. In addition, the higher gross revenue for Sunway Carnival Shopping Mall for this financial year was also contributed by the completion of the 2nd floor food and beverage ("F&B") area with NLA of approximately 16,000 sq. ft. (3% of total NLA) in 4Q2016.

Property operating expenses of the retail segment for YTD 2017 was RM115.2 million, higher by 1.6% or RM1.8 million, primarily attributable to higher assessment for Sunway Putra Mall and higher advertising and promotion ("A&P") expenses for Sunway Carnival Shopping Mall but mitigated by lower A&P expenses for Sunway Pyramid Shopping Mall.

Net property income of the retail segment for YTD 2017 was RM289.9 million, higher by 7.6% or RM20.4 million compared to YTD 2016.

A8. Segmental Reporting (Cont'd)

b) Review of Cumulative Quarter Results (Cont'd)

Hotel segment

The hotel segment registered gross revenue of RM64.5 million for YTD 2017, a decrease of 11.4% or RM8.3 million compared to YTD 2016 mainly due to the closure of SPRH for refurbishment since April 2016 but mitigated by better performance from Sunway Putra Hotel.

SRHS recorded slightly lower gross revenue by RM0.5 million for YTD 2017 despite stable average occupancy of approximately 81%, mainly due to lower average daily rate attributable to softer leisure market and business sentiment.

Gross revenue for Sunway Putra Hotel and Sunway Hotel Georgetown were higher by RM2.5 million and RM0.4 million respectively on the back of higher average occupancy rate for YTD 2017.

Sunway Hotel Seberang Jaya's gross revenue for YTD 2017 stood at RM3.4 million, marginally lower by RM0.1 million compared to the preceding financial year.

Net property income of the hotel segment for YTD 2017 stood at RM60.6 million, lower by 11.9% or RM8.2 million, in line with lower gross revenue.

Office segment

Gross revenue for the office segment was RM31.5 million for YTD 2017, an increase of 4.0% or RM1.2 million compared to YTD 2016 mainly due to the reasons as mentioned in Note A8(a).

Property operating expenses of the office segment for YTD 2017 was RM15.0 million, lower by 5.1% or RM0.8 million compared to YTD 2016, mainly attributable to lower utilities for Menara Sunway and lower assessment for Sunway Tower due to vacancy allowance received.

Correspondingly, net property income of the office segment for YTD 2017 was RM16.5 million, higher by 14.0% or RM2.0 million.

Others

Sunway Medical Centre contributed RM21.9 million of revenue and net property income for YTD 2017, an increase of 3.5% compared to YTD 2016 due to the reason mentioned in Note A8(a).

Profit before tax

Finance costs for YTD 2017 was RM89.3 million, higher by 3.5% or RM3.1 million compared to YTD 2016 mainly due to the reason mentioned in Note A8(a).

Net profit for YTD 2017 was RM424.5 million (YTD 2016: RM323.7 million) comprising realised profit of RM270.6 million (YTD 2016: RM262.5 million) and unrealised profit of RM153.9 million (YTD 2016: RM61.2 million). Realised profit for YTD 2017 was higher by 3.1% or RM8.1 million compared to YTD 2016, due to higher net property income but affected by higher finance costs and lower other income as explained in 2Q2017.

The unrealised profit for YTD 2017 was RM153.9 million, higher by RM92.7 million compared to YTD 2016 primarily due the reasons mentioned in Note A8(a).

A9. Seasonality of Operations

The quarterly results were not materially affected by seasonal or cyclical factors except for the hotel segment, which will typically enjoy better performance from July to December due to higher leisure and business activities and year end corporate functions.

A10. Profit Before Tax

Included in the profit before tax are the following items:

	Fourth Quarter ended		Cumulative Quarter ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Interest Income	(915)	(1,066)	(3,238)	(3,801)
Net changes in fair value of long term liabilities	(22)	(30)	(100)	41
Unrealised foreign exchange (gain) / loss - hedged item	(12,900)	12,950	26,250	18,100
Cash flow hedge reserve recycled to profit or loss	12,900	(12,950)	(26,250)	(18,100)
Net changes in fair value of derivative financial instrument	71	1,232	(1,725)	2,218
(Reversal of) / Allowance for impairment of trade receivables	(831)	(548)	(905)	467
Bad debts written off	385	138	539	432
Depreciation of plant and equipment	516	566	1,608	1,382

A11. Income Tax Expense

Taxation of the REIT

The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income in the same year of assessment.

Since Sunway REIT shall be distributing 100% of its realised year-to-date income (which translates to more than 90% of its total taxable income), the REIT should not incur any tax expense for the financial year ended 30 June 2017.

Taxation of the Unitholders

Pursuant to Section 109D(2) of Income Tax Act, 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unitholders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Withholding tax rate
Individuals & all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the prevailing corporate tax rate of 24%.

A12. Income Distribution

For the quarter ended 30 June 2017, the Manager proposed an interim income distribution of approximately 100% of the realised distributable income amounting to RM66.853 million or 2.27 sen per unit, comprising taxable and non-taxable/tax exempt amount of 1.45 sen per unit and 0.82 sen per unit respectively.

The book closure and payment dates in respect of the proposed interim income distribution will be fixed on 28 August 2017 and 12 September 2017 respectively.

A13. Valuation of Investment properties

Investment properties are valued by an independent registered valuer, C H Williams Talhar & Wong Sdn Bhd. The difference between the valuation and the carrying amounts of the respective investment properties are charged or credited to the profit or loss for the period in which they arise.

Property	Fair value		Increase/ (Decrease) RM'000
	As at 30.6.2017 * RM'000	As at 30.6.2016 ^ RM'000	
Retail			
Sunway Pyramid Shopping Mall	3,450,000	3,300,000	150,000
Sunway Carnival Shopping Mall	415,200	380,000	35,200
SunCity Ipoh Hypermarket	61,000	61,000	-
Sunway Putra Mall	595,000	595,000	-
	<u>4,521,200</u>	<u>4,336,000</u>	<u>185,200</u>
Hotel			
Sunway Resort Hotel & Spa	530,000	530,000	-
Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East)	360,000	295,000	65,000
Sunway Hotel Seberang Jaya	63,000	68,000	(5,000)
Sunway Putra Hotel	335,000	335,000	-
Sunway Hotel Georgetown	72,000	72,000	-
	<u>1,360,000</u>	<u>1,300,000</u>	<u>60,000</u>
Office			
Menara Sunway	169,000	164,000	5,000
Sunway Tower	128,000	135,000	(7,000)
Sunway Putra Tower	113,000	110,000	3,000
Wisma Sunway	62,000	62,000	-
	<u>472,000</u>	<u>471,000</u>	<u>1,000</u>
Others			
Sunway Medical Centre	336,000	326,000	10,000
	<u>336,000</u>	<u>326,000</u>	<u>10,000</u>
TOTAL PORTFOLIO	<u>6,689,200</u>	<u>6,433,000</u>	<u>256,200</u>
Less: Acquisition during the year #			(17,507)
Less: Capital expenditure			<u>(86,620)</u>
Fair value gain			<u>152,073</u>

* Appraised value based on valuation carried out on 30 June 2017.

^ Appraised value based on valuation carried out on 30 June 2016.

In relation to purchase consideration paid for the acquisition of Sunway Carnival land and expenses related to the acquisition.

A14. Borrowings and Debt Securities

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
<u>Short term borrowings</u>		
Secured		
- Commercial papers	34,000	-
- Term loans	429,400	-
- Unrated medium term notes	1,000,000	-
	<u>1,463,400</u>	-
Unsecured		
- Revolving loan	880,400	772,400
Total gross short term borrowings	<u>2,343,800</u>	<u>772,400</u>
Less: Discount on commercial papers	(41)	-
Total short term borrowings	<u>2,343,759</u>	<u>772,400</u>
<u>Long term borrowings</u>		
Secured		
- Term loans	-	403,150
- Unrated medium term notes	-	1,000,000
Total long term borrowings	<u>-</u>	<u>1,403,150</u>
Total borrowings	<u>2,343,759</u>	<u>2,175,550</u>

Included in the short term borrowings for 30 June 2017 is a secured 3-year term loan of USD100 million, hedged with a 2-year cross currency swap contract, upon maturity of the earlier 1-year contract, to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation.

As at 30 June 2017, the cumulative unrealised foreign exchange loss from the translation of the USD100 million loan amounted to RM7.4 million (30.6.2016: gain of RM18.9 million). The unrealised foreign exchange gain reflected in the statement of comprehensive income for 4Q2017 was RM12.9 million (4Q2016: unrealised loss of RM13.0 million) and unrealised foreign exchange loss for YTD 4Q2017 was RM26.3 million (YTD 4Q2016: RM18.1 million).

On 30 June 2017, revisions to the principal terms and conditions of the unrated medium term notes programme were made as explained in Note A16(c).

A15. Fair Value Hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1

Quoted market prices in an active market for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

A15. Fair Value Hierarchy (Cont'd)

The following table provides the fair value hierarchy of the Group's assets and financial instruments:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2017				
Financial assets				
Investment properties	-	-	6,689,200	6,689,200
Derivative	-	8,112	-	8,112
<hr/>				
Financial liability				
Derivatives	-	(2,006)	-	(2,006)
<hr/>				
At 30 June 2016				
Financial assets				
Investment properties	-	-	6,433,000	6,433,000
<hr/>				
Financial liability				
Derivatives	-	(22,189)	-	(22,189)
<hr/>				

No transfers between any levels of the fair value hierarchy took place during the current quarter and the preceding year corresponding quarter.

A16. Material Events

There were no material events since the end of the last annual reporting period, except for the following:

(a) Acquisition of vacant land for expansion

On 20 June 2016, Kenanga Investment Bank Berhad ("Kenanga") announced on behalf of the Board of Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT ("SunREIT"), represented by its trustee, RHB Trustees Berhad, had on even date entered into a conditional sale and purchase agreement ("SPA") with Commercial Parade Sdn Bhd, an indirect subsidiary of Sunway Berhad, to acquire a parcel of vacant land ("Proposed Acquisition") held under Pajakan Negeri 1814, Lot 5493, Mukim 1, Seberang Perai Tengah, Pulau Pinang which is adjacent to Sunway Carnival Shopping Mall ("Sunway Carnival") for a purchase price of RM17.2 million. The Proposed Acquisition is to facilitate the plans of the Manager to expand the existing Sunway Carnival Shopping Mall.

The completion of the sale of Lot 5493 is conditional upon fulfilling the following conditions precedent:

- (i) State Authority approval;
- (ii) the Securities Commission's ("SC") approval for the waiver of Clause 8.44(b) and Clause 8.44(c) of the Guidelines on Real Estate Investment Trusts ("REIT Guidelines")¹; and
- (iii) any other approvals of any authority as may be deemed necessary by the parties

The Proposed Acquisition has been completed on 27 December 2016 in accordance with the terms and conditions of the SPA, upon fulfilment of the above conditions precedent.

¹ Clause 8.44(b) and Clause 8.44(c) of the REIT Guidelines state that a fund is not permitted to conduct property development activities and/or acquire vacant land.

A16. Material Events (Cont'd)

(b) Acquisition of industrial property

On 11 January 2017, the Board of Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT ("SunREIT"), represented by its trustee, RHB Trustees Berhad ("Trustee"), had on even date entered into a conditional sale and purchase agreement with Champion Edge Sdn Bhd ("CESB") to acquire the land and the buildings, collectively referred to as the "Property", erected on the land held under H.S.(D) 132499, Lot No. PT 65, Section 23, Bandar Shah Alam, Daerah Petaling, Negeri Selangor Darul Ehsan ("SPA") for a purchase price of RM91.5 million to be fully satisfied in cash ("Purchase Price").

The completion of the SPA by the parties shall be conditional upon the satisfaction of the following conditions precedent:

- (i) CESB obtaining the written approval of the State Authority (as defined in the SPA) in respect of the transfer of the Property in favour of the Trustee;
- (ii) the Trustee obtaining from CESB a copy of the full set of approved building plans and as-built plans;
- (iii) CESB having delivered the BOMBA (fire authority) certificate and the latest renewal thereof;
- (iv) the Trustee obtaining the latest redemption statement and letter of undertaking from CESB's financier addressed to the Trustee;
- (v) CESB obtaining (i) the signed lease novation agreement from the lessee which will take effect from the Completion Date (as hereinafter defined) and substantially in the form as annexed in the SPA subject to any amendments as may be agreed by both CESB and the Trustee and (ii) the lessee's letter of consent addressed to the relevant land registry to the transfer of the Property in favour of the Trustee; and
- (vi) the Trustee obtaining a copy of the assignment agreement duly signed by CESB in respect of the assignment of the corporate guarantee in respect of the existing lease in favour of the Trustee.

(collectively, "Conditions Precedent") within a period of 3 months from the date of the SPA or such extended period as may be determined by CESB in writing ("Conditional Period") and the SPA shall become unconditional on the date all the Conditions Precedent are fulfilled or waived as the case may be ("Unconditional Date").

The Purchase Price (excluding GST) shall be paid by the Trustee in the following manner:

- (i) a sum of RM2 million only being the earnest deposit ("Earnest Deposit") has been paid by the Trustee to CESB's agent, Knight Frank Malaysia Sdn Bhd (Company No. 585479-A) prior to the date of the SPA whereupon CESB's agent shall deposit the Earnest Deposit with the Trustee's Solicitors as stakeholders upon the execution of the SPA;
- (ii) a sum of RM7.15 million being the balance deposit ("Balance Deposit") was paid by the Trustee to the Trustee's Solicitors as stakeholders upon the execution of the SPA; and
- (iii) a sum of RM82.35 million equivalent to 90% of the Purchase Price being the balance thereof ("Balance Sum") shall be paid by the Trustee to CESB's Solicitors as stakeholder within 1 month from the Unconditional Date ("Completion Period"). CESB's Solicitors shall hold the remaining Balance Sum after deducting the Redemption Sum ("Remaining Balance") as stakeholder and shall and are hereby authorised by the parties to release the Remaining Balance together with any interest accrued thereon to CESB after the expiry of a period of 7 days following the date of presentation of the Memorandum of Transfer and the discharge documents for registration at the relevant land registry (provided that the Memorandum of Transfer and/or the discharge documents have not been rejected for registration by the relevant land registry at any time prior to the release of the Remaining Balance).

The date of the receipt by CESB's Solicitors of the Balance Sum and the GST payable on the Purchase Price in full shall be referred to as the "Completion Date".

A16. Material Events (Cont'd)

(b) Acquisition of industrial property (Cont'd)

CESB and SunREIT, represented by its Trustee, has via a Letter Agreement dated 10 April 2017, mutually agreed to extend the Conditional Period to 25 May 2017 or such other period as may be mutually agreed in writing between the parties.

The Conditional Period was further extended to 25 July 2017 or such other period as may be mutually agreed in writing between the parties via a Letter Agreement dated 25 May 2017.

A Supplemental Letter Agreement dated 24 July 2017 was entered into between the parties to amend the condition precedent (iii) above to read as, CESB to deliver to the Trustee, the building plans which are approved by BOMBA (fire authority) for the area that requires upgrading of the firefighting system of the Property.

The parties agreed that the unconditional date of the SPA shall be on 21 July 2017.

The acquisition was completed on 1 August 2017 in accordance with the terms and conditions of the SPA, upon full payment of the Purchase Price.

(c) Revision to the principal terms and conditions of the medium term notes programme

SunREIT Unrated Bond Berhad ("the Issuer"), a special purpose vehicle whose shares are held by RHB Trustees Berhad (as trustee for SunREIT) had appointed Affin Hwang Investment Bank Berhad ("Affin Hwang IB") as the Principal Adviser and Lead Arranger for the unrated medium term notes programme ("MTN Programme") to advise the Issuer on the following key revisions to the principal terms and conditions of the MTN Programme ("Revisions"):

- (i) Extension of the tenure of the MTN Programme from a 15-year programme to a 35-year programme;
- (ii) Conversion of the non-transferability and non-tradability restrictions of the Unrated MTNs to transferable and tradable Unrated MTNs; and
- (iii) Upsizing of the MTN Programme limit from RM1 billion to RM10 billion.

The noteholder approval for the above Revisions had been obtained on 21 March 2017 and 9 May 2017. On behalf of the Issuer, Affin Hwang IB had on 27 April 2017 and 30 June 2017 notified the Securities Commission Malaysia that the Revisions above have taken effect.

A17. Material Events Subsequent to the end of the Current Quarter

There were no material events subsequent to the quarter ended 30 June 2017 except for the following:

(a) First Supplemental Agreement to the Hotel Master Lease dated 26 May 2010 between RHB Trustees Berhad (As Trustee for Sunway REIT) ("the Lessor" or "the Trustee"), Sunway REIT Management Sdn Bhd as the Manager for Sunway REIT ("the Manager") and Sunway Hotel (Seberang Jaya) Sdn Bhd ("SHSJ" or "the Lessee")

On 27 July 2017, the Manager announced that pursuant to the Hotel Master Lease dated 26 May 2010 ("SHSJ Hotel Master Lease"), the Lessor and Lessee have agreed that Sunway Carnival Convention Centre will cease to be operated by the Lessee and hence, the Manager and the Lessor (pursuant to the recommendation by the Manager) have agreed to reduce the Guaranteed Rent by RM311,805 per annum for the period from 1 July 2017 to 30 June 2020 (8th Fiscal Year to 10th Fiscal Year) for the portion of the Guaranteed Rent as set out in the First Supplemental Agreement to the SHSJ Hotel Master Lease ("First Supplemental Agreement"), subject to the terms and conditions as stipulated in the First Supplemental Agreement.

A17. Material Events Subsequent to the end of the Current Quarter (Cont'd)

(b) Proposed acquisition of Sunway Clio Property

On 3 August 2017, RHB Investment Bank Berhad announced on behalf of the Board of Directors of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT ("SunREIT"), that RHB Trustees Berhad, as the trustee of SunREIT ("Trustee"), entered into a conditional sale and purchase agreement ("SPA") with Sunway Forum Hotel Sdn. Bhd. ("Vendor"), a wholly-owned subsidiary of Sunway Berhad, for the proposed acquisition of the Sunway Clio Property (as defined below) for a total purchase consideration of RM340 million to be entirely satisfied in cash ("Proposed Acquisition").

The Proposed Acquisition entails the acquisition of a parcel of leasehold land held under H.S. (D) 259881, Lot No. PT 1333, Bandar Sunway, District of Petaling, Selangor Darul Ehsan together with a 27-storey building with a lower ground floor (and all services infrastructure, fixtures and fittings affixed or located or used in the property) comprising:

- (i) a 19-storey 4-star rated hotel with 401 hotel rooms and facilities including a swimming pool, an exercise area, a dining area and meeting rooms known as Sunway Clio Hotel ("Hotel Property");
- (ii) 3-storey (including 1 storey at lower ground floor) retail lots known as Sunway Pyramid West ("Retail Space"); and
- (iii) a 6-storey podium car park ("Podium Car Park") and 4-storey basement car park (collectively, "Multi-storey Car Park"),

(collectively, the "Sunway Clio Property").

The SPA and the completion of the Proposed Acquisition is conditional upon the following conditions precedent being fulfilled or obtained within 6 months after the date of the SPA, or such other extended date as the Trustee and the Vendor may mutually agree upon in writing, unless the condition(s) precedent are being waived by the Trustee:

- (i) the approval of the unitholders of Sunway REIT at a unitholders' meeting to be convened for the Proposed Acquisition;
- (ii) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking with the Vendor in relation to the Sunway Clio Property, if required;
- (iii) the approval or consent of the financiers of the Vendor, if required;
- (iv) the approval of the State Authority for the transfer of the Sunway Clio Property; and
- (v) any other approvals of any authorities as may be deemed necessary by the Trustee and the Vendor.

A18. Capital Commitments

The amount of commitments for investment properties not provided for in the unaudited condensed consolidated interim financial statements as at 30 June 2017 were as follows:

	As at 30.06.2017 RM'000
Approved and contracted for	21,086
Approved but not contracted for	445,104
	<u>466,190</u>

The capital commitment approved and contracted as well as not contracted for mainly relate to the expansion of Sunway Carnival Shopping Mall which is expected to commence in 3Q FY2018.

A19. Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets as at 30 June 2017.

A20. Transactions with Parties Related to the Manager

The following table provides information on the transactions which have been entered into with parties related to the Manager during the period ended 30 June 2017 and 30 June 2016 as well as the balances with the parties related to the Manager as at 30 June 2017 and 30 June 2016:

	Fourth Quarter ended		Cumulative Quarter ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
<u>(Sales to)/purchases from parties related to the Manager</u>				
(a) Sunway Berhad Group				
- Sales	(34,879)	(30,775)	(131,262)	(137,737)
- Purchases	28,664	18,657	137,012	84,676
(b) Sunway Technology Sdn. Bhd. Group ("STSB Group")				
- Sales	(147)	(146)	(608)	(542)
			As at	As at
			30.06.2017	30.06.2016
			RM'000	RM'000
<u>Amount owed by parties related to Manager:</u>				
(a) Sunway Berhad Group			5,928	6,406
			As at	As at
			30.06.2017	30.06.2016
			RM'000	RM'000
<u>Amount owed to parties related to Manager:</u>				
(a) Sunway Berhad Group			25,942	30,279

Part B - Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad

B1. Review of Performance

Explanatory comment on the performance of each of the Group's business segment is provided in Note A8.

B2. Maintenance Costs and Major Capital Expenditure

There was no unusual maintenance costs during the quarter under review. Sunway REIT incurred capital expenditure of approximately RM22.7 million for 4Q2017 and RM86.6 million for YTD 4Q2017 mainly for the refurbishment of Sunway Pyramid Hotel (formerly known as Sunway Pyramid Hotel East).

B3. Material Changes in Quarterly Results

	Current Quarter Ended 30.06.2017 RM'000	Immediate Preceding Quarter Ended 31.03.2017 RM'000
Realised profit	66,818	69,906
Unrealised profit	152,024	450
Profit for the quarter	<u>218,842</u>	<u>70,356</u>

Sunway REIT registered a realised profit of RM66.8 million for 4Q2017, which was RM3.1 million lower compared to the immediate preceding quarter (3Q2017) of RM69.9 million, mainly due to lower net property income, higher finance costs and higher other expenses.

Unrealised profit for the current quarter stood at RM152.0 million, mainly contributed by fair value gain from annual revaluation of investment properties of RM152.1 million. Unrealised profit for the immediate preceding quarter of RM0.5 million was mainly due to fair value movement from the derivative financial instrument.

B4. Commentary on Prospects

Global economies saw a synchronized growth in the first quarter of CY2017 (1Q CY2017) supported by resurgence in manufacturing and global trades on the back of bottoming out of global investments. The World Bank maintained its global growth projection at 2.7% in CY2017 and 2.9% in CY2018 respectively. Global growth prospects may be hindered by rising trade protectionism, uncertainty in economic policy direction and normalization of monetary policy in developed economies.

On the domestic front, the Malaysian economy reported a stronger than expected growth of 5.6% year-on-year (y-o-y) in 1Q CY2017 (4Q CY2016: 4.5% y-o-y), boosted by strong domestic demand, private sector activities and higher exports. Resurgence in global trades activities is expected to generate favourable spillovers to the domestic economy. Impetus for growth is further supported by private consumption and improved investment outlook underpinned by new and ongoing infrastructure projects. The Malaysian economy is on track to achieve the official growth target of 4.3% to 4.8% in CY2017, supported by gradual improvement in global growth, recovery in global commodity prices and continued growth in domestic demand.

Headline inflation eased further to 3.6% y-o-y in June 2017 (May 2017: 3.9% y-o-y) mainly due to moderation in transport prices on the back of lower fuel prices and stable food prices. For the first half of CY2017 (1H CY2017), the Consumer Price Index (CPI) rose to 4.1% y-o-y (1H CY2016: 2.7% y-o-y). Further easing of inflationary pressure in the second half of CY2017 is likely to reflect the waning effect of global cost factors. Bank Negara Malaysia (BNM) maintained its headline inflation of 3.0% to 4.0% in CY2017.

On 13 July 2017, the Monetary Policy Committee (MPC) of BNM has left the Overnight Policy Rate (OPR) unchanged at 3.00%. The MPC has cited that the monetary policy stance is to remain accommodative and supportive of economic activity while they continue to assess the risks surrounding the outlook for domestic growth and inflation. OPR is expected to remain unchanged for the remaining CY2017 in view that the upsurge in CPI was cost-pushed. On the longer-term, monetary policy direction may take cue from monetary policy development in developed economies to be led by the United States.

B4. Commentary on Prospects (Cont'd)

Barring any unforeseen circumstances, 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
- (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.

Review of retail market

The Malaysian retail industry recorded another quarter of somewhat subdued performance in 1Q CY2017, registering a contraction of 1.2% y-o-y (1Q CY2016: -4.4%) due to soft spending during the festive season. Despite the lackluster data, the Retail Group Malaysia (RGM) maintained the Malaysia's retail sales growth rate for 2017 at 3.9% with the expectation of a recovery in 2H CY 2017.

Gradual recovery in consumer sentiment coupled with improvement in macro-economic landscape is expected to bode well for the retail industry. However, abundance of retail supply in the market including anticipated 6.9 million sq.ft. of new supply coming on stream in CY2017 – CY2018 in the Klang Valley coupled with continuous growth in online retailing will continue to pose challenges to mall owners and operators.

The average occupancy rate for Sunway Pyramid Shopping Mall remained unchanged at 98.0% for FY2017 compared to FY2016. Based on the total net lettable area (NLA) of 979,276 sq.ft. which was due for renewal in FY2017, a total of 974,563 sq.ft. was renewed / replaced at a single-digit rental reversion rate. This represents a renewal rate of 99.5%.

Sunway Carnival Shopping Mall's average occupancy rate improved to 97.6% in FY2017, compared to 94.4% in FY2016. The improvement in the average occupancy was due to completion of a new food and beverage (F&B) area with a NLA of 16,000 sq.ft. (equivalent to 3% of total NLA) since 4Q FY2016. Based on the total NLA of 326,895 sq.ft. which was due for renewal in FY2017, a total of 321,252 sq.ft. was renewed / replaced at single-digit rental reversion rate. This represent a renewal rate of 98.3%. □

Sunway Putra Mall's average occupancy rate improved further to 86.3% in FY2017, vis-à-vis 74.9% in FY2016. A total of 12,774 sq.ft. (equivalent to 2.4% of total NLA) was renewed / replaced at a lower reversionary rate. Secured occupancy for the mall stood at 93.4% as at 30 June 2017.

The Manager believes that the retail assets are well positioned to capitalise on the gradual recovery in consumer sentiment. The Manager expects the retail segment to register a moderate growth for FY2018.

Review of hotel market

Major indicators are suggesting a promising year for the hospitality sector. Expectation of improving macro-economic condition, consumer sentiment and business confidence as well as favourable currency are impetus for the sector to perform well going forward. In addition, the hospitality sector is expected to benefit from major campaigns and events such as Visiting ASEAN@50 year campaign, SEA and ASEAN PARA Games 2017.

The optimism, however, may potentially be negated by the uncertainties arising from the proposed implementation of Tourism Tax, new supply of hotels and emergence of disruptive / unconventional hospitality offerings such as airBnB, homestay, boutique hotels amongst others.

Sunway Resort Hotel & Spa maintained its average occupancy rate in FY2017 at 81.5% compared to 81.2% in FY2016. In 4Q FY2017, the average occupancy rate eased marginally to 71.7% (4Q FY2016: 73.6%) due to softer leisure market and corporate demand. This was partially due to the commencement of fasting month in end-May 2017 (FY2016: early June 2016) which resulted in a reduction in travelling activities and business meetings. Despite the softer average occupancy rate in 4Q FY2017, the F&B division achieved higher revenue.

Business operation of Sunway Pyramid Hotel was affected by upgrading and refurbishment since April 2016. For the financial year ended 30 June 2017, average occupancy rate slipped from 71.8% in FY2016 to 56.8% based on available rooms. The hotel was re-launched in November 2016 with progressive delivery of refurbished rooms to offer to the market. The refurbishment was completed in June 2017 with a total room inventory of 564 rooms. Following the completion of the refurbishment, the average occupancy rate has improved to 62.0% in 4Q FY2017.

B4. Commentary on Prospects (Cont'd)

Review of hotel market (Cont'd)

Sunway Putra Hotel continued to demonstrate improvement in its average occupancy rates since the completion of its refurbishment in December 2015. For the financial year ended 30 June 2017, the average occupancy rate improved to 68.2% compared to 50.2% in the preceding financial year. The hotel registered a higher average occupancy rate of 64.5% in 4Q FY2017 (4Q FY2016: 61.5%) as the hotel continued to expand its customer base across key business segments. Despite the higher average occupancy rate, the average daily rate was marginally lower on the back of competitive market environment.

In Penang, the ongoing tactical strategy employed has contributed to improved occupancy for the two hotels. The average occupancy rate for Seberang Jaya Hotel rose to 71.1% in FY2017, from 65.5% in the preceding year. The average occupancy for the quarter ended 30 June 2017 was largely unchanged at 76.3% (4Q FY2016: 76.0%). As part of the tactical strategy, competitive average daily rate was offered in order to boost the average occupancy rate.

Capitalising on the strong leisure demand, Sunway Hotel Georgetown enjoyed higher average occupancy rate of 88.6% in 4Q FY2017, from 82.6% in 4Q FY2016. Correspondingly, the average occupancy rate climbed to 87.7% in FY2017, from 74.0% in the previous year. Average daily rate was maintained for this hotel.

The Manager expects a modest growth from the hotel segment, largely contributed by resumption of full rooms inventory at Sunway Pyramid Hotel. Against the backdrop of improving operating environment, the hotel operator continues to explore new market opportunities to capture the larger market share.

Review of office market

The total stock of office space in the Klang Valley stood at 104.6 million sq.ft. in 1Q CY2017 with an estimated new supply of 6.3 million sq.ft. coming on stream in CY2017 and CY2018.

Despite the massive disequilibrium between demand and supply, there are pockets of opportunities riding on preference in office buildings at decentralized locations, developments strategically located at transit oriented developments (TOD) and office buildings with MSC status.

Menara Sunway has reported a higher average occupancy rate of 92.1% in FY2017 (FY2016: 89.3%) following the commencement of new tenancies in 4Q FY2017. The occupancy rate stood at 95.1% as at 30 June 2017.

The average occupancy rate for Sunway Tower was largely unchanged at 20.7% in the absence of replacement tenancy to occupy the vacancy in FY2017.

In FY2017, Sunway Putra Tower has reported improvement in occupancy rate albeit at a gradual pace. The average occupancy rate increased to 36.6% in FY2017 compared to 26.4% in FY2016. Occupancy rate stood at 42.4% as at 30 June 2017. Sunway Putra Tower continues to appeal to tenants due to the convenience of an integrated development and seamlessly connected to public transportations.

Meanwhile, Wisma Sunway reported a dip in average occupancy rate of 86.9% in FY2017, from 90.1% in the preceding year due to downsizing and non-renewal of tenants.

The Manager expects the performance of Sunway REIT's office segment to gradually improve in FY2018 on the back of a low base.

B5. Investment Objectives

The Manager's key investment objective for Sunway REIT is to provide the unitholders with exposure to a diverse portfolio of authorised investments (pursuant to provisions of the trust deed) that will provide stable cash distributions with the potential for sustainable growth in net asset value per unit and distribution per unit (DPU). The principal investment policy of Sunway REIT is to invest in retail, hospitality, office and other real estate assets, subject to the REIT Guidelines.

The Manager is confident of providing stable cash distributions going forward and will endeavour to grow the net asset value over a longer period of time. There was no change in the objectives during the period under review.

B6. Performance Benchmark

Performance indicators	Year ended 30.06.2017	Year ended 30.06.2016
a) Management expense ratio	0.85%	0.88%
b) Total returns	12.4%	13.3%
c) Average annual returns (5 years)	11.3%	14.4%
d) Distribution yield	5.2%	5.5%
e) NAV per unit (after income distribution)(RM)	1.4074	1.3549

- a) The ratio of expenses incurred in operating Sunway REIT to the NAV of Sunway REIT.
- b) Total return represents the change in unit price from beginning of financial year plus distribution yield for the year.
- c) Average annual return is the sum of the return rates of Sunway REIT over a given number of years divided by that number of years.
- d) Based on DPU of 9.19 sen divided by its closing price as at 30 June 2017 of RM1.78 (30 June 2016 - DPU: 9.18 sen; Closing price: RM1.66).
- e) NAV of Sunway REIT as determined by deducting the value of all Sunway REIT's liabilities from the total asset value, divided by total issued units.

B7. Strategies and Policies

The Manager's strategies can be broadly categorised as:

- active asset management strategy
- acquisition growth strategy
- capital and risk management strategy

There was no change in the strategies and policies employed during the period under review.

B8. Manager's Fee

Pursuant to the Deed constituting Sunway REIT, the Manager is entitled to receive the following fees from Sunway REIT:

- a) Base fee of 0.3% per annum on the total assets value;
- b) Performance fee of 3% per annum of net property income, but before deduction of fees payable to the Property Manager pursuant to the Property Management Agreement;
- c) Acquisition fee of 1% of the acquisition price of any future assets of Sunway REIT or a Single-Purpose Company acquired by the Trustee for Sunway REIT (pro rated if applicable to the proportion of the interest in Real Estate or Single-Purpose Company purchased by the Trustee for Sunway REIT); and
- d) Divestment fee of 0.5% of the sale price of any future Assets of Sunway REIT or a Single-Purpose Company sold or divested by the Trustee (pro rated if applicable to the proportion of the interest of Sunway REIT in the Assets of Sunway REIT sold).

The Manager's fee shall be net of all applicable tax, duties and levies imposed by the relevant authorities in Malaysia. The Manager shall be paid the base fee and performance fee which may be in the forms of cash, new Units or a combination thereof, such proportion which may be varied at the discretion of the Manager.

B8. Manager's Fee (Cont'd)

The applicable proportion, with effect from FY2017, is 100% in the form of cash. In the previous financial year, the proportion of Manager's fee was 75% in the form of cash and 25% in the form of new Units. The Manager made the decision to cease the payment of Manager's fee in units after taking into consideration, amongst others, the implication arising from the implementation of the Goods and Services Tax.

Total fees accrued to the Manager for the current quarter and cumulative quarter ended 30 June 2017 were RM8.1 million and RM31.8 million ((Total base and performance fee of RM31.6 million and acquisition fee of RM0.2 million) respectively compared to the preceding year corresponding quarter and cumulative quarter ended 30 June 2016 of RM7.6 million and RM30.8 million respectively. The acquisition fee of RM0.2 million was paid to the Manager in 2Q2017 for the acquisition of Sunway Carnival expansion land (please refer to Note A16(a)) and this fee was capitalised as part of the acquisition costs.

B9. Trustee's Fee

Pursuant to the Deed constituting Sunway REIT, the Trustee is entitled to receive up to 0.03% per annum of the net asset value of Sunway REIT, net of all applicable taxes, duties and levies imposed by the relevant authorities in Malaysia, is calculated on a monthly accrual basis, based on a year of 12 months. The total Trustee's fee for the current quarter ended 30 June 2017 was RM0.3 million, similar to the fees for the preceding year corresponding quarter ended 30 June 2016. For the cumulative quarter ended 30 June 2017, the total Trustee's fee was RM1.3 million as compared to RM1.2 million for the cumulative quarter ended 30 June 2016.

B10. Status of Corporate Proposals

There was no corporate proposal that has been announced but not completed as at the date of this report.

B11. Material Litigation

1. Sunway Putra (formerly known as Putra Place) - Assessment for Damages (High Court Originating Summons No. 24NCVC-1255-2011, Court of Appeal W-02(NCVC)-1680-2011 and W-02(NCVC)-1773-2011, Federal Court Leave to Appeal 08(f)-425-09-2011) and Rayuan Sivill No. W-03(IM)(NCVC)-8-01/20-15]

After the Federal Court has on 20 February 2012 dismissed Metroplex Holdings Sdn Bhd's ("MHSB") application for leave to appeal, RHB Trustees Berhad (as trustee of Sunway REIT) ("Trustee") and Sunway REIT Management Sdn Bhd ("Manager") proceeded with the enforcement of the remaining parts of the Orders made by the High Court that have not been enforced, *inter alia*, the damages awarded to the Trustee.

The Trustee and the Manager instituted the assessment proceedings to determine the amount of damages to be paid by MHSB.

On 27 August 2014, the court awarded a total of RM3,184,071.67 in damages to be paid to the Trustee being RM2,859,000 for revenue foregone and RM325,071.67 for security costs. The court found that these claims were justified as they were a direct result of MHSB's unlawful possession of Sunway Putra (formerly known as Sunway Putra Place). No costs were awarded by the court.

On 19 April 2016, the REIT Manager received a cheque for RM3,189,071.67 from MHSB's lawyers after the Court dismissed various appeals by MHSB.

The REIT Manager has recognised the amount received of RM3,189,071.67 in 2Q2017, following confirmation by the Manager and Trustee's lawyer that this case is closed.

B11. Material Litigation (Cont'd)

2. Sunway Putra (formerly known as Putra Place) - Striking out statement of claim on chattels and movable items
(Kuala Lumpur High Court Civil Suit No. 22NCVC-523-09/2015)

Metroplex Holdings Sdn Bhd ("MHSB") had filed writ summons and a statement of claim dated 28 September 2015 claiming for various chattels and movable items (e.g. furniture and office equipment, decorations, cutlery, kitchen equipment, bar equipment, concierge and reception tables, blinds and curtains) which were allegedly acquired and owned by MHSB but not removed by MHSB when the Manager took possession of the hotel at Sunway Putra on 27 September 2011. MHSB has in its statement of claim alleged that the various chattels and moveable items were worth in excess of RM80 million as at September 2011.

A striking out application dated 24 November 2015 was filed by the Manager to strike out the said writ summons and statement of claim on the grounds that the claim by MHSB was scandalous, frivolous or vexatious and/or an abuse of the process of the court.

On 1 April 2016, the Manager was informed that the High Court of Malaya at Kuala Lumpur had on 31 March 2016, dismissed the striking out application. The Learned High Court Judge dismissed the Manager's application on the grounds that there are triable issues in the pleadings and that MHSB should be given an opportunity to prove its claim. The hearing for the trial on liability commenced on 13 April 2017 and concluded on 5 June 2017. The matter is fixed for oral submission on facts of the case, arguments and evidence from both lawyers on 25 August 2017. After deliberating on the facts of the case and the evidence submitted, the Learned High Court Judge will fix another date to deliver his decision.

If the eventual outcome of this case is not in the Manager's favour, it would not have any impact on the distribution per unit and immaterial impact on the total asset value of Sunway REIT.

B12. Soft commission

There was no soft commission received by the Manager and/or its delegate during the period under review from its brokers/dealers by virtue of transactions conducted for Sunway REIT.

B13. Summary of EPU, DPU, NAV and Market Price

	Current quarter ended 30.06.2017	Immediate preceding quarter ended 31.03.2017	% change
Number of units in issue (units)	2,945,078,000	2,945,078,000	0.0%
Realised net income (RM'000)	66,818	69,906	-4.4%
Realised earnings per unit (EPU) (sen)	2.27	2.37	-4.2%
Income distribution(RM'000)	66,853	69,798	-4.2%
Distribution per unit (DPU)(sen)	2.27	2.37	-4.2%
Net Asset Value (NAV) (After income distribution) (RM'000)	4,144,867	3,992,427	3.8%
NAV per unit (After income distribution) (RM)	1.4074	1.3556	3.8%
Market price per unit (RM)	1.78	1.72	3.5%

B14. Income Distribution

Please refer to Note A12 for details .

B15. Disclosure of Nature of Outstanding Derivative Financial Instruments

Derivative financial instruments are recognised in the financial statements in accordance with MFRS139.

Type of Derivatives	Contract/Notional Value		Fair value at reporting date	
	As at 30.06.2017	As at 30.06.2016	As at 30.06.2017	As at 30.06.2016
	RM'000	RM'000	RM'000	RM'000
a) Interest rate swap				
- Less than 1 year	922,000	-	(1,477)	-
- 1 year to 3 years	150,000	1,072,000	(529)	(3,731)
	1,072,000	1,072,000	(2,006)	(3,731)
b) Cross currency swap				
- Less than 1 year	422,000	-	8,112	-
- Less than 2 years	-	422,000	-	(18,458)
	1,494,000	1,494,000	6,106	(22,189)

a) Interest rate swap

During the previous financial years, Sunway REIT had entered into several interest rate swap ("IRS") contracts to manage its exposure of the floating rate borrowings. The cumulative IRS contracts to-date amounted to RM1.1 billion. The IRS contracts were entered into to mitigate the risk of increase in interest rate over the hedging period on the floating rate borrowings. The fair value gains or losses on remeasuring the fair value of the IRS contracts are recognised immediately in the income statement as unrealised item as it does not qualify as a cash flow hedge.

The fair value of the IRS recognised in the income statement for 4Q2017 and YTD4Q2017 amounted to a loss of RM0.1 million (4Q2016: RM1.2 million) and a gain of RM1.7 million (YTD 4Q2016: loss of RM2.2 million) respectively. This brings the cumulative total fair value loss of the IRS to RM2.0 million as at 30 June 2017 and reflected as a derivative liability in the balance sheet.

b) Cross currency swap

Sunway REIT had entered into a 2-year cross currency swap ("CCS") contract in February 2016 to manage its exposure in foreign currency risk arising from foreign currency borrowings. The CCS contract was entered into to hedge against the foreign currency exposure for the remaining period of the foreign currency borrowings. Sunway REIT uses cash flow hedge to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuation over the hedging period on the foreign currency borrowings.

Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognized directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

The fair value of the CCS recognised in the statement of comprehensive income for 4Q2017 was a loss of RM12.4 million (4Q2016: gain of RM11.1 million) and for YTD 4Q2017, it was a gain of RM26.6 million (YTD 4Q2016: gain of RM21.8 million). This brings the cumulative total fair value gain of the CCS to RM8.1 million as at 30 June 2017 and reflected as a derivative asset in the balance sheet (30 June 2016: cumulative total fair value loss of RM18.5 million reflected as derivative liability).

B16. Risks and Policies of Derivatives

The Group has Interest Rate Swap contracts and a Cross Currency Swap contract as mentioned in Note B15 above.

The overall risks and policies relating to the management of derivative financial instrument are similar to those disclosed in the annual financial statements for the financial year ended 30 June 2016 except the IRS contracts do not qualify as cash flow hedge and consequently, the fair value gains or losses on remeasuring the fair value of the IRS contracts are recognised immediately in the income statement as an unrealised item.

B17. Disclosure of Gains/Losses Arising from Fair Value Changes of Financial Liabilities

Please refer to Note A10 for details.

B18. Realised and Unrealised Retained Profits/Undistributed Income

The breakdown of the retained profits/undistributed income of the Group as at 30 June 2017 into realised and unrealised profits/undistributed income is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Period ended 30.06.2017 RM'000	As at end of previous financial year RM'000
Total retained profits/undistributed income		
- realised	(309)	(4,685)
- unrealised	1,484,203	1,329,985
	<u>1,483,894</u>	<u>1,325,300</u>
Less: Consolidation adjustments	(3)	(3)
Total retained profits/undistributed income	<u>1,483,891</u>	<u>1,325,297</u>

B19. Directors' Declaration

In the opinion of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Sunway REIT as at 30 June 2017 and of its financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on 10 August 2017.

BY ORDER OF THE BOARD

Sunway REIT Management Sdn. Bhd.
(As Manager for Sunway Real Estate Investment Trust)

Tan Kim Aun (MAICSA No.: 7002988)
Chin Soo Ching (MAICSA No.: 7042265)
Company Secretaries

Bandar Sunway
Date: 10 August 2017